

In Search of the Perfect Credit Score

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In the enigmatic realm of credit scores, 850 is the magic number—the almost mythical perfect score. But how possible is it really to achieve a perfect score, and is it worth the effort? MyFICO.com reports that only 13% percent of consumers have achieved scores over 800.

Clearly, a perfect credit score does not happen by accident, and it can't be accomplished by simply paying all bills on time. It requires fastidious dedication to the goal, the knowledge of how to raise one's score, and one other element that money can't buy: time.

Joshua Duvauchelle, a 23-year-old associate editor for a nonprofit organization in Vancouver, has his sights set on a perfect credit score, and currently boasts a 736. Credit scores don't exactly top the list of subjects registering on younger people's radars, but Duvauchelle explains he was raised with a strong work ethic and learned to save from an early age. "I've seen my parents go through periods of both plenty and scarcity, and that caused me to want to start building a strong financial foundation for my future."

He began tackling his credit project by working full-time, studying financial magazines, and opening a credit card as soon as he was eligible (age 18). He now checks his scores monthly using a subscription to one of the three credit bureaus, and orders his credit report from all three annually.

"I've maintained a perfect payment history—I once had an account incorrectly sent to collections and spent several months disputing it until it was corrected. I also graduated with \$15,000 in student loans, which I've paid down except for a few dollars in my last loan. I am keeping that loan open for the sole purpose of maintaining an installment-style form of debt, which the credit bureaus like to see and gives my credit score a little bump. Additionally, I always try to keep my regular spending on my credit cards at approximately 30 to 40 percent of my total credit limit, as going higher would lower my credit score."

He also focused on starting a retirement fund, acknowledging his great advantage of time. Duvauchelle is off to an enviable head start, but his impressive score was also calculated by comparing him to others in his age pool with short credit histories. As one way his admirable score might improve, MyFICO.com suggests using a more conservative 10-20 percent of overall credit limit, and the site indicates this credit use percentage counts for 30 percent of your credit score. For more than five years, the CEO of Supercollar Jane Angelich and her husband have been aiming for the credit score gold medal. "I think it's the overachieving

first child 'thing' that has me chasing the perfect credit score. I'm getting close...over 800 and don't make financial moves without plotting the effects, positive and negative, of any action on my score. My husband has been "sucked in" to the challenge and his scores are now slightly higher than mine. So—it's on!" As the one tasked with the bill paying/credit card use, Angelich first became intrigued when she noticed her husband's score got a bit ahead of hers (they were both already in the very respectable high-700s). "Once I tipped him off to my findings (and he was done laughing), he was in."

Now, Angelich says she checks up on their scores twice a year. "We just leased a new car, so I got an extra peek last month!" As this new year commences, it's a good time to begin a yearly tradition of requesting that credit report you're entitled to once a year. (A once-annual inquiry does not affect your credit score.) But with all the effort, just how worthwhile is this pursuit? "Striving for the perfect score is a bit silly," said Tim Chen, CEO of the credit card search site [Nerd Wallet](#), "anything above a 770 to 780 gets you the best rates out there." (Note that with the credit bureau TransUnion, perfect score number is 900, and it's a good idea to check your credit with all three credit bureaus.) "I'm still striving for that perfect score because 50 points can make a big difference in terms of the types of financial arrangements you can make," says Duvauchelle. "I view it as a sort of buffer cushion, in case I mess up on something. While there's not a huge different between 850 and 800, the difference between 800 and 750 can be pretty big." "I have gotten the mortgage and a few cars since I embarked on my perfect credit score quest and know that I have gotten the best rates even though I haven't reached 850," says Angelich. "I do like the reaction that the car dealers give us when they see out current over 800 score...it makes me feel proud! I know that the benefits are the pretty much the same at 800 versus 850, but the benefits of a 750 versus 800 SAT score were similar back in "old days" when I was going to college. It was the bragging rights that made it worth the extra push!"

For those aiming for a perfect score or an effectively perfect 780, Chen suggests the following ways to edge up those scores:

- Don't make any credit inquiries for six months.
- As long as you won't seek loans in the next six months, open a handful of new credit card accounts, although it will temporarily "ding" your credit—and then use them. Just as using too high a percentage of your credit is harmful, 0% credit utilization is also harmful. Chen suggests assigning small recurring bills that can be paid off each month (like utility bills) to these new or retired cards.
- A long credit history is crucial (those with a perfect score tend to have 20 years or more), so don't cancel old cards, and keep them in occasional use so they don't get canceled by the issuer.
- Credit bureaus look at a mix of different credit types, so take out a car loan even if you can pay in cash, and don't hurry to pay off student loans if the interest is bearable.