

The Benefits of Great Credit

(and How to Boost Yours)

Whether you want a loan to make a large purchase or you're applying for a job, a high credit score may give you an advantage. It not only helps you secure a lower interest rate and save money over the life of your loans, it also demonstrates to lenders and potential employers that you're financially responsible, and likely responsible in other areas of your life. Financial institutions and employers put their trust in this score and are more inclined to trust you if you're a low-risk candidate.



1 Lower interest rates on loans and credit cards.

Lenders consider people with great credit a good risk, meaning they're confident the borrower will pay back the money. If you're applying for a mortgage, good credit may get you a wider range of mortgage offers. One or two percentage points in interest may save you tens of thousands of dollars over the life of the loan.

2 Leverage to negotiate lower credit card interest rates.

The higher your score, the more bargaining power you may have when negotiating interest rates. Why? Your credit card company does not want to lose your business and they will often lower your finance rate. You need to ask! Additionally, you may be able to cite other offers you've received from companies based on your score, which may help you negotiate a better deal and save money.

3 Qualify for lines of credit.

If you need to make a large purchase, such as new appliances or furniture, good credit helps you qualify for a line of credit to buy them.

4 Qualify for higher limits.

With a strong history of repaying your debt on time, banks may be willing to lend you more money and, if asked, will often increase your credit limit.

5 Rental approval.

If you're renting a home or apartment, a good credit score increases your chances of securing your ideal location. Landlords use credit scores to screen their tenants' payment history, delinquencies and charge offs. This is also true if you're renting a vacation home. Many agencies will run a credit check and, if your credit is good, you may be able to negotiate fees and lower rates.

6 Better insurance rates.

A great credit score could lower your auto insurance rate. According to many insurance companies, people with bad credit are more likely to file claims. A good score may lower your premium and lock you into a better rate.

7 Gain employment.

Many employers are checking the credit of their applicants. If you have good credit, you are seen as more responsible than applicants with lower credit scores.

8 Avoid security deposits.

Utilities and cell phone providers often require a security deposit when you sign up for service. With good credit, you may not have to pay a deposit when you sign up for service or, in the case of utilities, transfer to another location.

