



parisigray
WEALTH MANAGEMENT

FINANCIAL ACADEMY

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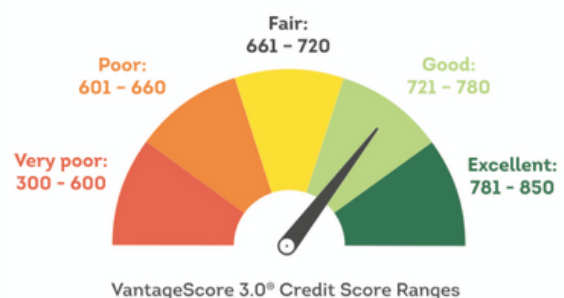
MAXIMIZING YOUR CREDIT SCORE

Our team cannot stress the importance of this topic enough! Achieving an excellent credit score is crucial for improving your financial standing and independence, contributing to the development of a robust balance sheet. A strong credit score offers numerous benefits, including increased access to loans for essential purchases such as homes, vehicles, and credit cards with favorable terms. In the pursuit of a fortress-like balance sheet, it is vital to have access to liquidity during financial setbacks. Credit availability allows individuals to secure funds promptly, bridging the gap until their financial situation improves.

The credit score system, developed over time, serves as a reliable means of evaluating an individual's creditworthiness. Unlike the traditional approach of assessing loan eligibility based solely on tax returns and recent paystubs, the credit score system provides a more comprehensive assessment. It takes into account an individual's financial discipline, responsibility in repaying loans, and the ability to manage money effectively. As a result, financial institutions can better determine if an individual is reliable and deserving of credit or loans.

In summary, the credit score is measured on a scale ranging from 300 (lowest) to 850 (perfect). A higher credit score increases the likelihood of banks feeling confident in lending money or issuing credit cards to an individual. The credit score reflects an individual's capacity to manage credit over an extended period. Financial institutions not only assess whether an individual pays back loans on time but also seek evidence of responsible financial behavior and restraint, especially when handling larger amounts of credit. Demonstrating fiscal responsibility consistently over time is key.

By following these steps below and practicing good financial habits, you can work towards achieving and maintaining an excellent credit score.



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Your credit score is a metric that scores you on your ability to manage credit over time. This means staying well under your available credit limit, paying fully and on time each month, and demonstrating your consistent ability to do this over long periods of time.

1

ONLY SPEND 30% OF THE CREDIT LIMIT OF EACH CARD:

23% of your score is based on managing your credit usage. Limit your credit card spending to 30% of your available credit per card. If you have monthly expenses that would exceed 30% on your card limit, pay with cash or a debit card or use another credit card. For example, if your limit is \$5,000, aim to charge around \$1,500 per month or less, per card.

2

PAY EACH CARD TWO DAYS EARLY IN FULL EACH MONTH:

Commit to paying off your credit card balance in full each month, making the payment 2 days before the due date. This demonstrates responsible credit management and contributes to a positive credit score. Showing you can be disciplined to only spend 30% of your limit, paying the card off in full and on time each month will have the strongest impact on boosting your credit score.

3

DO NOT MAKE PAYMENTS TO YOUR CARD MID-MONTH:

Wait for the billing cycle to end to pay your credit card off in full. Only make a mid month payment if you have exceeded 30% of your credit limit. The goal is to finish the billing cycle below the 30% cap. It is all about the cash flow.

4

KEEP YOUR CARDS A LONG TIME, AND DO NOT CANCEL OLDER CARDS:

21% of your credit score is based on your credit card age. Remember, two credit cards are sufficient—avoid getting more and do not reply to random card offers! Maintain responsible credit utilization and demonstrate spending restraint. If you have an older card you no longer like the benefits of, don't cancel it. Just spend a few bucks on it each month and follow the steps mentioned already.

5

KEEP YOU INQUIRIES FOR CREDIT AND LOANS LOW:

Every time you apply for a credit card or loan, it dings your credit score. Try to keep to 2 inquiries per year. You don't want to have creditors look at your score more than twice it will just hurt your credit. It takes 2 years for an inquiry to drop off your score.