Rebuild your credit after overcoming debt

Picking up the pieces after falling into serious debt or financial trouble can seem like a daunting task, but repairing your situation is not impossible. It simply takes time, patience and work.

"Understandably, people with bad credit may feel ashamed and embarrassed by their situation and believe there's no way to fix it," said Michael Sullivan, a personal financial consultant with Take Charge America, a national nonprofit credit counseling and debt management agency. "But they can—and will—if they focus on the necessary steps to change the way they approach their money and credit."

Sullivan shares these steps to rebuild your credit:

**Pay bills on time—every time:** Payment history makes up a big part of your credit score. So, be sure to pay your bills on time, follow any payment plans and bring any past-due accounts current. Consider setting up automatic payments to ensure they're never late.

**Become an authorized user:** Ask a willing loved one with good credit to add you as an authorized user on one of their cards. This can help improve your score by allowing you to piggyback on their credit history.

**Don't max out your cards:** Using your cards helps build your credit, but you want to be careful not to max them out. Your credit utilization ratio, which compares your total amount of credit to how much you're using, plays a big part in your credit score. Try to keep it as low as possible by paying off your balances every month.

**Be careful with new credit:** While opening a new card may help lower your utilization ratio, too many new cred-