

What's the [New] Score?



Do you know your identity score?

"My what?" you're probably saying.

An *identity score* is like a credit score. But instead of assessing the likelihood that you'll pay your bills on time and won't default on your loans, an ID score rates the odds that the person applying for credit is really you.

The higher the score, the greater the risk that your identity may have been compromised. Scores are used by service providers and lenders and are determined by reviewing personal information on credit applications and transactions for consistency. Common events such as changing your name after marriage, moving often, or even living in an apartment building where you share the same street address with others can raise your score.

Providers of ID scores claim they protect both consumers and lenders by reducing fraud. But if your application is flagged, you may find your transaction delayed for days while you confirm your identity.

Cancellations at Chez Credit: Choose Carefully!

Appointments, magazine subscriptions, parties — people cancel things all the time without any negative consequences. But if you're thinking about cancelling some of your credit cards, you might want to hold off until you have all the facts.

Know the Score

Your credit score depends on several factors, including how much credit you have, how much you're currently using, and your payment history, among others. Cancelling credit cards can help you get your finances under control, but make sure you proceed cautiously. Here's why.

History Helps

An account that's been open for many years may show a long history of using credit responsibly. How long a particular account has been open is an important part of your credit score. Avoid closing credit card accounts you've held for a long time and that have no negative items, even if you no longer use them. Having a shorter credit history may lower your score.

A Healthy Ratio

Another important factor in credit scoring is how much debt you actually have compared with the total amount of credit that's available to you. If you cancel a card, you eliminate the available

credit line associated with the account. That increases your outstanding debt as a percentage of your total available credit.

When You're Downsizing

If you do decide to shed some of your credit cards, be selective. Keep accounts open that have good customer service or offer perks you'll actually use. And try to avoid closing multiple accounts at once.

Don't just cut up your cards or stop using them. Call or write the lender and ask that your account be closed "at the cardholder's request," and ask for written confirmation.

