

Let's Talk Finances

Perks of a Good Credit Score



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Achieving and maintaining a good credit score can enable you to fund the major purchases that you've been dreaming about. Here are just some of the doors that having a positive credit history may open for you.

More confidence in obtaining a loan

Even though financial institutions take more than just your credit score into account when you apply for a loan – among them debts and income – a good credit score can increase the likelihood that you'll get approved for the loan you need.

Lower interest rates on loans

A good credit score may enable you to secure lower interest rates on a personal loan, regardless of what type of loan it is. Consider the example of taking out a 30-year mortgage on a \$300,000 house. A good credit score could save you 1 percent or more on interest, which could translate to paying at least \$200 less per month over the life of the loan.

A higher limit on the amount of the loan

A good credit score also often correlates with how much money a financial institution will allow you to borrow. A high score can be considered proof that you have a history of paying back the money that you've borrowed in a timely manner, so it's likely that you will be allowed to borrow more money than someone with a poor credit score.

Lower rates for car and homeowners insurance

Most states allow credit-based scoring, which means that insurance carriers may assess your risk based on your credit score. Some insurance companies have stated that they lower premiums for about 50 percent of their customers based on their credit scores.

Better credit card rates

A high credit score can also make it simpler to obtain a lower interest rate on any credit cards you open. This may help you pay off any credit card balances faster and free up more of your cash for other expenses that arise.

An easier time securing a rental

In many cases, credit scores are one of the key factors a landlord considers when screening potential renters. A bad credit score caused by an outstanding rental balance or past eviction can be a huge red flag for landlords. But a high credit score may improve the chance that you'll be approved to rent the house or apartment that you want.

If your credit score is lower than you would like, contact your financial institution for advice on how you can improve it. You can also speak to them about current deals on financing a home, car, boat, or other item that you're thinking of buying.