

How to raise your credit score after bankruptcy

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A close look how to improve your credit score once you have a bankruptcy.(DodgertonSkillhouse/morguefile.com)

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NJMoneyHelp.com for NJ.com

Q. I have a 525 credit score. I own a house, car and truck with all my other debt paid off the in last three months, and I have a bankruptcy coming off after 10 years in March.

What should I expect for a score?

-- Working on it

A. Keep in mind that different kinds of negative information will remain on your credit report for differing periods of time.

Late payments will remain on your credit report for seven years, a Chapter 13 bankruptcy will remain on your credit report for seven years and a Chapter 7 bankruptcy will [remain on your credit report](#) for 10 years, said Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains.

Based on your comment, it sounds as though you filed a Chapter 7 bankruptcy 10 years ago.

A bankruptcy filing typically causes a credit score loss of more than 200 points, Aznar said.

"In terms of what you can expect to see after the bankruptcy comes off of your credit report, you will not see a high score, but if you are diligent about managing your credit after the bankruptcy comes off, it is possible to get your score back in the 700 range after four or five years," she said.

There are several things you can do to [improve your credit score](#).

Try to add new "positive" credit.

"This includes secured credit cards and installment loans that you can comfortably pay off when they are due," Aznar said.

Then make sure that you make all of your payments on any existing debt on or before the due date. [Late payments](#) can negatively impact your credit score, she said.

Don't overdue how much credit you're using, which is represented by what's called a [credit utilization ratio](#). Aznar recommends you keep it under 25 percent of your available limit.

"This means that if you have \$5,000 available to you on a credit card, try not to put more than \$1,250 on the card itself each cycle," she said.

Something else to consider is that every bankruptcy impacts consumers slightly differently, so there is no real answer to what [your credit score](#) will look like after.

If the bankruptcy itself was very broad in scope and included many accounts, Aznar said, this would lead to a lower score than one that included fewer accounts.

Best of luck to you!