

If you ask most people about personal goals, one of them most likely will be related to financial wellness. One of the most popular financial wellness goals is improvement on managing credit. Managing your credit is not hard, it just takes time and basic knowledge about the credit scoring system. While each person's individual credit profile should be managed in its own way, there are five basic things that everyone can do to work toward healthy credit.

- **Be punctual**

Pay all your bills on time each month. Late payments, collections, and bankruptcies have the greatest negative effect on your credit scores. The key is consistency and longevity of making payments in a timely manner.

- **Check your credit reports regularly and take the necessary steps to remove inaccuracies**

Don't let your credit health suffer due to inaccurate information. If you find an inaccuracy on your credit report contact the creditor associated with the account or the credit reporting agencies to correct it immediately. It is also important to monitor your credit report for fraud purposes as well, to ensure your accounts have not been compromised in some capacity.

- **Manage your debts**

Keep your credit card account balances below 30% of your available credit limits. For instance, if you have a credit card with a \$1,000 limit, you should try to keep the balance owed below \$300.

- **Give yourself time**

Time is one of the most significant factors that can build healthy credit. Establish a long history of paying your bills on time and using credit responsibly. You may also want to keep the oldest account on your credit report open in order to lengthen your period of active credit use.

- **Avoid excessive inquiries**

A large number of inquiries occurred over a short period of time may be interpreted as a sign that you are opening numerous credit accounts due to financial difficulties or overextending yourself by taking on more debt than you can easily repay. Apply for new credit in moderation and if needed for a purpose.

Source: [www.creditkarma.com](http://www.creditkarma.com)

