



Math Virtual Learning

FA Personal Finance

April 23, 2020



Lesson: April 23, 2020

Objective/Learning Target: Students will be able to define a credit score, know what makes up a credit score and how to improve a credit score

Success Starter

<https://www.youtube.com/watch?v=f2ortkJfTKw>

Watch the video above and answer these questions?

What is the range of credit scores?

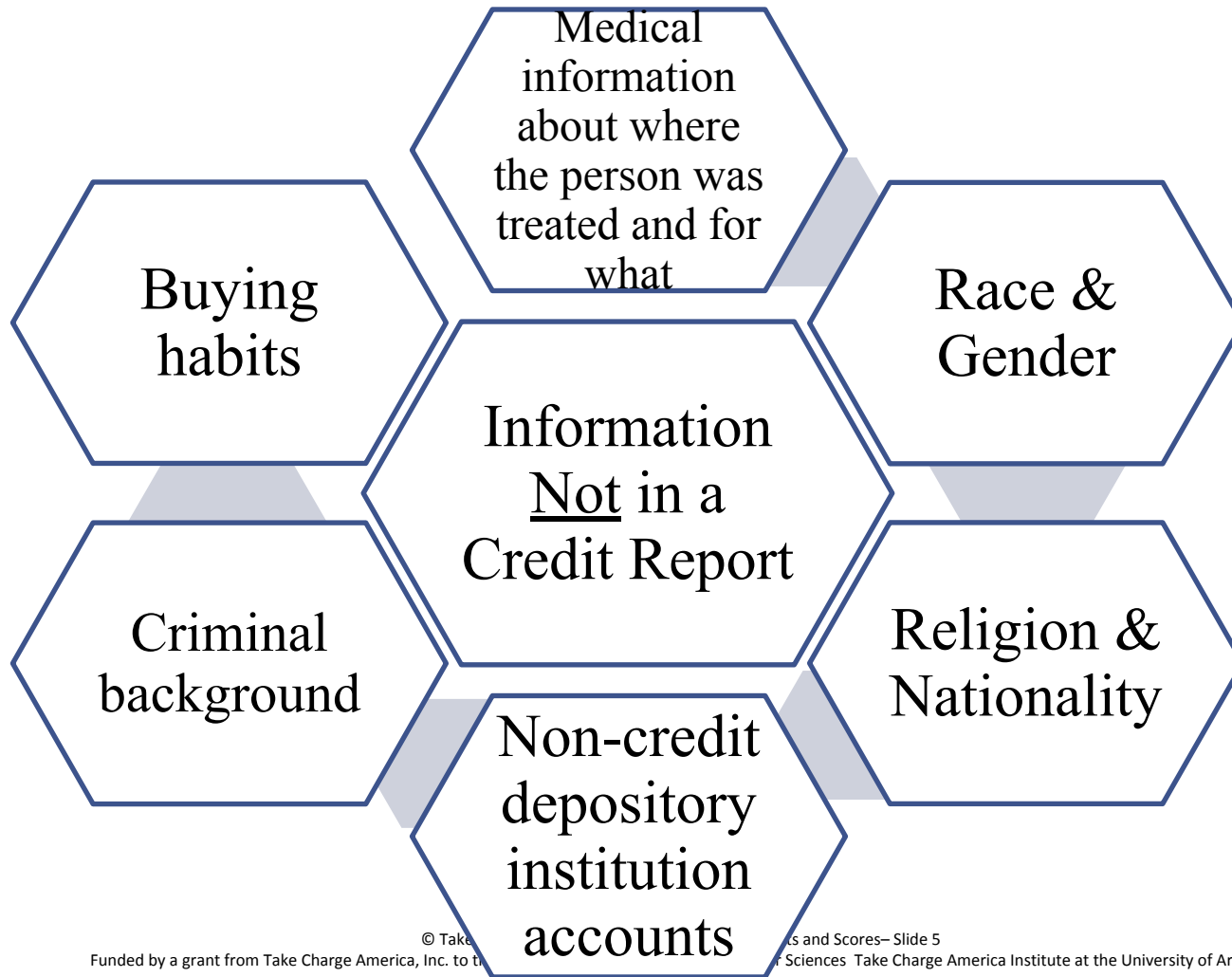
Define credit score in your own words.

What should you avoid at all costs?

Lesson worksheet

<https://drive.google.com/file/d/1jmVO5GckxdR55TxjFA41HYFZynSed-sn/view?usp=sharing>

As you go through the slides answer the questions on the worksheet. (You will have to make a copy of the worksheet)



Your Present Self Impacts Your Future Self



Credit Score

Mathematical number
created to help
evaluate the risk with
lending a consumer
money

Reflects
information
in the entire
credit report

At a
particular
point in time

Numeric
“grade” of a
consumer’s
financial
reliability

Examples: Fair
Isaac, Corp
(FICO) and
VantageScore

What is your credit score?

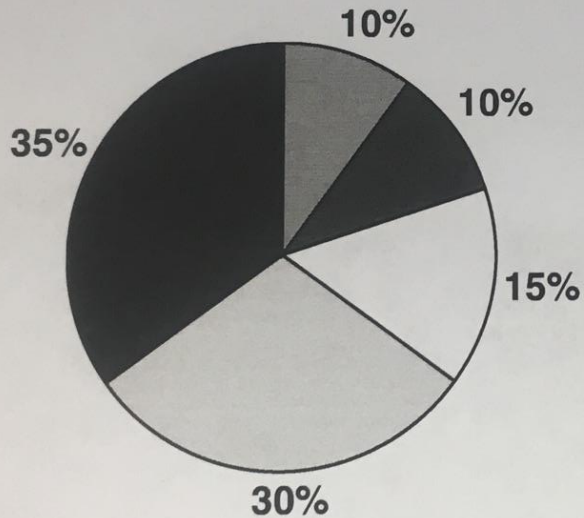
What does FICO mean?

- Fair Isaac Corporation
- Publically traded company that gives people a credit score, which will determine if a bank will loan you money. It is a service for banks.

How do you get a good FICO score?

- Keep balances low on credit cards
- Apply for new accounts only when necessary
- Check credit reports for accuracy
- Pay bills on time

Visual 3.16: What Is in a Credit Score?



- Types of Credit in Use 10%
- New Credit 10%
- Length of Credit History 15%
- Amounts Owed 30%
- Payment History 35%

What is a good FICO score?

CREDIT SCORE CATEGORY

CATEGORY	RANGE
Excellent	750 & Above
Good	700 - 749
Fair	650 - 699
Poor	550 - 649
Bad	550 & Below

Credit Score Impact

Credit history helps a lender determine the terms of credit granted

EXAMPLE: \$15,000 LOAN

(3 YEAR FIXED AUTOMOBILE)

FICO Score	Interest Rate	Monthly Payment	3 Year Amount
730	6.16%	\$457	\$16,452
660	8.77%	\$475	\$17,100
590	14.43%	\$516	\$18,576

\$2,124 can be saved over the lifetime of this loan because of a good credit score!

Credit History Affects More than Credit

Insurance Rates

Employment

Public Utility Services

Housing

What are examples of how Isabella's credit history is affecting her financial well-being?



Requesting a Credit Report

One free credit report annually
from each of the three credit
reporting agencies



Important to request your report
even if you have not used credit



If denied credit, the applicant can
request a free copy within 60
days

The screenshot shows the homepage of AnnualCreditReport.com. At the top, there is a navigation bar with links for 'AnnualCreditReport.com', 'Frequently Asked Questions', 'Contact Us', 'About Us', and 'Fraud Alert'. Below the navigation bar, a banner features a group of diverse people. The main content area has a heading 'Request your free annual credit report. It's QUICK, EASY and SECURE.' followed by a 'START HERE to view and print your credit report now.' section. This section includes a 'Select Your State' dropdown menu and a red 'Request Report' button. Below this, there is a paragraph about identity theft and a 'This site is sponsored by:' section listing Equifax, TransUnion, and Experian. On the right side, there is a 'What is AnnualCreditReport.com?' section explaining the site's purpose and a 'We guard your privacy.' section with a Norton Secured logo.

Only government-sponsored
free website

If an Error is Found

Contact the
CRA &
company that
provided the
incorrect
information

Credit agency
has 30 days
to investigate

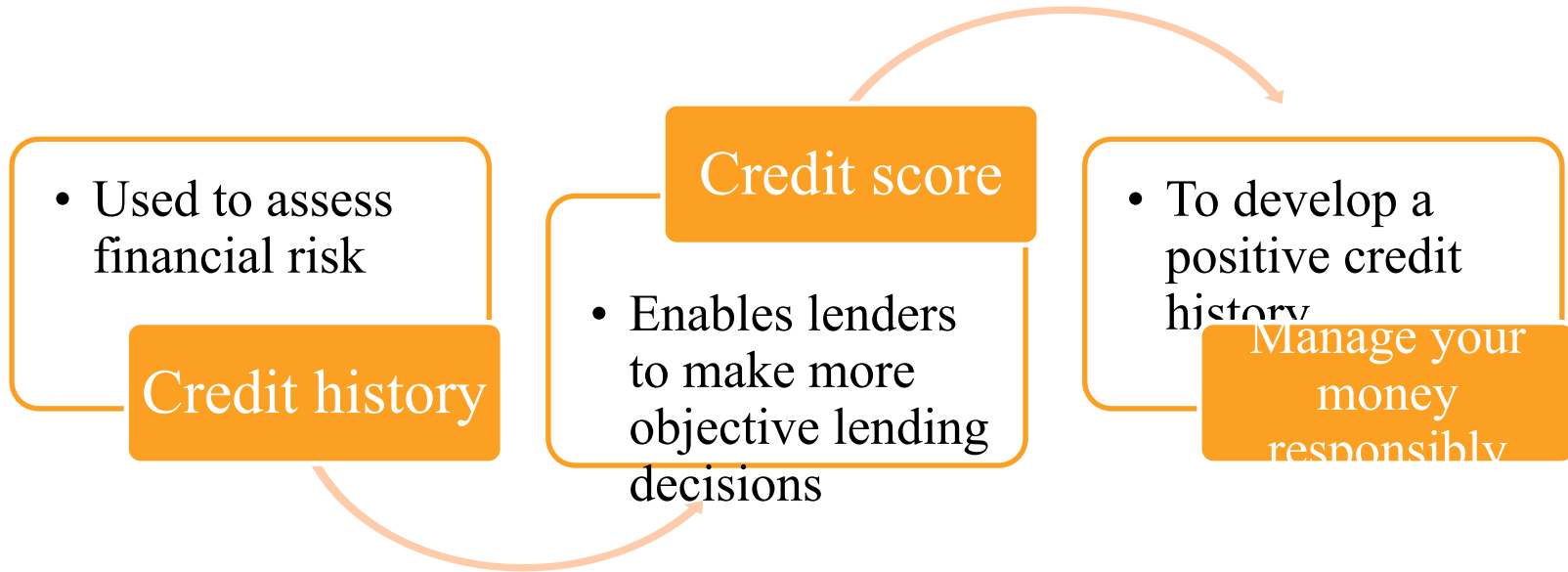
If error
found, correct
information
must be
provided to
all three
CRA's

If dispute is
not resolved,
consumer
may add a
dispute
statement to
their report

Place a next to Isabella's
personal statement section



Summary



Your Present Self Impacts Your Future Self

Credit Card Tips

Have only one card

Pay off the monthly balance

Shop for a low interest rate

Shop for no fee or a low annual fee

Use for an emergency

Use for record keeping or travel

Avoid using for minor purchases

Exit Ticket

Fill in the blanks:

Your _____ self impacts your _____ self.