THE NUMBER

Credit score

→ **WHY YOU NEED IT:** Raising it can get you better loan terms. A higher score can also mean lower premiums for car and home insurance in many states, and improve your standing as a prospective tenant.

→ **HOW TO FIND IT:** You can get a free copy of your credit score from several sources, such as Credit Karma and Credit Sesame, and from some credit card issuers and banks.

→ **WHAT TO DO WITH IT:** If your FICO credit score is below 760, you'll want to improve it. FICO scores, which range from 300 to 850, are commonly employed estimates of your likelihood to repay your debt; they are based on your credit report, which shows your borrowing history, any late payments you have made and your loans' current balances.

To boost your score, start by paying your bills on time; that's the most important factor, says credit expert John Ulzheimer. Your credit-utilization rate—a credit card's balance compared with the credit limit on that card—is a key factor, too. Alicia Donner, a counselor with the Pittsburgh Financial Empowerment Center, advises keeping your balances below 30 percent of each card's credit limit, or even lower if you're about to apply for a loan.

THE NUMBER

Debt-to-income ratio

→ **WHY YOU NEED IT:** It's crucial for getting a mortgage—and, even more so, for your peace of mind.

→ **HOW TO FIND IT:** Add up your monthly debt payments and divide by your monthly gross income (that is, before taxes are subtracted).

→ **WHAT TO DO WITH IT:** Mortgage lenders generally don't want borrowers to end up with a debt-to-income ratio of more than 43 percent. But even if you don't want a loan, this number is a good measure of your financial flexibility. "The lower your debt-to-income ratio, the longer you can make it without a job or stretch your retirement assets," Howerton says. Tim Steffen, a senior consultant at the investment management firm PIMCO, adds, "If it helps you sleep at night, you may want to pay it off."

THE NUMBER

The highest interest rate on your debt

→ **WHY YOU NEED IT:** Your loan with the highest rate is the one that's causing you the most financial pain.

→ **HOW TO FIND IT:** Look on your latest statements or loan origination documents. Quick tip: The most likely candidates are any credit card debt, vehicle title loans or payday loans.

→ **WHAT TO DO WITH IT:** Directing extra cash to your highest-rate debt will give you the biggest immediate return. With credit card rates now at about 16 percent, each $1,000 balance on a card will cost you $160 a year; each $1,000 you owe on your mortgage might cost you only $40. Paying off that credit card is the equivalent of a 16 percent guaranteed return on your money. You can't get a risk-free deal like that anywhere else. ■

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