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The slump was not entirely unexpected



Your Game Plan for Getting the Highest Credit Score Possible

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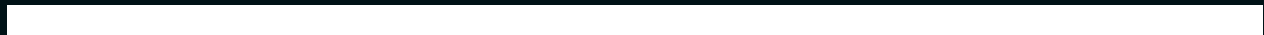
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Obtaining the highest credit score possible is an objective that was handed to consumers decades ago. In order to qualify for just about any kind of loan, including a credit card, car financing or a mortgage, you need to show that you can handle the credit extended to you and pay it back on time.

The closer you are to the perfect credit score of 850, the better your chances are of qualifying for just about anything you want. But is it even possible to obtain this score, or is the number a myth -- supposedly real but no one ever sees it?

To get some answers, let's explore the 850 credit score and just how possible it is to see it on your credit report.



Related: [9 Ways to Improve Your Credit Score Today](#)

Understanding Credit Scores

In order to even get close to a perfect credit score, you must know how credit scores are generated. In general, there are five elements that factor into your credit score and they each have a different amount of influence:

Payment history (35 percent of your score): Considers how often you pay your bills on time. This could include your credit cards, as well as monthly car or mortgage payments. It also looks at whether you have defaulted on other bills, have had an account sent to a collection agency or have been sued for delinquency. Bankruptcies and foreclosures fall into this category, too.

Amount you owe (30 percent): This examines how much credit you've been extended versus how much you're using. Credit bureaus use something called a [credit utilization ratio](#) to make this determination. According to the ratio, you shouldn't owe too much on your revolving credit, but you also can't owe too little. Tracy Becker, credit expert and president of North Shore Advisory,, a New York-based credit restoration company, stated that "keeping aggregate balances at 7 percent of aggregate limits on revolving credit gives consumers higher scores."

Length of credit history (15 percent): The longer your credit history, the more experience you have with managing credit in lenders' eyes.

Types of credit you use (10 percent): Lenders want to see that you know how to manage different types of credit, including credit cards, car loans, mortgage loans, retail cards and more. Becker explained that "having many old and active accounts, which include installment credit, revolving credit, mortgages and lines of credit," will provide you a healthy mix of credit types.

New credit you take on (10 percent): Lenders don't like to see that you have a habit of applying for new credit, so the fewer credit inquiries you show on your reports, the better. However, if you are shopping around for the best loan rates and terms, as long as you do so in a short period of time (usually within two weeks), credit bureaus will count the multiple inquiries as one, lessening the damage it could cause to your score.

With so much to think about, you have to balance a lot to try to achieve the highest credit score possible.

[Here are 7 credit myths you thought hurt your score but don't.](#)

How to Obtain and Keep a High Credit Score

CNN Money interviewed a few members of the exclusive 800 Club -- those who have a FICO credit score of 800 or higher. They were quite proud of the scores they had achieved because they'd worked hard for them.

Here is just a short list of the things they did to boost their credit scores to 800 and above:

- Never made a late payment on any bill.
- Had no derogatory accounts on their reports.
- Maintained long credit histories.
- Kept outstanding debt to less than 10 percent of their credit limits.
- Extended their credit lines by opening additional credit card accounts here and there.
- Diversified their mix of credit as a skilled investor would diversify his investment portfolio.
- Checked their credit reports and scores at least once every three months to identify and fix any flaws.

While obtaining their scores required a lot of hard work, it seems that the hardest part was then maintaining their excellent scores.

The 800 Club members constantly calculated how much they spent when using their credit cards, fretted over whether to allow any inquiries on their reports and even contemplated whether they should stop using their credit cards temporarily so that taking out a loan wouldn't hurt their credit utilization ratio.

In other words, managing their scores was on their minds constantly. And the real kicker? None of them had yet achieved the perfect 850 credit score they were striving for.

FICO reports that about 0.5 percent of Americans are able to reach the perfect 850 mark. While that doesn't sound like a high number, considering there are millions of adults in the U.S., tens of thousands are actually able to make this dream a reality.

Of course, you can't help but wonder how long they are able to keep those perfect scores. With credit score ratings fluctuating constantly, it's not likely that they're held for extended periods of time.

Any adjustment made to a credit profile, from buying a new car to paying down a credit card, can cause a drop; and if your credit card issuer decides to lower your available balance without you knowing, your credit utilization ratio can be thrown off.

That being said, achieving the highest credit score possible is not like achieving a perfect SAT score -- it doesn't remain on your record forever, rather it changes constantly. So does this mean that if you do strive for perfection, you're putting all of your effort into something that isn't even all that important or lasting?

Is Pushing for the Highest Possible Credit Score Worth It?

Aside from the ego boost, is a perfect credit score actually beneficial?

So much of the credit and reporting process is out of our hands that it could be nearly impossible to keep up with the changes that could occur as a result. You would have to work as hard to control your score as you do to bring home a paycheck -- and who has that kind of time?

This is why some experts advise you not worry about trying to achieve the top credit score. Instead, it's better to think in terms of a [credit score range](#) . If you have a score of around 780, you are likely to receive the same interest rates and preferred treatment that you would if your score was a perfect 850.

Of course, being in the 800 Club is something to brag about. So if you want to push for the stars, go for it. Just know that while it is possible to obtain the highest credit score, you don't need it to receive the top benefits, and should be aware that it's not entirely in your control. This way, you can focus less on striving for perfection and more on enjoying all of the great things your responsible actions have afforded you.

This article was originally published on [Go Banking Rates](#) .

Speaking of responsible actions...Here is 1 great stock to buy for 2015 and beyond

2015 is shaping up to be another great year for stocks. But if you want to make sure that 2015 is *your* best investing year ever, you need to know where to start. That's why The Motley Fool's chief investment officer just published a brand-new research report that reveals his top stock for the year ahead. To get the full story on this year's stock -- *completely free* -- [simply click here](#) .

The article [Your Game Plan for Getting the Highest Credit Score Possible](#) originally appeared on Fool.com.

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