



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

Matthew G. Bevin
Governor

P.O. Box 798
Frankfort, Kentucky 40602-0798
Phone: 1.800.928.8926
Fax: 502.696.7373
www.kheaa.com

William M. Landrum III
Secretary

Contact: Tim Ballard
Phone: 502-696-7372
Email: tb Ballard@kheaa.com

Eugene P. Hutchins
Executive Director

Money Tip for Students, December 2019

Students should learn about credit scores

Students should be familiar with credit scores, according to the Kentucky Higher Education Assistance Authority (KHEAA).

Your credit score is a three-digit number that has a long-lasting effect on your buying power. When you apply for credit, your credit score will be checked. The higher your credit score, the better the chances you will be approved.

Although there are several scoring methods, the most widely accepted one comes from FICO. Your FICO score ranges from 300 to 850. These items make up your FICO score:

- **35 percent is based on your payment history.** Early payments will have a higher number than on-time payments, which will have a higher score than late payments.
- **30 percent is based on outstanding debt.** This outstanding debt is how much you owe on car loans, mortgages, credit cards, etc. The number of credit cards you have and if those cards are near the maximum borrowing limit will hurt your score.
- **15 percent is based on the length of time you have had credit.** The longer you have been borrowing money and paying it back in a timely manner, the better your score.
- **10 percent is based on new credit.** If you have opened several new accounts, that will have a negative effect on your score. Also, the more inquiries on your credit report in a year, the lower your score.
- **10 percent is based on the types of credit you currently have.** It helps to have a mix of loan types. If you have a credit card, an installment loan will even the credit out.

KHEAA is the state agency that administers Kentucky's grant and scholarship programs, including the Kentucky Educational Excellence Scholarship (KEES).

KHEAA's sister agency, the Kentucky Higher Education Student Loan Corporation (KHESLC), offers low-cost Advantage Loans to help students and parents pay for college or to refinance student loans. For more information about Advantage Loans, visit www.advantageeducationloan.com.

For more information about Kentucky scholarships and grants, visit www.kheaa.com; write KHEAA, P.O. Box 798, Frankfort, KY 40602; or call 800-928-8926, ext. 6-7214.

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