

AviTaxes & Accounting Solutions
Bilingual Tax, Bookkeeping & Business Guidance



Financial Wellness

A Practical Guide to Understanding & Improving Your Credit

2026 Edition

“Financial wellness is about more than just your bank balance.”

This guide gives you the knowledge and tools to build a solid financial foundation. Everything here is educational — designed to help you understand and manage your own credit with confidence. AviTaxes & Accounting Solutions does not provide credit repair services; we help you understand the same rights and tools that are already available to every consumer, for free, under federal law.

Figures in this guide (rates, fees, thresholds) are current as of September 2026. These change — verify current figures before acting on a specific number.

Understanding Your Credit

Your credit score is a numerical snapshot of your creditworthiness. It affects your ability to get loans, mortgages, credit cards, and even rent an apartment. Most lenders use FICO® scoring models, built from data reported to the three major bureaus: Equifax, Experian, and TransUnion.

What Actually Makes Up Your Score

Factor	Approx. Weight
Payment History	35%
Credit Utilization	30%
Length of Credit History	15%
Credit Mix	10%
New Credit	10%

Payment history and credit utilization together account for 65% of your score — focus there first for the biggest impact.

Step 1 — Pull & Review Your Credit Reports

You are entitled to a free credit report from all three bureaus every week, permanently, through AnnualCreditReport.com — no subscription, no credit card required. This is the only site authorized by federal law for this; any other site charging you for your report is not required.

Review each report for:

- Late payments that aren't actually late
- Collections that aren't yours
- Charge-offs
- Incorrect balances
- Duplicate accounts
- Accounts you don't recognize

Highlight anything that looks wrong — that's what Step 3 is for.

Step 2 — Credit Utilization

Credit utilization is the amount of credit you're using compared to your total available credit:

The Formula

Utilization = Balance ÷ Credit Limit. Example: \$2,000 balance ÷ \$5,000 limit = 40% utilization.

Targets:

- Good: under 30%
- Better: under 10%

Ways to improve it:

1. Pay balances down below 30%, ideally below 10%
2. Ask your card issuer for a credit limit increase (ask first whether it requires a hard inquiry, which can briefly lower your score)
3. Spread balances across multiple cards instead of maxing out one

Step 3 — Disputing Errors Yourself

Under the Fair Credit Reporting Act (FCRA), you have the right to dispute inaccurate information on your own credit report, directly with the bureau, at no cost. Bureaus generally have 30 days to investigate once you file a dispute.

You can dispute:

- Inaccurate information
- Incorrect dates
- Incorrect balances
- Accounts that aren't yours
- Duplicate listings

Important

Only dispute things that are actually inaccurate. Accurate negative information (a real late payment, a real collection) generally cannot be removed and will stay on your report for 7–10 years — that's normal and expected, not something any service can legitimately erase early.

Step 4 — Understanding Collections

Before paying a collection account, it's worth understanding your options — but the decision and any communication with the collector is yours to make.

- You can request written verification of a debt from the collector
- You have rights under the Fair Debt Collection Practices Act (FDCPA)
- Keep records of all communication with collectors, in writing when possible
- Paying a collection does not automatically raise your score — how and when you pay can matter

If you feel overwhelmed, a nonprofit credit counselor (not a paid credit-repair company) can be a good, low-cost resource.

Step 5 — Goodwill Requests

If you had a genuine, temporary hardship (job loss, medical emergency) that led to a late payment, you can write to the creditor and ask, as a courtesy, whether they'd remove the late mark given your otherwise responsible history. This is sometimes called a “goodwill” request. There's no guarantee it will work — it depends entirely on the lender — but it costs nothing to ask, respectfully, in writing.

A 90-Day Starting Plan

Adjust the timeline to fit your own situation — this is a starting structure, not a guarantee.

Month 1 — Assess

- Track your spending for a full month
- Build a simple budget and identify what to cut
- Pull your credit reports and review them for errors

Month 2 — Act

- Choose a debt payoff method (snowball: smallest balance first, or avalanche: highest interest rate first)
- Set up automatic payments so nothing is late by accident
- File disputes for any real errors you found

Month 3 — Build

- Set a savings goal (starting an emergency fund is a great first one)
- Automate a small, consistent savings contribution
- Review your progress and adjust

Sample Letters You Can Use Yourself

These are templates for you to personalize and send yourself, directly to the bureau, collector, or creditor. Fill in your own details.

Dispute Letter — To a Credit Bureau

[Your Name] — [Your Address] — [Date]

To: [Credit Bureau Name]

Re: Dispute of Inaccurate Information

I am writing to formally dispute inaccurate information on my credit report. Account Name: ____ Account Number: _____. This information is incorrect because: [explain briefly and clearly]. Under the Fair Credit Reporting Act, I request that this be investigated and corrected or removed. I've enclosed supporting documents and would appreciate written confirmation of the results.

Sincerely, [Your Name]

Debt Validation Letter — To a Collection Agency

[Your Name] — [Address] — [Date]

To: [Collection Agency]

Re: Request for Debt Validation

I am requesting validation of the debt referenced above. Please provide the original creditor's name, the original balance, and documentation showing I am legally obligated for this debt. Until validation is provided, please cease collection efforts.

Sincerely, [Your Name]

Goodwill Letter — To a Creditor

[Your Name] — [Address] — [Date]

To: [Creditor]

I'm writing about a late payment on my account. Due to [brief hardship explanation], I missed a payment; since then I've maintained a responsible payment history. I'd sincerely appreciate a goodwill adjustment to remove this late mark.

Thank you for your consideration. Sincerely, [Your Name]

Simple Trackers You Can Build Yourself

A basic spreadsheet is enough to track all of this — three simple tabs:

- Monthly Budget — Income and Expenses columns; $\text{Net Cash Flow} = \text{Total Income} - \text{Total Expenses}$
- Debt Payoff Tracker — Creditor, Balance, Interest Rate, Minimum Payment columns
- Utilization Tracker — Card Name, Limit, Balance columns; $\text{Utilization \%} = \text{Balance} \div \text{Limit}$; aim to keep the overall total under 30%

A Note on What This Guide Is — and Isn't

Educational Only

This guide is for general education and does not guarantee any specific credit score outcome. AviTaxes & Accounting Solutions is not a credit repair organization and does not charge for or perform credit repair services (disputing items on your behalf, negotiating with collectors for a fee, etc.). Every technique described here is something you are legally entitled to do yourself, for free, under the FCRA and FDCPA.

Want Help With the Bigger Financial Picture?

Credit is one piece of your financial life — taxes, bookkeeping, and business structure are the pieces. AviTaxes & Accounting Solutions helps with directly, bilingually, in English and Spanish.

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Visit www.avitaxes.com/contact or email avitaxes@gmail.com to talk through your specific situation.