



Managing Credit Vocabulary

CREDIT REPORT: A record of a person's financial information, including previous addresses, Social Security number, current and previous employers, estimated income, credit card accounts with amount owed and payment history, and loan information.

CREDIT SCORE: A standardized measurement of the potential to repay a debt.





Are You a Good Credit Risk?

- Do you pay your bills on time? Do you miss payments?
- How many credit accounts do you have?
- Have you paid off a loan before?
- Are you maxed out? Are you near your credit limit?
- Do you have outstanding debt?
How much?



Credit Dings

- Making late payments.
- Exceeding your credit limit.
- Applying for credit frequently.
- Having an account turned over to a collection agency.



Credit Report Agencies

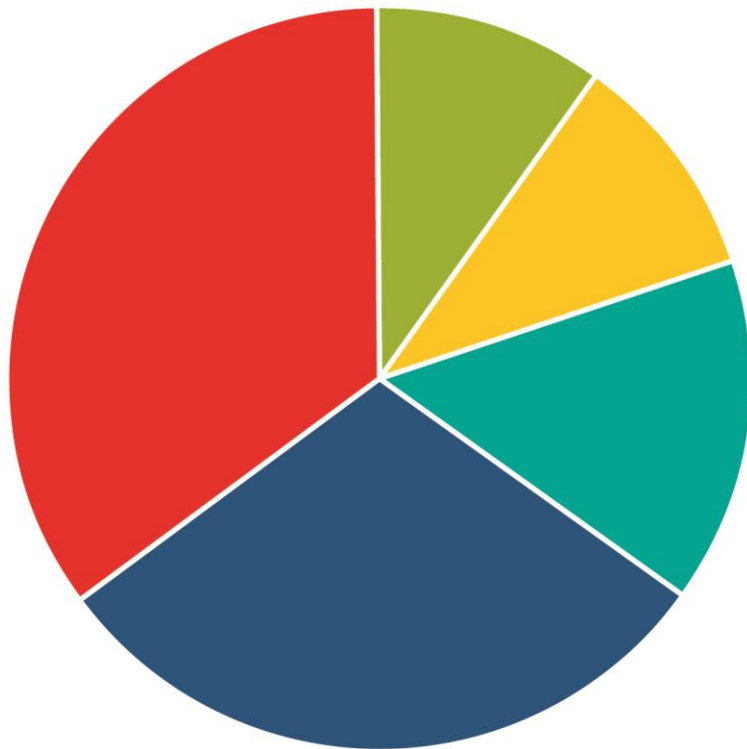
EQUIFAX, EXPERIAN, and TRANSUNION—must provide consumers with a free copy of their credit report, upon request, once every 12 months by law.





FICO Score Breakdown

A FICO score considers five categories of credit data.



10% New credit

10% Types of credit used

15% Length of credit history

30% Amounts owed

35% Payment history

Source: www.myfico.com



FICO* Credit Score

Credit Type

Score Range

Very Good to Excellent

720-850

Fair to Good

660-719

Fair

600-659

Bad

300-599

*FICO is an acronym for the Fair Isaac Corporation, founded in 1956 by engineer Bill Fair and mathematician Earl Isaac. Together, they developed the formula for the FICO score, the credit risk measurement that is used most around the world.



Build a Positive Credit History!

- Choose a credit card carefully.
 - *Look for no annual fees / low interest rate.*
 - *Use credit to build a payment history.*
 - *Don't charge more than you can pay.*
- Pay your bills on time—don't skip payments.