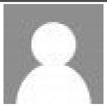
What Is a Good Credit Score?

[Clark.com Staff](#)

Your credit score — that sometimes mysterious number that reflects how responsible you are with your credit — plays a gigantic role in your overall financial life.

Pretty much any time you apply for credit, someone (or in some cases, a computer) will be looking at that number to determine if they are willing to extend that credit to you and, if so, at what rate. That applies whether you're applying for a new credit card, a car loan or a mortgage.

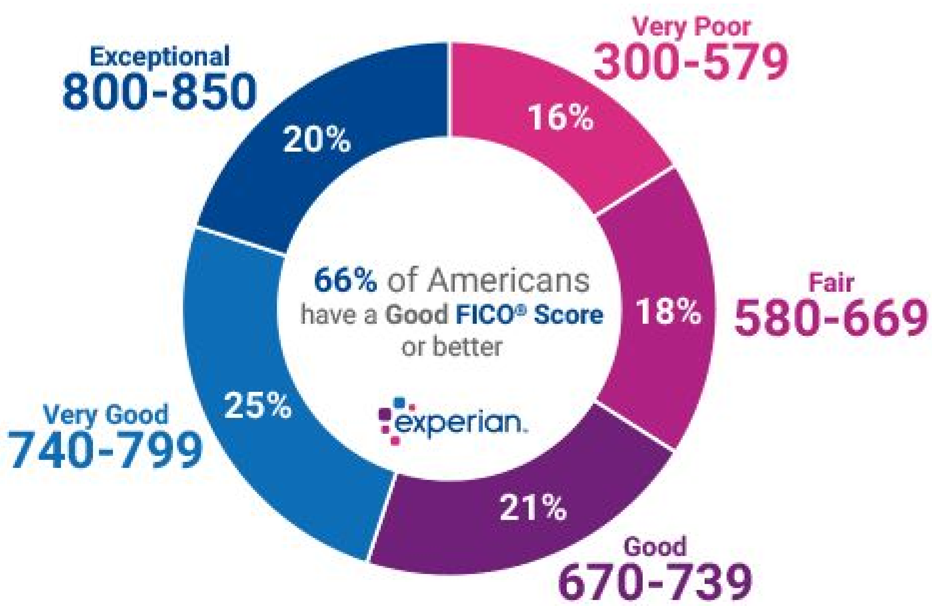
Hopefully, you know what your credit score is (if not, we'll help you find out), but do you know if your credit score is good?

In this article, we'll cover what money expert Clark Howard and others consider to be a good credit score, where you can track your score and how to improve it if it needs work!

What Is a Good Credit Score?

First, it's important to know that your FICO credit score, the score used most by lenders, is a three-digit number that can range from 300 to 850.

So how do things break out along that range when it comes to "good" and "poor" scores? Here's how credit reporting agency Experian sees it:



Experian

As you can see, according to this chart, the majority of Americans have “Good,” “Very Good,” or “Exceptional” scores.

In fact, as of 2019, the average FICO score nationally was 706. That was an all-time high!

But different creditors have different ideas about what makes a “good” credit score. For that reason, your ability to get credit and the rate you’re offered can vary. This is why some people aim for a score of 850, something Clark says “you’re crazy if you obsess with.”

You don’t need to aim nearly that big.

“If you can get up to around a 760, you’re going to get the same benefits, the same offers, that someone who has an 840 score is going to get,” says Beverly Harzog, a credit card expert for U.S. News & World Report.

That said, if your credit score is currently in the low 600s, 760 might seem a long way away. That’s still no reason to be discouraged!

There are other numbers that can make a huge difference in the offers you receive and the rates you can get on loans, Clark says:

“There are certain breakpoints where things get easier for you. One that’s really important is being around a 680. That’s a point at which people look at you differently than when you’re below that.”

Now that you have some scores to target if you want to be seen as someone who has “good” credit, how do you track your progress toward those goals?

Where to Get Your Credit Score and Track It for Free

Clark recommends two free services for getting your credit score and tracking it, so you can see the progress you’re making: **Credit Karma** and **Credit Sesame**.

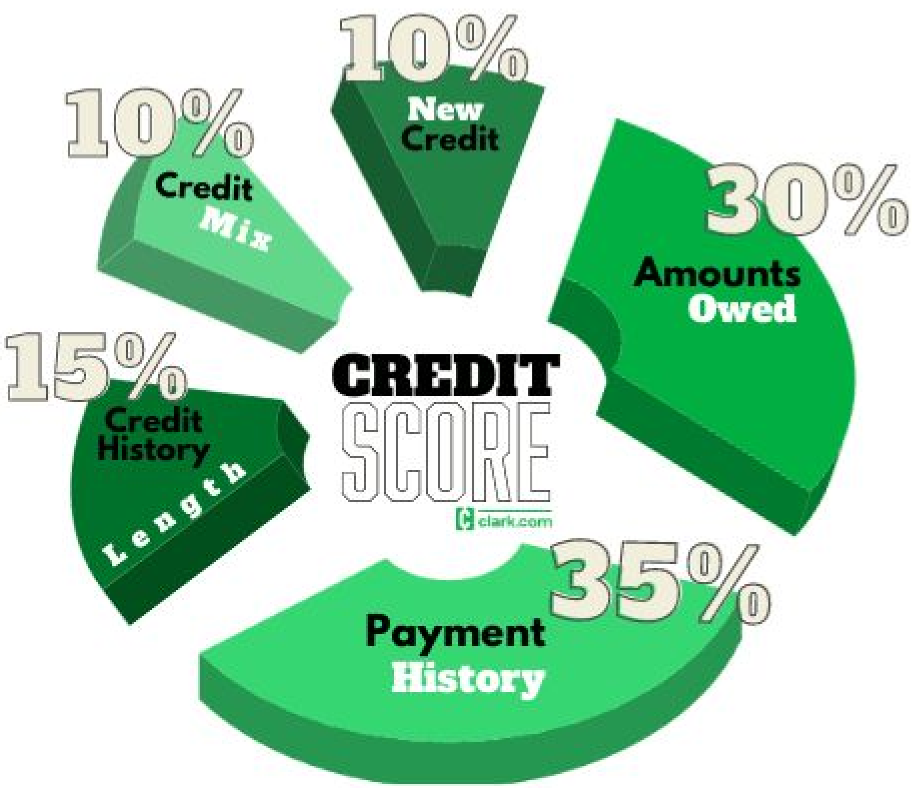
Both services give you instant access to your VantageScore 3.0 (which should be very similar to your FICO score), tips on how to improve it and the opportunity to get alerts when your score changes.

Remember what Clark said about not being obsessive about your score? Signing up with either of these sites will let you stay on top of your number without feeling the need to check it constantly.

You can also get free credit reports, which are more comprehensive than what you get with Credit Karma or Credit Sesame, from all three major credit reporting bureaus once a year at AnnualCreditReport.com.

How Can You Improve Your Credit Score?

To improve your credit score, you should address each of the factors that go into calculating your score. According to MyFICO.com, those factors are:



5 categories that make up your credit score

Payment History

As you can see from the graphic, the single most important factor is your payment history: Not paying your bills on time can do serious damage to your credit score. Even if you've had some late payments in the past, you can improve your score going forward by paying each and every bill on time.

Amounts Owed

The second most important factor is what you owe. This is calculated as a percentage: the amount you owe divided by the total amount of credit you have available. It's best to keep this under 30% — even better if you can keep it under 10%.

So, if your total credit line (between all of your credit cards and other loans) is $10,000, it's good to owe less than $3,000 and great if you owe less than $1,000.

Length of Credit History

The next most important factor is the length of your credit history. This is determined by the date you opened your earliest credit account that remains open today. Since you can't go back in time and open an account any earlier, the most important thing you can do in this area is to make sure you don't close any of your old accounts.

New Credit and Credit Mix

Finally, accounting for 10% each of your credit score are New Credit and Credit Mix.

New Credit means accounts that you've applied for that result in an "inquiry" to your account. Almost any time you apply for credit (whether you are approved or not), your score will drop a bit. It usually doesn't take long to recover, but the important thing to remember here is to apply only for credit you really need. If you apply for every card offer you receive, your score will suffer.

Credit mix refers to the different types of credit you have. Again, this one is not a huge deal, but someone with credit cards, a mortgage, and a car loan will generally be judged more favorably than someone who just holds credit cards.

Tip: Another great thing about Credit Karma and Credit Sesame is that they both have score simulators, which let you play around with things like paying down balances and opening new lines of credit to see how those things might affect your score.

Final Thought

Now that you know what is considered a "good" credit score, you may be encouraged because you're already there or discouraged because you feel like you have a long way to go. If you fall into the latter group, don't worry: You can do it.

"The thing with credit scores is, it's a relative scale. Your goal is from wherever you are right now, to try to move that number up," Clark says.