

# Common Traits Behind Excellent Credit Scores

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Creditworthiness is the foundation of a strong financial profile. With [good credit](#), you can get approved for credit cards, qualify for a mortgage and command lower interest rates when you need to borrow money. In addition, you won't send up any red flags for people like prospective landlords or even employers who use your credit history as a measure of your overall level of responsibility.

But there are plenty of reasons to make a good thing even better. The very best rates and loan terms may be reserved for consumers with credit scores above 800. What did those people do to earn their excellent ratings, and how can you do the same?

# What is excellent credit?

Most [credit scores](#) are built on models issued by Fair Isaac Corp., or FICO, and they're based on how you've handled credit in the past. Lenders use the ratings to gauge the riskiness of loaning money to you. Scores range from 300 at the low end to 850 at the top. If your score is between 690 and 749, your credit is considered good by most lenders. Anything above 750 is considered excellent, but many consumers still strive for that almost mythical [credit score in the 800s](#).

## Who has credit that good, anyway?

People who achieve the highest credit scores are actually remarkably similar.

“Usually people with excellent credit are very responsible, and they've been in the credit game for a long time,” says [Tracy Becker](#), president of the credit repair firm North Shore Advisory in Tarrytown, New York.

Good financial habits like always paying bills on time and keeping debt levels low are key. A high credit limit helps, because it's easier to maintain a low utilization ratio, which is the percentage of your available credit that you're currently using. The strongest borrowers also have accounts with a higher average age, meaning they don't often apply for new cards. Those they have typically have been in their wallets for many years.

That shows why your age is also a factor. Because the length of a consumer's credit history affects his or her score, it's more difficult for a young adult to get a high rating.

In general, people with excellent credit also consistently live within their means. If you constantly spend more than you earn, there's no alternative but to drain your savings and eventually accumulate debt. A large debt burden can make it very difficult to maintain an excellent FICO score.

## How to get there

Although Fair Isaac publishes the basic framework of [how credit scores are calculated](#), the scores themselves are created by credit reporting companies, which use their own data. That's why your score may vary depending on which company, usually Experian, TransUnion or Equifax, came up with it. But the FICO model gives conscientious consumers a blueprint for managing their credit ratings. If you follow these steps scrupulously, a higher score may be within reach.

- **Pay all your bills on time.** Payment history accounts for 35% of your FICO score, so paying on time is critical. Credit cards, mortgage payments, student loans and payments on any other installment debt, such as a car loan, are reported to the credit bureaus.
- **Keep debt levels down.** Keeping what you owe below 30% of your overall credit limit is adequate if good credit is your goal. But if you want excellent credit, it's better to keep your debt even lower — below 7% of your limit. Try not to max out any of your accounts, and don't carry balances on more than one or two cards.

- **Keep old accounts open.** Keeping your oldest accounts open, and using the cards periodically so the accounts remain active, will add points to your score. Avoid opening new accounts, because that can bring down the average age of all your credit lines. Also try not to open multiple accounts in a short time, as that can make scoring companies suspect that you're short on cash.
- **Mix it up a little.** Showing that you can handle different types of debt is good for your score. For a blue chip rating, you probably need to hold several credit cards and a mortgage, although other types of loans, for education or personal needs, also help.

If you're already in the excellent credit club, understanding how you got there will help you keep up the good work. If you aspire to get there, adopt the habits of successful credit users, and you'll have a pretty good chance of joining their ranks.

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