



# Financial Wellness Spotlight

October 2023



## The Rise and Fall of Your Credit Score

The most important thing to remember is that your credit score will go up and down, but *understanding* your score can help you make smart choices. Focus more on trends and less on small fluctuations to avoid getting caught up in the exact number. Knowing what causes it to rise or fall can help you determine what actions to take to keep your credit in good standing and available when you need it.

### Understanding Your Credit Score

A Credit Score is a three-digit number (ranging between 300 – 850) that is calculated using different factors of your borrowing history. In general, a credit score between 670 and 739 is considered good. Credit scores are used by lenders to determine if you will be approved for a loan or line of credit. A good credit score may get you more favorable terms such as a better interest rate.

The following are five factors that are considered in the calculation of your credit score. The first two (bill-paying history and how much of your available credit you are using) have the biggest impact on your credit score:

1. **Bill-paying history:** This factor makes up the largest portion of your credit score. Lenders want to see that you can pay back your debts and pay them on time.

**What you can do:** One of the best ways you can increase your credit score is to stay current on all your payments. Setting up alerts or auto pay can help make it easier.

2. **How much of your available credit you are using:** Keeping balances low demonstrates that you can manage the credit that is available to you.

**What you can do:** If your balances are high, consider making extra payments. Keep your balances low by setting balance alerts.

3. **The number and types of loan accounts you have:** Having a good mix of installment loans (i.e., auto or personal loan) and revolving lines of credit (i.e., credit card or home equity line of credit) is a favorable indicator that you can manage different types of credit.

**What you can do:** If you only have a credit card, consider an installment loan. A personal loan will carry a lower interest rate than a credit card and may be a good way to help pay down a balance that you are carrying on a high interest rate credit card.

4. **How long you have had credit:** The longer your credit history, the better.

**What you can do:** If you have an unused credit card, make a small purchase, and pay it off, in full at the end of the billing cycle. Cards that are inactive after 12 months may be closed by the creditor, which can have a small (but negative) impact on your score.

5. **New applications for credit.** Applying for a loan or opening a new line of credit can cause a small drop in your credit score.

**What you can do:** A new credit card may increase your available line of credit. The key, in this instance, is to keep your credit card balance low. With a new loan or credit card you may also be improving your mix of credit.

It is important to keep the bigger picture of your finances in mind. Taking on a loan with a lower interest rate may be part of your strategy to get out of debt. Accessing new credit may help you reach a goal. This may cause a change in your credit score, but it is okay. By getting into the habit of monitoring your credit score regularly, you can keep an eye on the number. When it fluctuates up or down, you will understand what is influencing the change and how to keep it strong.

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## Learn More With These Resources

Explore our [Online Learning Center](#) for articles, modules, calculators, and videos to learn what you need to know to make smart financial decisions. The following are additional resources to help you understand and keep your credit score strong

- [Credit Scores and Reports:](#) This module will help you learn how credit is measured and the impact it can have on your financial goals.
  - [How Do I Build Credit?:](#) This virtual coach can help you create a plan to help build or boost your credit score.
  - [Using Credit:](#) Read this article to learn more about how credit works and how to avoid falling into overwhelming debt.
  - [Breakdown of a Credit Score:](#) Watch this video, as part of our money management video series to learn how a credit score is calculated.
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## Financial Coaching

Our award winning Financial Education Program has resources available to help you along your financial journey including free financial coaching. You can schedule to meet with a Certified Financial Coach in-person or over the phone and they can assist you with creating a savings plan, managing debt, budgeting, improving your credit score, and more.

Visit [bmifcu.org/coach](https://bmifcu.org/coach) to schedule an appointment.



## Free Financial Workshops

### Workshops are *free* and open to the community

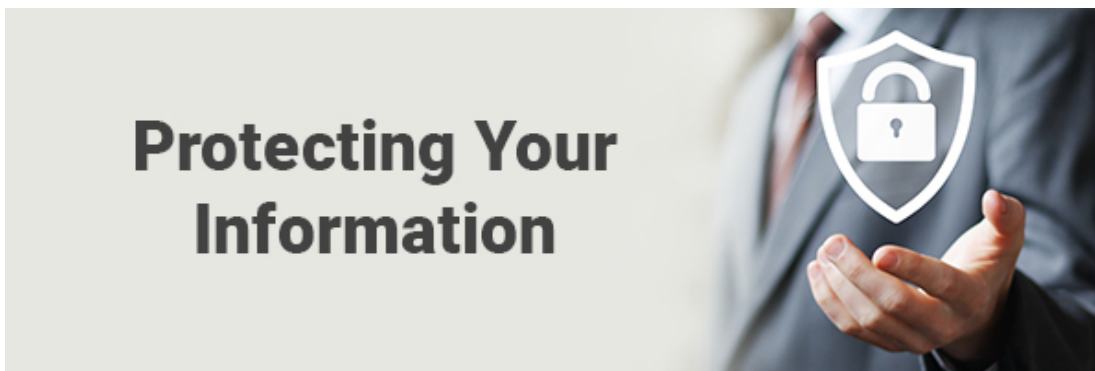
Our workshops are designed to help improve your financial life. Upcoming workshops include:

- **November 7, 2023 - Becoming Credit Card Savvy**  
Understand exactly how credit cards work and learn the secrets to choosing one that will work for you.
- **November 14, 2023 - Sensible Holiday Spending**  
Make a budget you can stick to and learn how to identify scams before they put your holiday gift-giving at risk.
- **December 5, 2023 - Net Worth and Wealth Building 101**  
Understand how net worth is a measure of financial fitness and how you can use this number to make informed decisions to build wealth over your

lifetime. Learn the basics of growing and keeping your hard-earned money.

- **January 10, 2023 - Understand and Improve Your Credit Score**  
Gain a better understanding of why your credit score matters, how it works, and the steps you can take to improve your score.
- **February 21, 2023 - Ten Fundamentals**  
Learn where you stand on ten measures of financial fitness. Get tips on how to make a workable plan to improve your financial situation and achieve your specific money goals.

Visit [bmifcu.org/workshops](https://bmifcu.org/workshops) to view the schedule, location, and register to attend.



## Protecting Your Information

This is a reminder to please be cautious about the information you share. We may text, call, or email you if we have a question about a recent purchase. However, we will NEVER ask you for your Visa card number, online banking credentials, social security number, or your account number.

Learn more about [How to Spot and Avoid Scams](#).

## Great Products and Services



***Make the Move with our  
First-Time Homebuyer Program***

### First-Time Homebuyer Program

Purchasing your first home is an incredible milestone, yet it can also be overwhelming. Our First-Time Homebuyer Program may be the perfect option for you. [Apply online or speak to a mortgage loan officer](#) to learn more.



## HSA and HSA Investment Accounts

BMI Federal Credit Union offers Health Savings Account (HSA) Checking Accounts to help you save money while managing your healthcare payments.

- Health Savings Accounts
- Health Savings Investment Accounts

Investing your HSA dollars is different from traditional retirement investments, in that you can transfer money from your investments account back to your base HSA account at any time to pay health care needs for you and your dependents.

Visit <https://www.bmifcu.org/hsa> for more information.



## Looking for a Good Deal?

Transfer your balance to a new Visa Platinum credit card and get ZERO percent introductory APR\* on your balance transfer for 6 months. After that, your APR will be 9.900%-17.900% based on your creditworthiness when you open your account.

[\\*See complete details.](#)

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