

Welcome to...

A decorative horizontal line consisting of a series of small, light green dots.

REPORTS, SCORES &
HISTORIES:
CREDIT SECRETS REVEALED

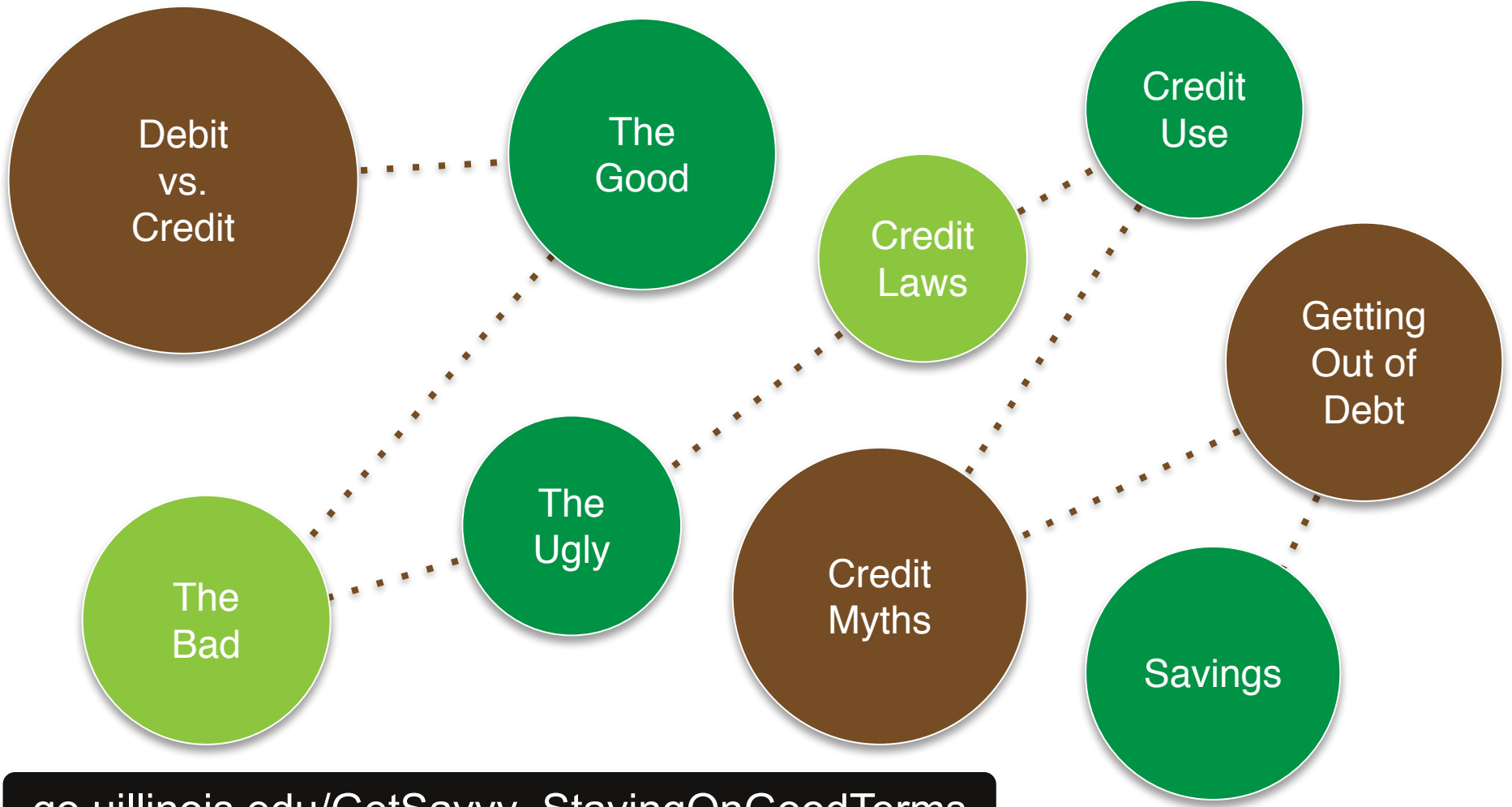


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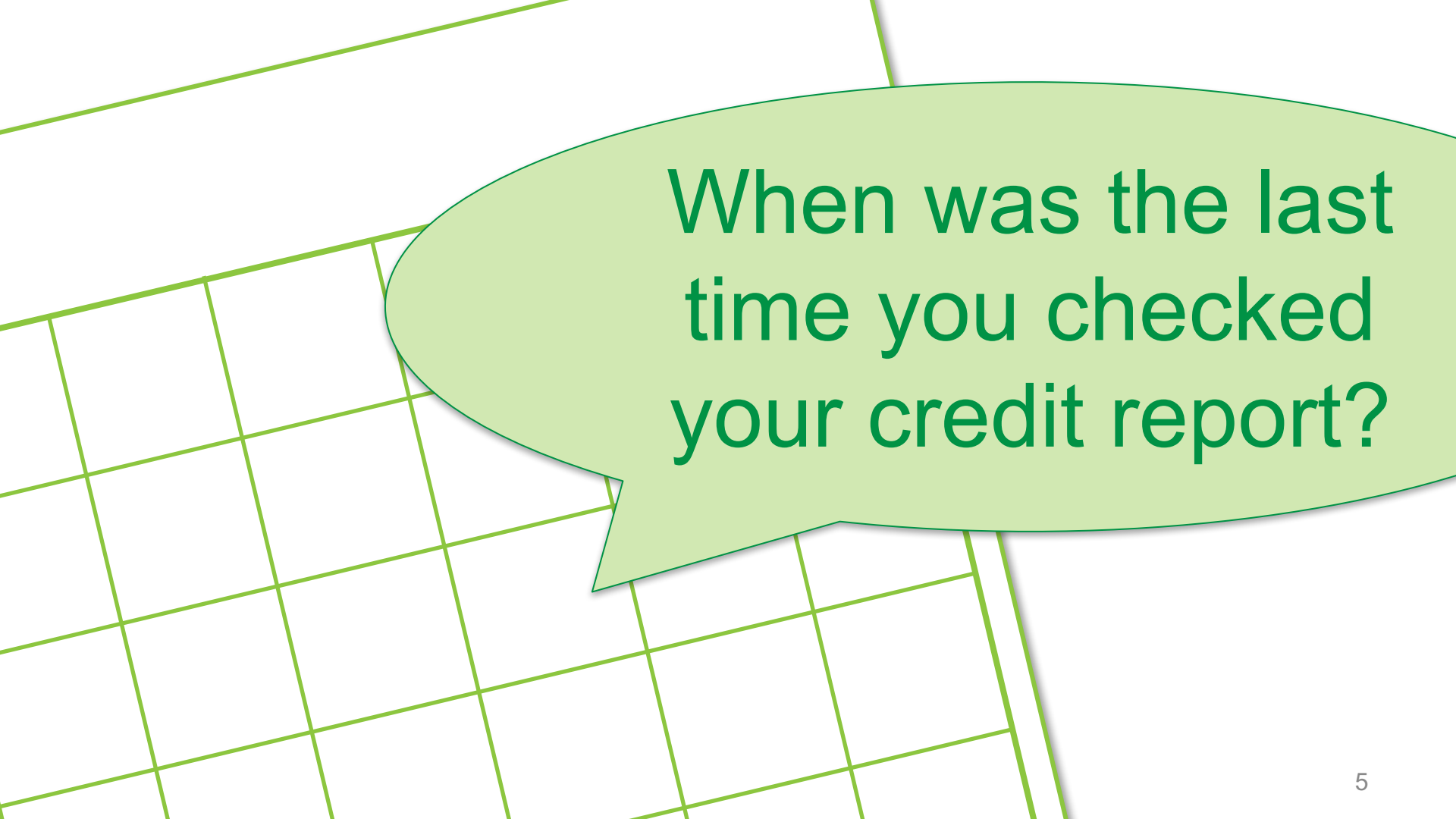
Andrea Pellegrini
Assistant Director
Student Money Management Center





**In what state
and/or county are
you located?**





When was the last
time you checked
your credit report?

Discussion



What do you think is found in a credit report?

How are your credit scores used?



Addressing the Mystery



Credit
Report



annualcreditreport.
com

750

What laws outline rights & responsibilities for credit?

What does your credit history & score impact?

How do you check your credit report?

What is in a credit report?

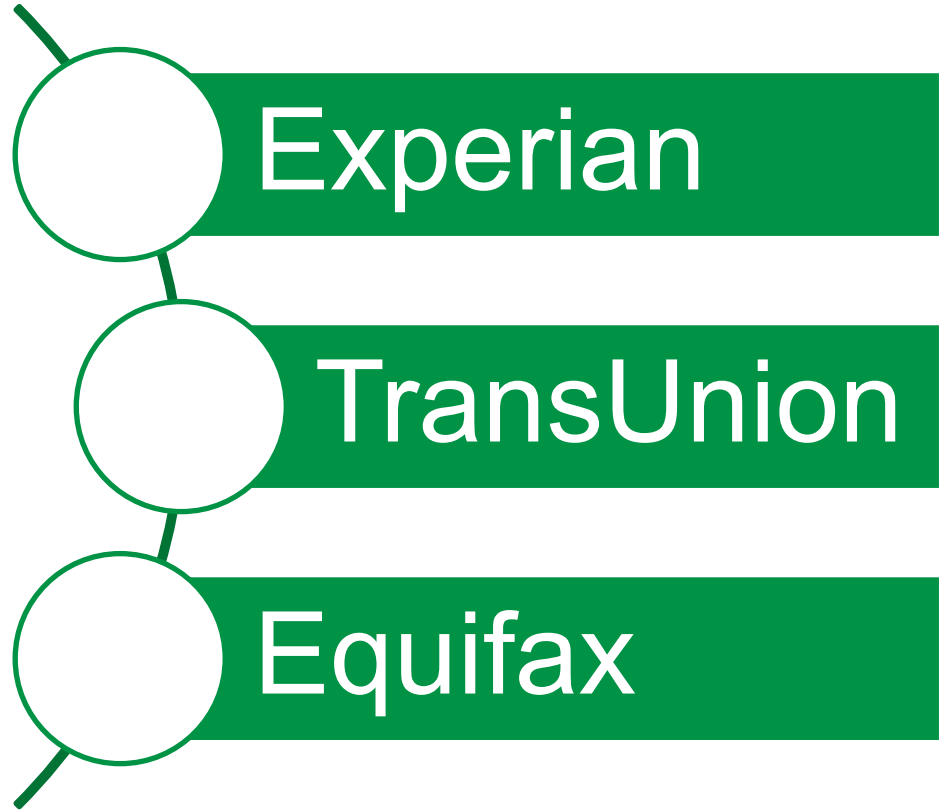
A pair of dark-rimmed glasses with clear lenses is the central focus, resting on a light-colored desk. In the background, a pen and a pencil are visible, along with some papers. The overall scene is a professional workspace.

Credit

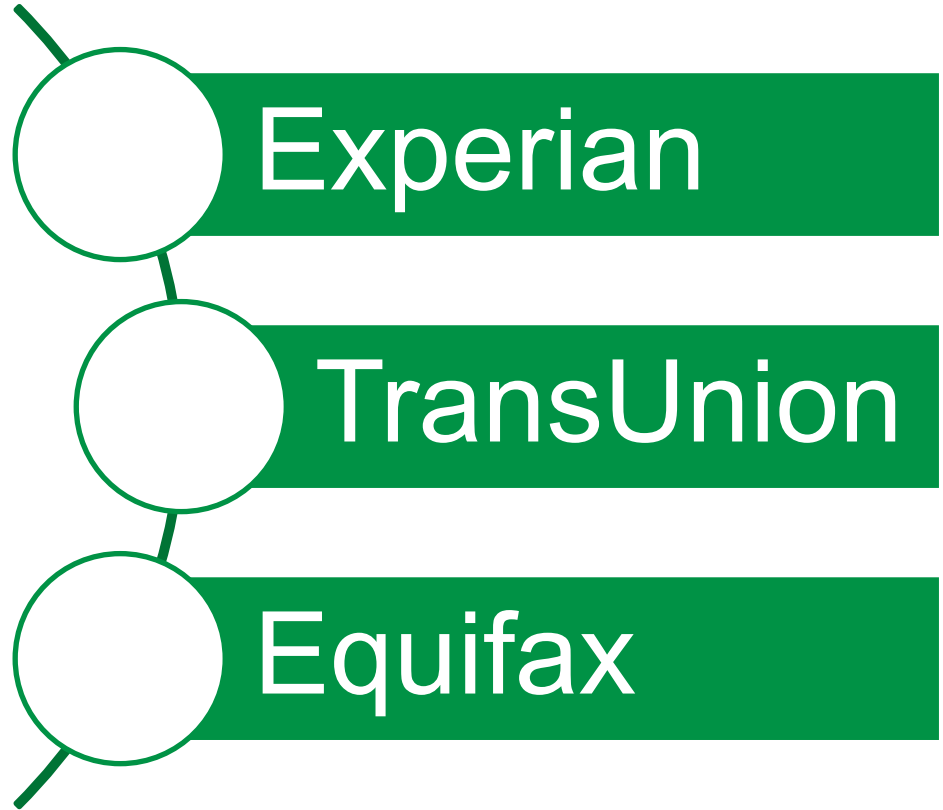
REPORTS

3

**major
credit
bureaus**



**information is updated
regularly & *may*
*change all the time***



Your Credit Report Impacts:

- Obtaining & cost of a loan
- Renting an apartment
- Getting a job – *not always in IL*
- Cost of auto & life insurance
- Acquiring a cell or home phone
- Access to utilities

One central place to
order FREE reports

Do not contact the credit
bureaus individually or directly

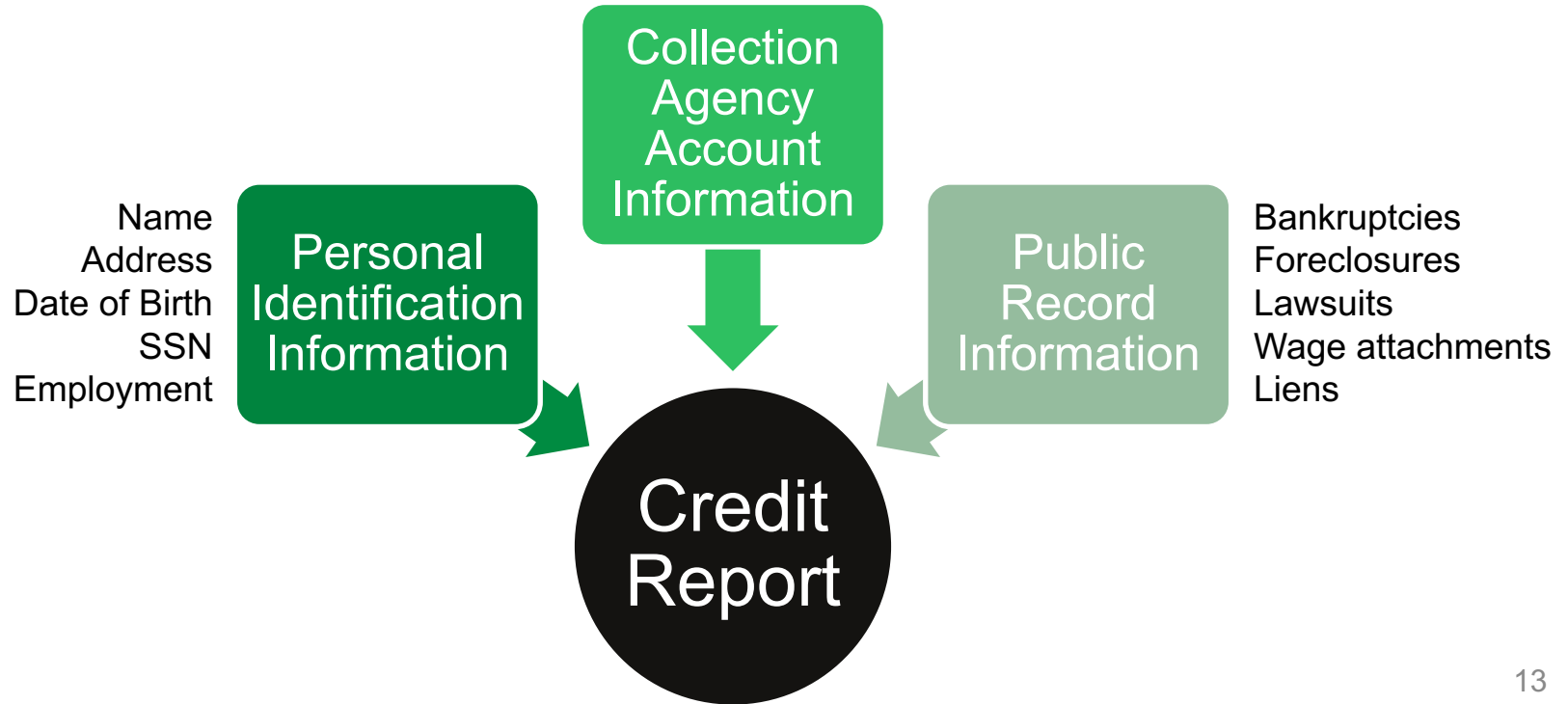
annualcreditreport.com

Equifax

Experian

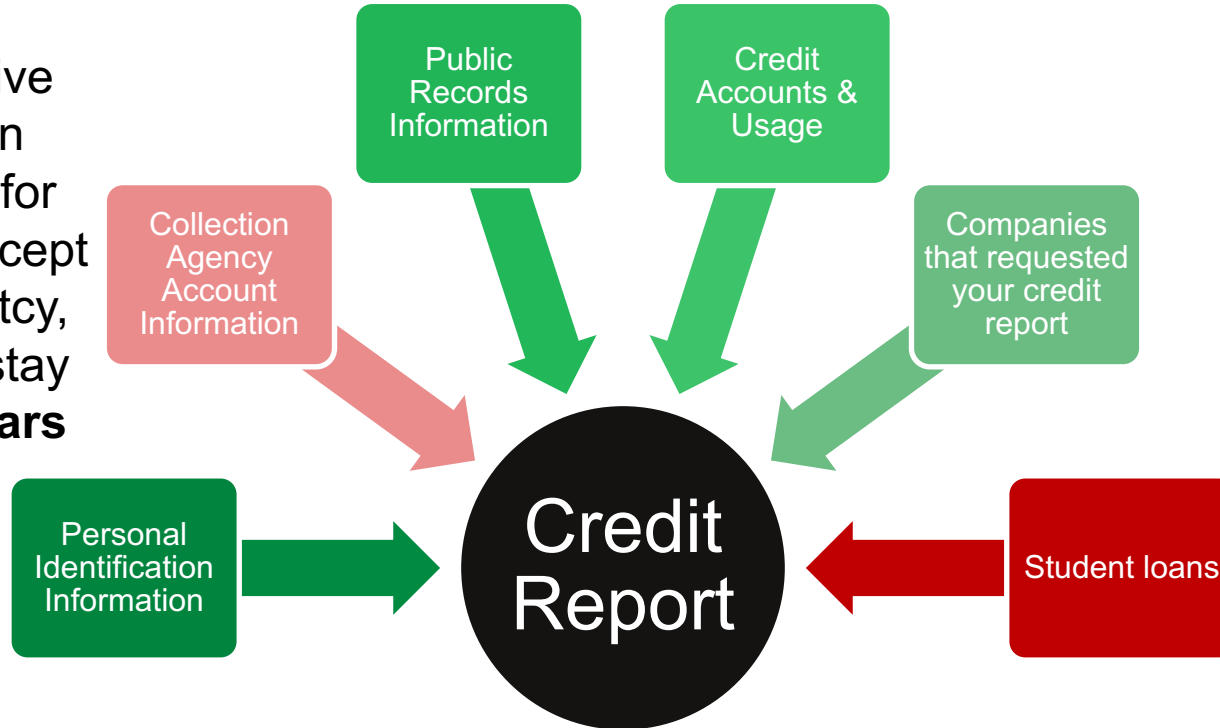
Transunion

What's in a credit report?



What's in a credit report?

Most negative info stays on your report for **7 years**, except for bankruptcy, which can stay up to **10 years**



Defaulted student loans can stay on your credit report indefinitely

What's NOT in a credit report?



**Your race, color,
religion, national
origin, sex &
marital status.**

A hand holding a magnifying glass over the text "How do I spot errors on my credit report?". The magnifying glass is held by a hand on the left side of the frame, with the thumb and index finger gripping the handle. The handle is made of a textured, golden-brown metal. The lens of the magnifying glass is circular and clear, with a thin metal rim. The text is centered within the lens. The background is a plain, light-colored surface.

**How do I spot *errors*
on my credit report?**

Common Mistakes on Credit Reports

Identity Errors

Incorrect Account Status

Data Management Errors

Balance Errors

Wrong Name

Inaccurate SSN

Closed accounts

Owner of Account vs Authorized User

Incorrect late/delinquent payments

Multiplication of Accounts or Debts

Out-of-date Information

Incorrect current balance

Incorrect credit limit

What to do if you find mistakes:



Dispute the error with the credit reporting company

(Experian, Equifax and/or TransUnion)



Dispute the error with the company who provided the info

(aka “the furnisher”)

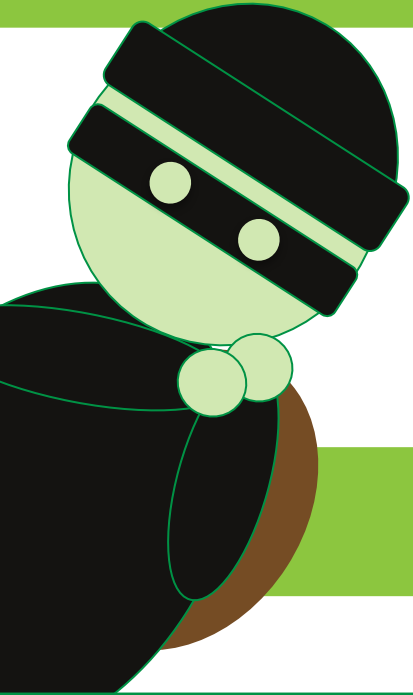
Denied Credit?

A decorative horizontal line consisting of a series of small, light green circles with darker green outlines, spaced evenly across the width of the slide.

If you were denied credit because of your credit report, you are legally entitled to a copy of your free credit report.

Contact the credit bureaus directly for these reports.

Identity theft is when someone uses your



- Name
- Social Security Number
- Bank Account
- Credit Card Number

usually for financial gain.

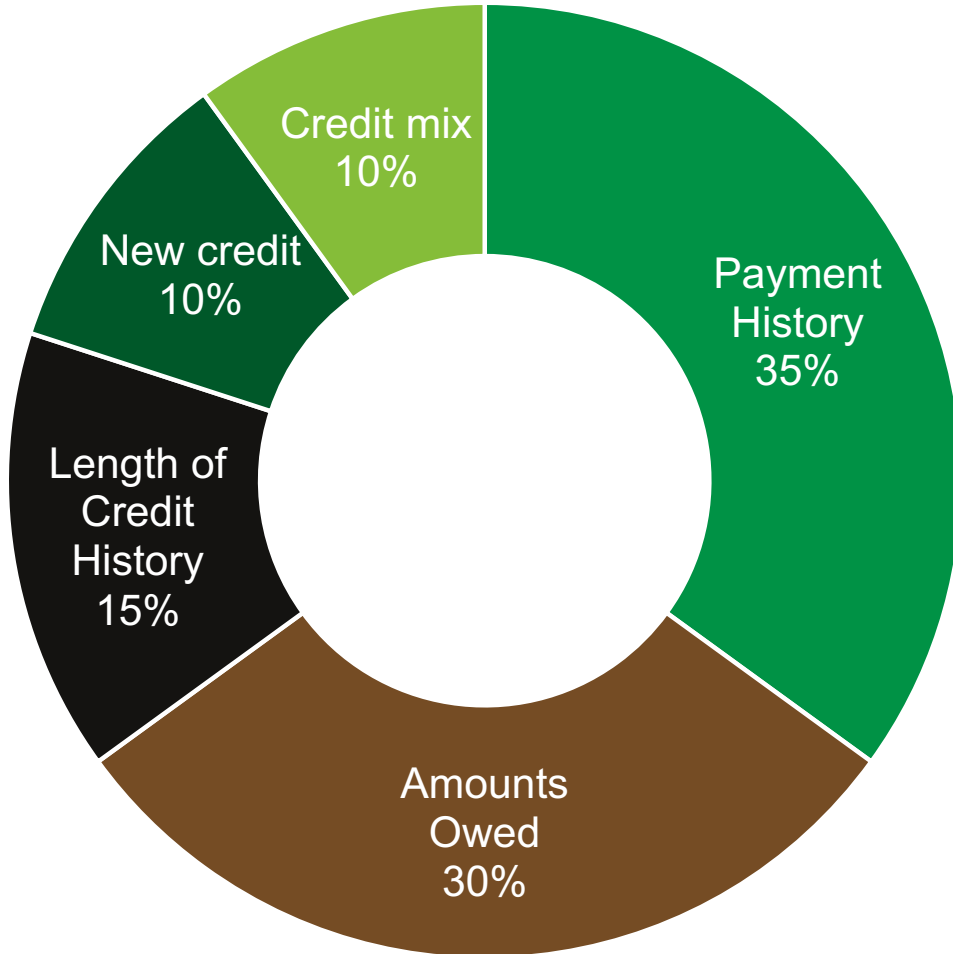
To Avoid *Fraud*

**Review your credit reports
*at least once per year***



Credit

SCORES



FICO Score(s) provide a number to show your relative creditworthiness to businesses

FICO

FICO scores are used most frequently
(>90%)

Developed by Fair Isaac Corporation in
1989

Algorithm for FICO 8

- Includes paid off collection accounts
- Excludes data from recurring payments
- Allows 45 days for rate shopping

VantageScore

“Free” scores are typically
VantageScores

Developed jointly by Experian,
TransUnion & Equifax in 2006

Algorithm for VantageScore 3

- Ignores paid off collection accounts
- Includes recurring payments (phone, utilities)
- Only allows 14 days for rate shopping

Loan Savings Calculator

Interest Rates as of 4/21/2017

step ONE

Select the type of loan

30-Year Fixed

step TWO

Select the state you live in

Illinois

A 30-year loan in which the interest rate does not change during the entire term of the loan.

step THREE

Enter the loan principal amount

\$ 100000

FICO Score	APR	Monthly Payment	Total Interest Paid
760-850	3.627 %	\$456	\$64,219
700-759	3.846 %	\$469	\$68,689
680-699	4.021 %	\$479	\$72,306
660-679	4.233 %	\$491	\$76,740
640-659	4.657 %	\$516	\$85,780
620-639	5.197 %	\$549	\$97,613

step FOUR

Select your current FICO Score range

700-759

calculate

If your score changes to 760-850, you could save an extra \$4,470

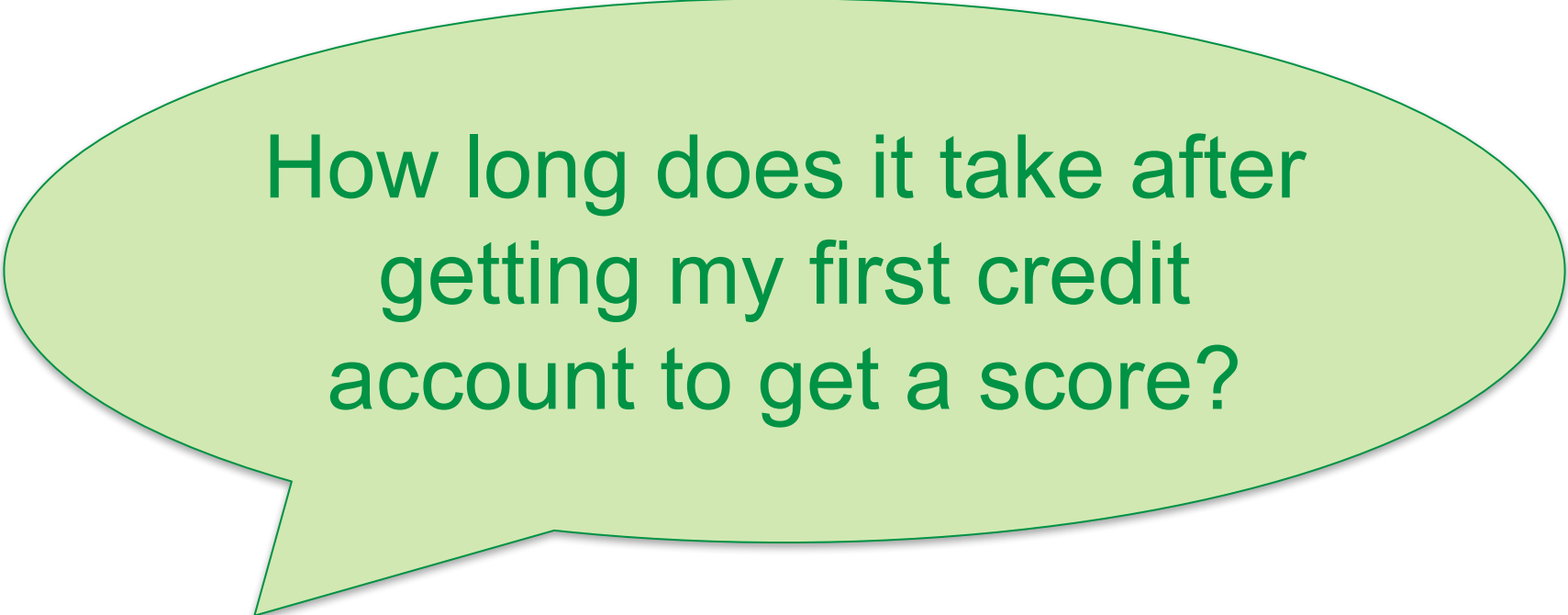
If your score changes to 680-699, you could pay an extra \$3,617

If your score changes to 660-679, you could pay an extra \$8,052

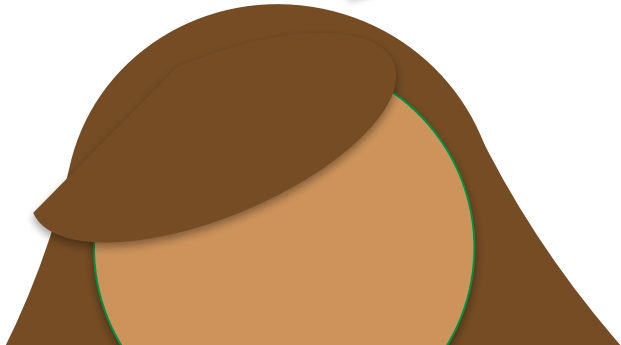
If your score changes to 640-659, you could pay an extra \$17,092

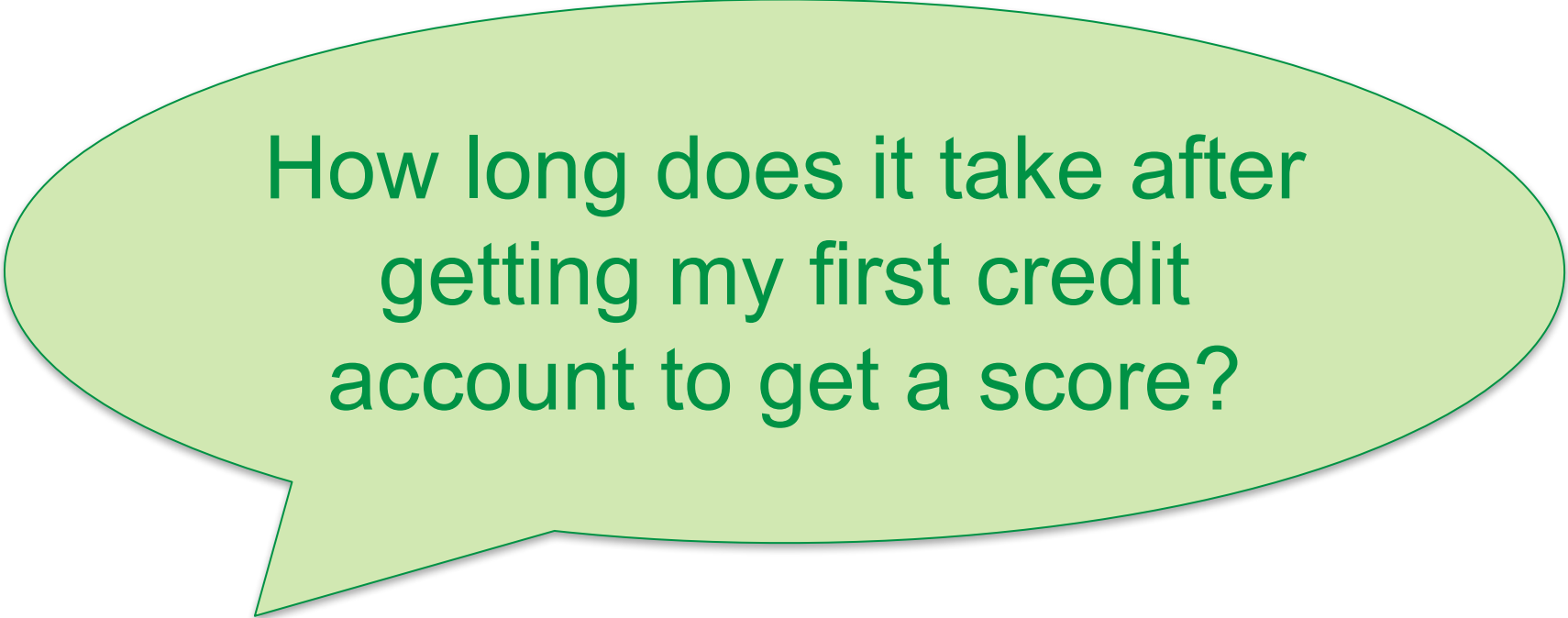
If your score changes to 620-639, you could pay an extra \$28,924

Your credit worthiness impacts how much you pay for a mortgage & whether or not you even qualify.



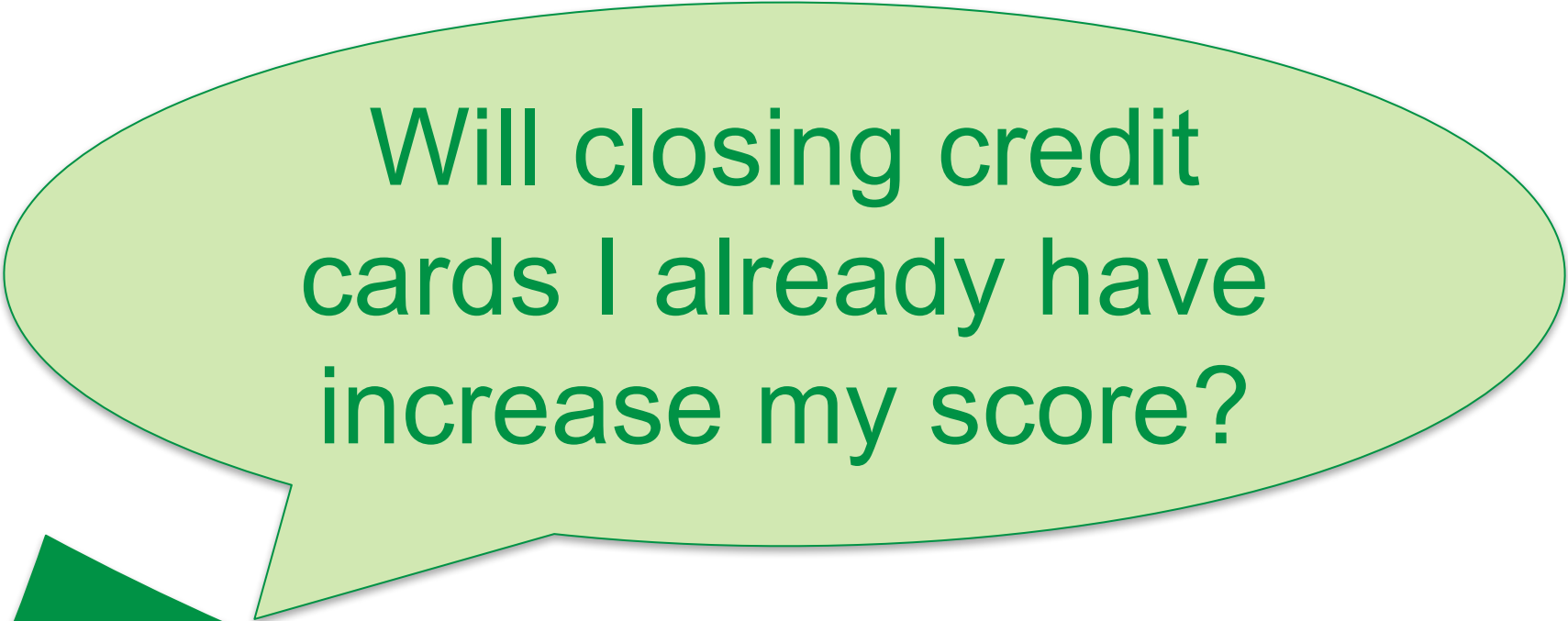
How long does it take after
getting my first credit
account to get a score?



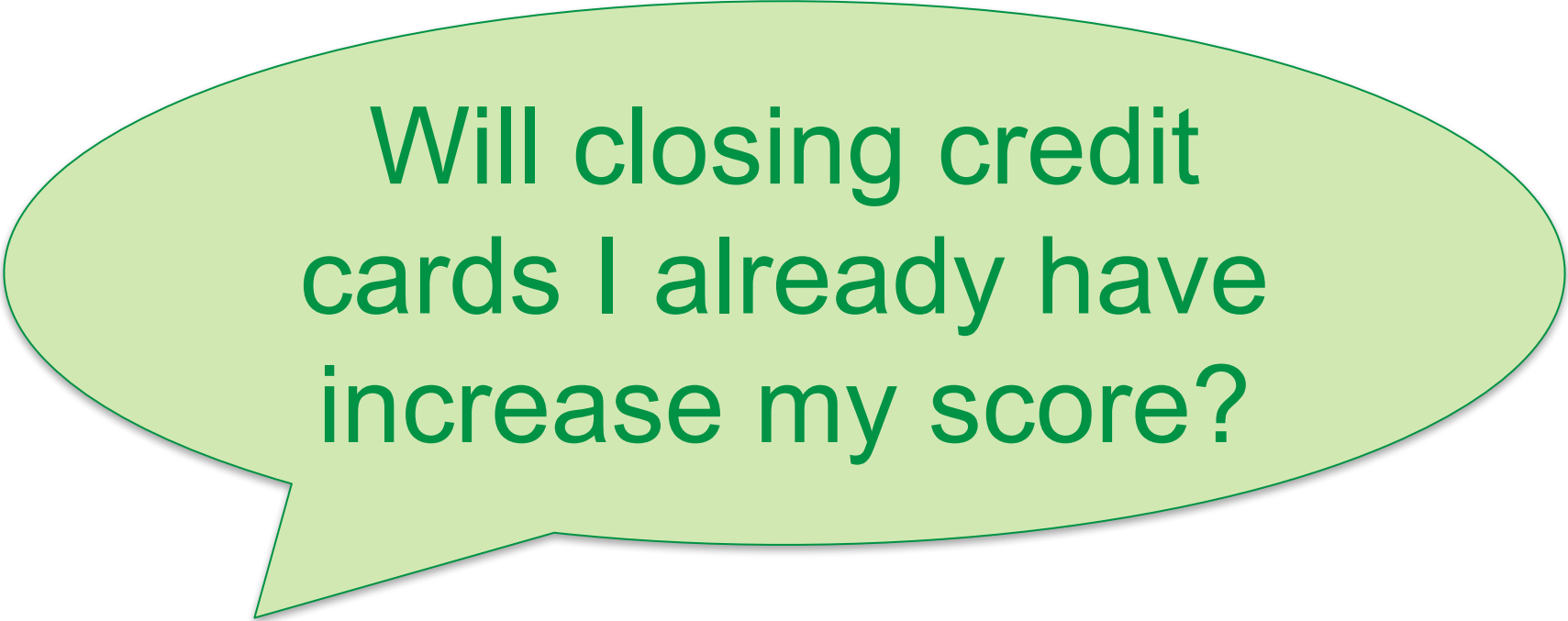


How long does it take after
getting my first credit
account to get a score?

According to the CFPB, “at least one of the three nationwide credit reporting companies [say] **you must have at least one account open six months or more and at least one undisputed account reported by a creditor to the credit bureau in the last six months**”




Will closing credit
cards I already have
increase my score?

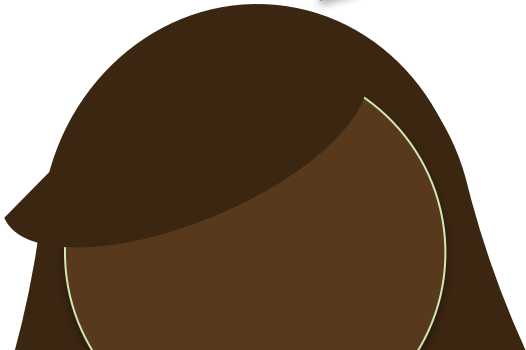



Will closing credit
cards I already have
increase my score?

- Part of your score is based on the amount of debt compared to your total credit limit, which is referred to as the **credit utilization ratio**.
- ***Closing an existing account could increase your credit utilization ratio & lower your score.***



Does looking at my
credit report hurt my
credit score?





Does looking at my
credit report hurt my
credit score?

NO.

Questions About Credit Scores?



Tips for Raising Scores

- ✓ Pay your bills on time
- ✓ Keep balances low on credit cards & other revolving debt
- ✓ Pay off debt rather than moving it around
- ✓ Shop around for the best rates on loans in a focused period of time
- ✓ Don't close your oldest accounts

A hand holding a blue credit card with a Mastercard logo. The card is tilted and the background is blurred. The text 'Credit' is overlaid on the left side of the image.

Credit

HISTORIES

Establishing a Credit History



Secured Credit Card

- Helps build or re-establish credit history
- Requires depositing money in an account as collateral
 - E.g., if deposit = \$500, then credit limit = \$500
- Interest usually paid on your deposit
- Typically requires annual fee

Secured Personal Loan

Secure a loan with your savings & build your credit history



Costs of Avoiding Credit

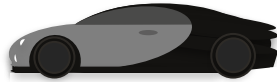


1 in 5 consumers are ***credit invisible***
(have no credit history or credit score)

How Credit Affects Costs



**Home
Ownership**



**Auto
Loans**



**Insurance
Rates**



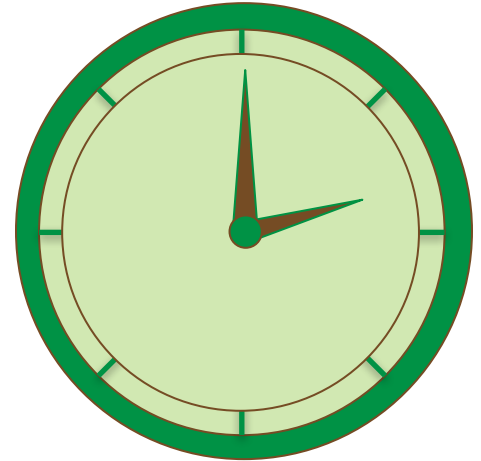
**Credit
Cards**



**Hotels &
Travel**

Repairing Bad Credit

- You can repair credit history.
- It can take time.
- Address debts you have.
- Make payments on existing debts on time.



Financial Literacy Badges Program

Take a step towards the
Protect Badge.

Credit Secrets Revealed Quiz:
go.uillinois.edu/creditsecretsquiz



More information about the Financial Literacy Badges Program can be found here:
GO.UILLINOIS.EDU/FLBADGES

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