

DAILY NEWS

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YOUR MONEY

No need to cut credit cards for better score

The Money Pros are standing by to take your question.

Q I want to improve my credit score. What do I need to know about opening and closing credit cards?

A To improve your credit score, do not open new credit cards, or close existing ones, without first examining the effects on your credit score.

Opening or closing accounts can drop your credit score by dozens of points. This is particularly true for consumers with old credit — credit cards held for a long time, 15 years old or more.

If you no longer wish to use a particular card, do not close it. Just put the card aside. If you do one transaction every three months or so, the account will remain active and in good standing.

Also, look at credit card balances. To achieve the best score, keep your balance at no greater than 7% of your credit limit. The higher the balance inches up to the limit, the more your score drops.

Avoid surprises by checking your FICO score as well as your credit history. Make sure all of your information is correct and up to date.

There are lots of different credit scores available to consumers — Plus, Credit Karma, Vantage, Equifax, and FICO. The FICO score is most popular with lenders and the one you want to examine.

Purchasing a FICO score online will not affect your credit

score. But if a banker pulls your FICO score, it can reduce your credit score by five points, which could be a substantial amount depending on the threshold being used for approval.

The bottom line: You can avoid loan turndowns, or an interest rate that is too high to be affordable, if you manage your credit cards wisely.

Tracy Becker

Tracy Becker is the president of North Shore Advisory, a credit restoration company in Tarrytown, N.Y. Do you have a question for the Money Pros? Send an email to Phyllis Furman at pfurman@nydailynews.com

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