

Tribune

News for today's seniors

Your credit score does matter

Meghan Streit
May 19th, 2017



Once you hit retirement, your house is probably paid off and you likely have enough savings that you don't need to borrow money. So, your credit score no longer matters, right? Wrong.

But that is what a lot of older adults think. In fact, a 2016 TransUnion survey showed that nearly half of Baby Boomers believe their credit score matters less after age 70.

“Baby Boomers need to prepare their credit score for retirement so they have the tools to fund financial obligations later in life,” says Ken Chaplin, vice president for TransUnion (transunion.com). “As Americans age, good credit can not only help them finance medical expenses and long-term care but also help them support children, grandchildren, and other family members as they take on middle-life expenses, like buying a house or paying for school.”

Impact in many areas

Even if you've long since paid off your mortgage, Kevin Gallegos, vice president of Phoenix operations for Freedom Financial Network (freedomfinancialnetwork.com), says your credit score still might impact your housing options. For instance, you may want to downsize to a smaller home and need to secure a new mortgage.

"Credit scores can affect the ability to rent an apartment," Gallegos says. "They also are considered by many auto insurance companies in determining rates and in the ability to lease a car."

Increasingly, people of retirement age are continuing to work in some capacity. Gallegos says your credit score can be a factor in whether you land a job.

"Employers are allowed to check credit scores and frequently do so for positions that require access to large amounts of money or sensitive information," he says. "Also, some employers see having a good credit history as a sign of overall personal responsibility."

If nothing else, you might want access to the best credit cards because of the perks. And you need a top-notch credit score to secure those cards.

"Credit cards often have cash back, points, or miles rewards," says Randall Yates, CEO of The Lenders Network (thelendersnetwork.com), an online mortgage marketplace. "Using a credit card can oftentimes be less expensive than paying cash, assuming you pay off the balance in full each month."

So how do you maintain good credit as you get older?

Wealth manager Nick Sloane (sloanewealthmanagement.com) says the factors that impacted your credit score during your working years still apply, including late payments and overutilization of credit. He also cautions people to avoid unpaid medical bills, which are easier to rack up as we age and need more medical care. And he says not to close credit accounts just because you think you no longer need them.

"The age of your credit history is a significant factor in keeping higher FICO scores," Sloane says. "Closing accounts will lower your scores as your overall credit availability decreases, and if you did carry a balance on one credit card,

the utilization percentage increases, which is a negative. This can happen even if you pay your bills religiously each month.”