

## **Why The Length of Your Credit History Impacts Your Score**

A sizeable amount of your credit score, 15%, is determined by how long you have been using credit. It may seem like there is not much you can do to improve this factor of your credit score, but actually, there is.

### **What is Meant by Length of Credit History**

When it comes to the term length of credit history, it really means precisely what it says. The longer you've had credit, the more positive of an impact the length of your credit history will have on your overall credit score.

Conversely, if you've not had credit for an extended period of time, or if you have no credit at all, your credit score will be low or non-existent.

### **What You Can Do:**

Unlike other parts of your credit score, there is no quick fix to improve the length of your credit history. The only way to improve a damaged length of credit is over the course of years.

Since it takes an extended amount of time to build up your credit history, the best thing you can do is protect the length of credit you have already established. Here are 3 tips to help ensure your length of credit remains as long as possible:

1. Never close credit cards. If you must close cards as part of a financial recovery plan, close the newest cards first. If you close a card that is 10 years old, you lose all of that credit history length and will reduce your overall credit score.
2. In lieu of closing older cards with higher interest rates, use them less often than other cards. It is important to continue to use your card at least once every six months on small purchases like a tank of gas. Then pay off the balance in full. If you don't use your cards on a regular basis, credit card companies will deem your cards "inactive" and may stop reporting your card to the credit bureau and you will lose all of that established length of credit.
3. Even if your oldest card has an annual fee that you don't want to pay, keep the card open. It is worth the extra \$70 a year to the tens of thousands of dollars a good credit score can save you. Avoid opening other cards with an annual fee to avoid this situation in the future.

When calculating your credit score, credit bureau companies take your length of credit history seriously. They assume the more history they have on you, the more accurate their assessments of your reliability. Also, the longer you have had a credit card open, the less likely you are to default on the balance. It is important, when it comes to your credit, to establish not only a positive payment history, but to prove you are a desirable credit customer in the long run.

Check back next week to learn what impact new credit has on your overall credit score.