

# The Seattle Times

## The Motley Fool: Hurting your credit score

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By

[The Motley Fool](#)

### ASK THE FOOL

#### Credit scores and ESG scores

**Q:** Can closing credit-card accounts really hurt your credit score? Why?

**A:** Yup — for two reasons. For starters, about 15% of your credit score is based on how long you've had your credit accounts. Closing out an account you've had for many years can lower the average age of your accounts, shrinking your score.

Meanwhile, as much as 30% of your credit score is based on your credit utilization — how much you owe in relation to your overall credit limit.

Closing a credit-card account means you lose its credit limit. For example, if you owe a total of \$8,000 on credit cards and your total credit limit is \$24,000, you owe 33% of your limit.

But if you close out an account with a \$4,000 limit, your total limit falls to \$20,000, and your \$8,000 owed is 40% of that. That higher credit utilization is likely to hurt your score.

**Q:** What's an ESG score?

**A:** It's a score that rates a company on its environmental, social and governance (ESG) performance — assessing factors such as recycling, renewable energy use, emissions, ethical supply-chain sourcing, board of directors diversity, executive compensation and employee treatment (such as pay, benefits and safety). There are many entities out there

evaluating companies and calculating and publishing their own ESG scores.

Some of the better-known ones are MSCI, Sustainalytics and RepRisk.

If you care about ESG issues, focus on companies with high ESG scores — or seek exchange-traded funds (ETFs) that feature them. At sites such as Finance. Yahoo.com, you can look up ESG scores for many companies, often by clicking on a term such as “Sustainability.”

## **MY DUMBEST INVESTMENT**

### **One cent**

**Dear Fool:** I should never have decided to go with a broker who got me with a cold call. The investments he suggested never went anywhere, and I kept on losing money. Thank goodness I never invested more than an initial sum of money with him.

Eventually, I transferred my account to a discount broker and sold out of the investments he’d recommended. My net return was 1%.

**The Fool responds:** Cold calls don’t always lead to trouble, but they can. The U.S. Securities and Exchange Commission (SEC), for example, has charged various cold-calling operations with scamming victims out of many millions of dollars.

The Ohio Division of Securities offers many warnings about cold calls, such as: “Never buy anything, especially an investment product, based on a telephone sales pitch alone. Never. Ever.” “Beware of high-pressure sales tactics with statements like ‘this is a once-in-a-lifetime opportunity,’ ‘you must buy today’ or ‘it’s guaranteed to make money.’”

The New York attorney general’s office advises: “ ... if you do not know this person or have not heard of the firm, you must call your state securities agency in order to learn more about the caller and the firm.”

It recommends asking if the firm is registered to do business in your state and whether it, or its representative, have ever been disciplined or received any complaints.

Another good strategy: Just hang up.

## THE MOTLEY FOOL TAKE

### Micro-strong

It can be tempting to think that only the youngest and flashiest tech companies will grow fast and generate huge returns, right?

Maybe, but so can tech stalwarts that have established themselves in their respective markets and that have the foresight to see new trends and jump on them.

That's precisely what Microsoft (Nasdaq: MSFT) has done, pivoting toward cloud computing.

In Microsoft's fiscal third quarter, its commercial cloud sales jumped 41% year over year to \$9.6 billion; its intelligent cloud segment (which includes server solutions) was up 22%; and Azure, its key cloud-computing service, grew by 73%. Sales from its cloud products boosted Microsoft's sales 14% year over year, and increased earnings by 19%. Better still, the public cloud computing market, worth \$175 billion last year, is expected to be worth \$278 billion by 2021.

Microsoft's cloud gains likely aren't finished yet, either. The tech giant holds the No. 2 spot in the public cloud-computing market, with a 16.5% market share. That's up from less than 14% at the end of 2017 — with only Amazon higher (at 32%), and far ahead of the 9.5% for Alphabet's Google.

With its strong success in cloud computing and that market continuing to grow, investors need to see this company the way many smart people on Wall Street do: as a wise long-term investment. (The Motley Fool owns shares of and has recommended Microsoft.)

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