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What Is a Perfect Credit Score Really Worth?

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What is a perfect credit score? How do you get a perfect FICO score? Is it even possible to get a perfect credit score?

If you could achieve perfect credit, how much money could you save?

In this article, we break down credit score ranges, show you what people

pay for financing in those credit tiers and provide tips for how to attain a score of 850.

[See today's personal loan interest rates](#)

What Is a Perfect Credit Score?

There are several credit-scoring models, but the most commonly used are the Vantage and FICO scores.

- FICO 8 (the most commonly used model): 300 to 850
- FICO (industry-specific): 250 to 900
- Vantage Score (pre-2013): 501 to 990
- Vantage Score (current): 300 to 850

The lowest credit score indicates very poor credit. The highest number is the holy grail perfect credit score.

Is it Possible to Get a Perfect Credit Score?

It is! According to credit reporting agency Experian, "The truth is, Americans with a perfect 850 FICO® Score do exist. In fact, 1.2% of all FICO® Scores in the U.S. currently stand at 850."

How do you get a perfect credit score?

It doesn't happen overnight, because one of the factors the scoring models incorporate is the age of your accounts. And if you have any blemishes like late payments, it will take time for them to drop off.

Experian lists the characteristics shared by those with a perfect credit score:

- Credit "angels" have more accounts and available credit than average, but *they use less of it*. The average angel has 6.4 open credit cards and owes \$3,025. While all consumers average 3.8 credit cards and owe \$6,445.
- Older consumers with longer credit histories own most of the perfect scores. Boomers have 58% of 850 credit scores and Gen X has 25%. However, millennials and Gen Y together have just under 5% of the perfect scores. This means you *can* get a perfect score at a young age.
- It helps to have a higher income (over 60% of the angels earned \$76k or more per year) but 8% of those earning \$25k or less still managed to achieve a score of 850.

How Long Does it Take to Improve Your Credit Score?

How Much Money Does a Perfect Credit Score Save You?

Is it worth chasing a perfect credit rating? Do people with perfect credit scores pay less for credit or get approved for better loans than those with merely excellent credit?

Not really.

According to Experian, "And as a practical matter, lenders don't typically distinguish between scores that are in the 'exceptional' range of 800 to 850. In many situations, a score above 760 will qualify you for the best interest rates.

So while achieving an excellent credit score is a goal worthy of aspiring to, getting to the highest number on the scale is not necessary. Also keep in mind that credit scores are constantly changing, so even those that do reach 850 don't always stay there."

In other words, don't go crazy trying to be perfect because it won't do much for you beyond the bragging rights.

On the other hand, excellent credit can save you money.

According to MyFICO's Loan Savings Calculator, improving from "good" (700 - 759) to "excellent" (760 -850) could net you these benefits:

- Save \$36 per month (about \$12,000 total) on a \$300,000 mortgage
- Save \$28 per month (about \$1,100 total) on a \$30,000 auto loan

In addition, borrowers with excellent credit qualify for the lowest credit card and personal loan interest rates. Top-drawer applicants have no trouble getting zero-interest offers (for up to 24 months) or other credit card perks like free travel or other rewards just for signing up.

And then, there's the well-being that comes from knowing that you have access to credit in an emergency.

Most Important Factors for a Perfect Credit Score

The five factors that make up a credit score are, in order of importance:

Percentage	Credit Score Factor	Notes
35%	Credit History	Payments within 30 days of the due date are considered on time
30%	Credit Utilization	Utilization is the percentage of available credit that you actually use). It relates only to credit card debt, not installment loans like mortgages and personal loans.
15%	Length of Credit History	It's generally not a good idea to close older accounts
10%	New Credit	Applying for credit will generate inquiries on your report and it will cause your score to drop temporarily. If your report shows a steady increase in the number of accounts, the amounts owed, and the percentage of credit that you're using, it can indicate that you're spending beyond your means and heading for trouble.
10%	Credit Mix	Not all credit is created equal. Installment financing like mortgages, personal loans and auto loans carries more positive weight and can improve your mix. On the other hand, holding nothing but credit cards can lower your score.

You'll probably notice that improving one factor might cause harm to another. There's a balancing act that credit perfection requires.

 [Free Credit Report? How to Check Your Own Credit](#)

How to Get a Perfect Credit Score (or Just Improve Your Credit)

Credit perfection is a demanding goal and may not be worth the effort. But if you want to raise your credit score (all the way to 850 or just into the "excellent" range), take these steps:

- Check your own credit report and score.
- Examine the "reason codes," which tell you the main reason(s) your score is less than perfect.
- Correct any incorrect information on your credit report that's dragging your score down.
- Create a plan based on the reason codes.
- Monitor your credit.
- Celebrate your success.

How you manage these factors depends on your reason codes. The most common problems with credit scoring, assuming that your report is accurate, are:

- Bad repayment history
- Owing too much or having too many accounts with balances
- Short or limited credit history

Fixing Negative Repayment History

If your credit history looks like a rap sheet, it's going to take time to recover. You cannot achieve great credit without paying your bills on time.

The good news is that every on-time payment you make now is weighted more heavily than the late payment(s) you made in the past.

You may also be able to boost your credit history by becoming an "authorized user." This means getting a family member or friend with good credit to add you to one or more of his or her accounts. Preferably something with a nice, long, positive payment history.

Note that you don't actually use this person's credit (and it's probably best if you don't even know what the account number is); but if someone makes you an authorized user, the history for that account transfers to your credit report.

What Is a Good Credit Score?

Fixing High Utilization / Account Balances

If utilization is your main problem, you're going to have to balance a little good and evil.

First, the good:

- **Apply for more credit**

You can reduce your utilization by applying for more credit. If you have a \$5,000 credit card balance and \$10,000 of available credit, your utilization ratio is 50% (\$5,000 used divided by \$10,000 available). Adding a new card with a \$10,000 limit drops your utilization ratio to 25% (\$5,000 used divided by \$20,000 available).

- **Use a personal loan to pay off credit card debt**

Alternatively, you can pay off your credit card debt with a personal loan. Installment loans don't count in your utilization; so if you pay off your \$5,000 balance with a \$5,000 personal loan, your utilization falls to zero. That's a very fast way to raise your credit score.

And now, the evil:

- **Shop carefully for new credit**

When you apply for new credit, your age of accounts and new credit portions of your score will drop a bit. Each inquiry subtracts about five points from your credit score, so shop for credit very carefully.

Understand that debt consolidation without cutting spending is very risky. Personal finance experts claim that only about 15% of those who consolidate credit card debt refrain from running balances up again.

Fixing a "Thin File"

It is better to have no credit score than a bad credit score.

It takes at least two accounts, or "trade lines," to generate a credit score. By planning carefully, you can acquire a good mix of credit, including revolving accounts like credit cards, secured loans like auto financing and mortgages, and perhaps a personal loan or line of credit.

But you have to start somewhere. Here are the tried-and-true ways to establish a good credit score:

- Become an authorized user on someone else's account(s).
- Take out a secured credit card from a provider that reports to the largest three credit bureaus.
- Apply for a traditional credit card and use it for small purchases. Pay off the balance every month.
- Set up automated payments if you tend to be forgetful.
- Apply for a small personal loan and make your monthly payments on time.
- Be conservative in your use of credit.
- Monitor your credit score (There are many free apps and services; just don't give any of them your credit card information).

It is possible for young consumers to have perfect credit, or for people with low credit scores to correct their mistakes and move on to perfection.

Even the worst credit problems drop off eventually - usually after seven to ten years - and their effect on your credit score diminishes with every month in which you pay your bills on time.

The best way to achieve and maintain a perfect credit score is to create a good mix of credit, avoid carrying balances on your credit cards, and pay your bills on time.

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