

► Getting the Score

To know how a credit score is calculated, it helps to see the numbers.

For example, Sharon has:

- an uneven payment history,
- a lightly better credit history,
- not very much outstanding debt,
- pursued no new credit for several years, and
- doesn't own too many credit cards.

Her credit score is calculated in each of the five factors. Each factor below is worth 500 points. A perfect total credit score (in this example only) is 500.

Credit Score Criteria and Percentage Weight	Criteria Score x's Percentage Weight	Score
Payment History (35%)	250 points x .35	87.5
Outstanding Debt (30%)	400 points x .30	120.0
Credit History (15%)	300 points x .15	45.0
Pursuit of New Credit (10%)	450 points x .10	45.0
Types of Credit In Use (10%)	425 points x .10	42.5
Total Score		340 points

In this example, payment history is worth 35% (just over one-third) of Sharon's total credit score, whereas pursuit of new credit is only worth 10% of the total score. Sharon's payment history is really important, but she doesn't earn a big score because of her uneven payment history.

(Note: These five factors are used in FICO[®] score calculations, developed by Fair, Isaac and Co., Inc.)