

How to Build Credit the Right Way—Even If You’re Just Starting Out

Your credit score is more than just a number—it’s your financial reputation. Whether you’re new to credit or looking to improve your score, building strong credit habits can open doors to lower loan rates, better financial opportunities, and greater peace of mind.

1. Start with a Credit Card (But Use It Wisely!)

A credit card can be a great way to establish credit. Start with a secured credit card or a low-limit card from your credit union. Keep your balance low and pay it off every month to avoid interest charges.

2. Make On-Time Payments Your Priority

Payment history makes up 35% of your credit score, so never miss a payment! Set up automatic payments or reminders to stay on track. Even one late payment can have a lasting impact.

3. Keep Credit Utilization Low

Lenders like to see responsible credit use. Try to use less than 30% of your available credit limit. If your limit is \$1,000, aim to keep your balance under \$300.

4. Mix Up Your Credit Types

A good credit mix—such as a combination of credit cards, auto loans, and personal loans—can help your score. But don’t take on debt just for the sake of variety.

5. Monitor Your Credit Regularly

Check your credit report for errors and identity theft. You’re entitled to a free report each year at [AnnualCreditReport.com](https://www.annualcreditreport.com). Many credit unions also offer free credit monitoring tools.

Building credit takes time, but with smart habits and responsible borrowing, you’ll be on your way to a strong financial future. Have questions? Visit our credit union to explore credit-building options tailored for you!