

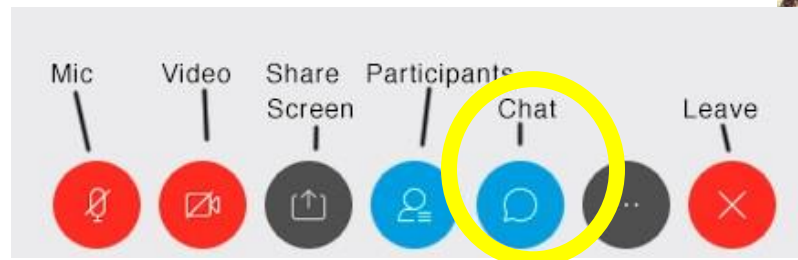
# Welcome to Your Financial Wellness Journey

## Question:

Assuming that you can vacation anywhere in the world, where would you like to go?

**Please use the chat function in WebEx to answer. (See below to open chat)**

Once all answers are in, we will begin the presentation



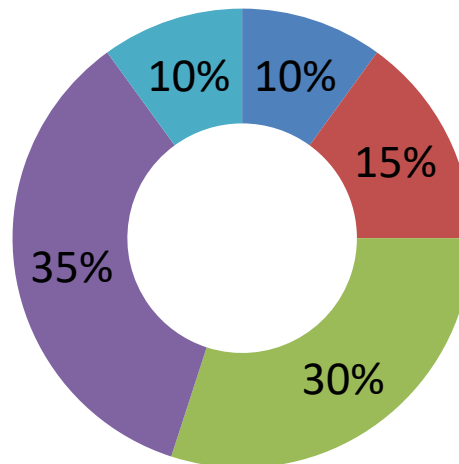
# What determines my credit score?

Which of the following do you think impact your credit score the most?

- A. Types of credit
- B. Length of credit history
- C. Amounts owed
- D. Payment History
- E. New Credit

Take a look at the chart below to see how important each factor is to your credit score. The percentages represented below are approximate and can differ between reporting agencies.

## What makes up your credit score



- Types of Credit
- Length of Credit History
- Amounts Owed
- Payment History
- New Credit

**\*\***These credit score ratings are for informational purposes only. Lenders and other companies that evaluate credit set their own guidelines.

# Credit Scores and Reports

Your credit can have a big impact on your financial life. Credit scores and reports provide a snapshot of the financial habits that financial institutions, cell phone companies, credit card companies, and others use to get a sense of your creditworthiness.

Understanding how credit scores and reports work can help you achieve financial goals such as buying a home, leasing a car, or paying off debt.

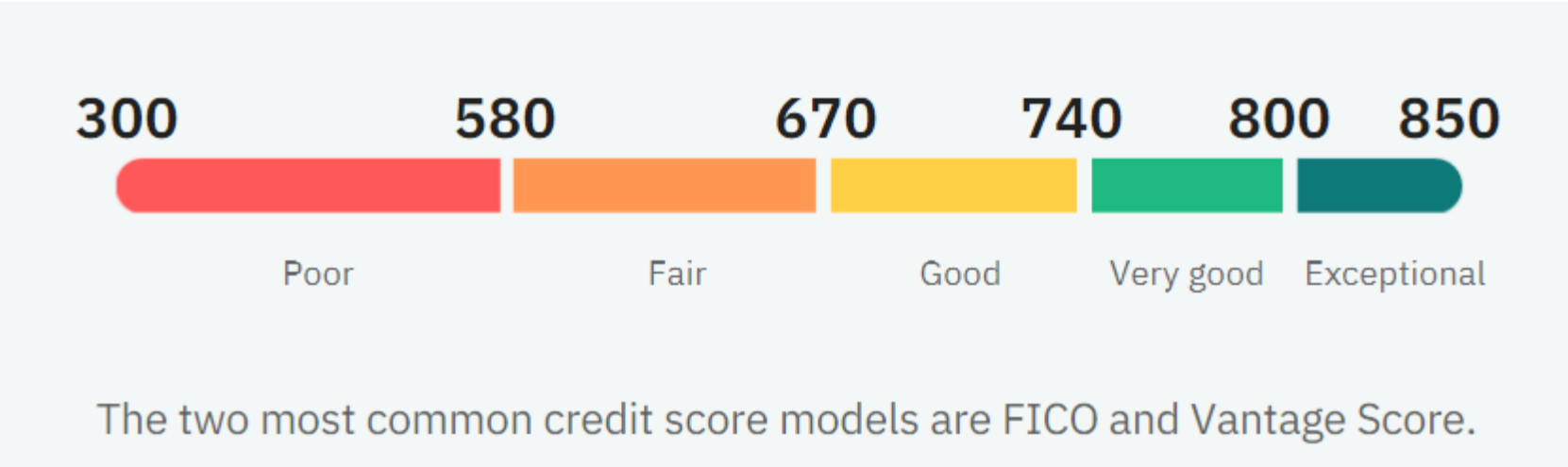
## **What is a credit score?**

A credit score is a three-digit number that represents the creditworthiness of an individual based on factors from their financial history. Credit scores, whether low or higher, can have a big impact on your life.

## **Most companies will look at your credit score to determine if they will do business with you and at what cost.**

Cell phone companies, insurance industry, any type of loan, credit card, utilities to name a few.

Credit scores are a measure of financial trust and are used by lenders to determine things such as whether you qualify for a loan, the interest you will be charged, and the maximum amount you may be loaned. The higher you score, the more financial options will generally be available to you.



\*These credit score ratings are for informational purposes only. Lenders and other companies that evaluate credit often use their own credit scoring models.

# How does credit score impact lives?

Take a look at the example below to see how different credit scores may impact the overall price of buying a used car.

In this example, each person is buying a \$6000.00 used car with \$500 down payment and the loan term is five years.

Three examples:

Lucy - credit score of 800-850, lowest rate on a used car 4.2%, interest charged \$607, total cost of the loan \$6607.00

Tony – credit score of 700-749, relatively low rate on a used car 8%, interest charged \$1191, total cost of the loan \$7191.00

Joe – credit score of 550-600, high interest rate on a used car 15%, interest charged \$2351, total cost of the loan \$8351.00

As you can see, it pay to work toward a high credit score, and not just when it comes to loans. You could be more desirable to potential employers, landlords, and other organizations who view good credit as a sign of dependability.

## How do I get my credit report?

You can request your credit report from credit bureaus which collect information about your credit background and provide reports to other companies about you.

There are three major credit bureaus are Equifax, Experian, and TransUnion. Upon request, each must provide you with a free credit report once every 12 months.

## Why should I monitor all of my credit reports?

If you are about to make a major purchase, you may want to get all three reports at once, that way, you can fix any possible errors right away.

## Where do I get them?

You can request one free credit report each year, per agency, from:

[www.annualcreditreport.com](http://www.annualcreditreport.com)



# What's included on my credit report?

It's really important to monitor your credit by reviewing your reports every year, which means it is important that you understand what to expect to see include in your credit report.

1. Personal information – name, address, full or partial social security number, date of birth, and employment information.
2. Accounts – any reporting accounts with the following: date opened, credit limits, amounts owed, loan amount, balances, and payment history.
3. Inquiries – hard inquiries can impact you credit rating or credit score. They are typically requested by companies after you've applied for a loan or credit. Soft inquiries wont impact your credit rating or score. These are usually requested by companies offering promotions, existing creditors doing periodic reviews, or by you monitoring your own credit.
4. Public records – obtained from local, state and federal courts, covering bankruptcies, judgments, and liens.



# Additional resources:

[www.bbt.com/student](http://www.bbt.com/student)

[www.bbt.com/financialfoundations](http://www.bbt.com/financialfoundations)



# Question and Answers????