



UNITED TRIBES
TECHNICAL COLLEGE
LAND GRANT EXTENSION

UTTC LAND GRANT EXTENSION

UTTC Lifeskills Lessons – Money Matter\$

Lesson 6: Credit: Credit Score vs. Credit Report

LS0006

FACT\$:

- Credit reports and credit scores are different and are used for different purposes.
- Credit reports contain information detailing your credit history.
- Credit scores are the actual numerical value assigned to the information in your credit report.
- The FICO scores seen by lenders are not what are sold to consumers by the three national credit reporting agencies—Transunion, Equifax, and Experian.
- Individuals can access their FICO Score, free, one time each year www.freecreditscore.com



RESOURCES

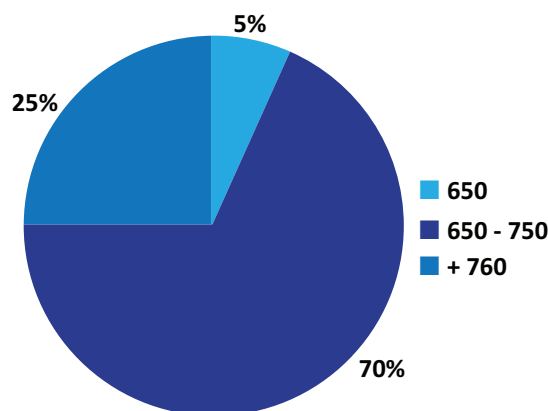
- Building Native Communities... Financial Skills for Families
- Financial Education Southwestern Indian Polytechnic Institute (SIPI)
- www.businessnewsdaily.com/finance
- www.freecreditscore.com

Types of Credit

- Revolving Credit:** The most common types are credit cards, department store cards and gas cards.
- Installment Credit:** This type of credit is common for larger purchases such as a home, car, or education.
- Service Credit:** It allows you to pay for a used service at a later date like some small businesses and utility companies.
- Secured Credit:** This is when you are asked to provide something of value like cash or a car as “collateral”.
- Unsecured Credit:** This is when a guarantee is not required. Credit card applications and some personal loans are unsecured credit.

Things That Effect The FICO Credit Score

- Delinquent (late) payments
- Opening several credit accounts in a 12 month period
- Not having a credit or short-term credit history
- Maintaining card balances near the maximum level
- Taking tax liens, judgments, or bankruptcies Managing Credit Wisely
- NEVER make monthly loans on things you cannot afford.
- Buy with a plan, not on an impulse.
- Pay on time.
- Pay on credit card balances each month.
- Keep total charges to all credit cards together under 20% of your total annual income.



**COLLEGE LOAN
DISBURSEMENT
BASED ON CREDIT
SCORE**

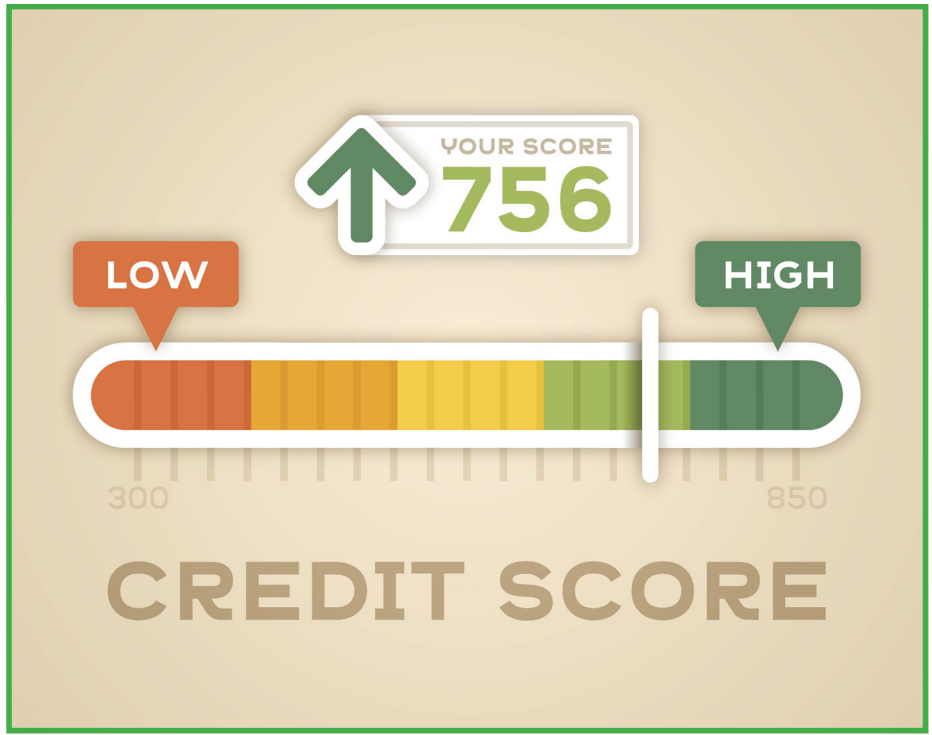
In the circle of life, traditional resource management always recognized how today's actions affected the resources available in the future. Today's actions are "needs" or "wants". Wants require immediate payment and should never be dependent on payments in the future!

NOTES & IDEAS

1. Credit reports are meant to give potential lenders an idea of how big of a financial risk you are.
2. Recognize that your credit report does not include your three-digit credit score.
3. It is important to check your credit report for accuracy, 80% are inaccurate.
4. Know there is a difference between a credit report and credit score, take steps to improve both.

MEANING OF CREDIT SCORE

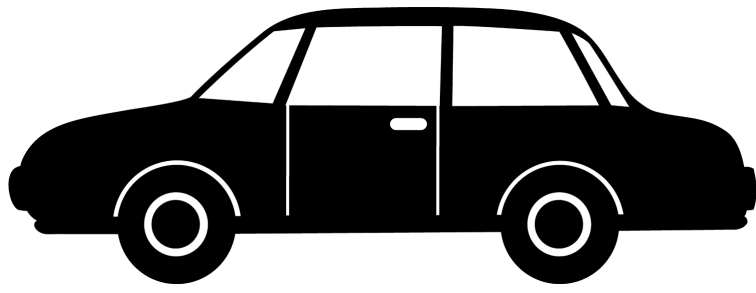
579 and below very poor
 580-619 poor
 620-659 average
 660-669 good
 700-759 great
 760 and above excellent



How Credit Score Impacts House Payments

Source: Home Buying Institute (interest data from March 2012)

FICO Score	Interest % Rate	Monthly Payment House Payment
720-850	3.70 %	\$441
690—719	5.13%	\$450
660—689	7.30%	\$465
620—659	11.01%	\$491
590—619	16.04%	\$528
500—589	17.19%	\$536



Drivers with scores of 750 or higher saved an average of \$783 per year on their premiums, when compared to drivers with lower scores.



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CREDIT SCORE VS. CREDIT REPORT

OBJECTIVES:

1. To learn what the FICO score means and how to access personal score.
2. To understand the difference between a credit report and a credit score and how each is used.
3. To learn things that impact credit scores and ways to manage and improve them.
4. To discuss how credit scores impact housing costs, car loans, and college financial aid.

PROCEDURE:

1. Write objectives on the board.
2. Distribute the Lesson 6 Talking sheet.
3. Ask for a volunteer to open session with a prayer, announce the session will open with a minute of silence, or verbalize a short (2-3 sentences) to thank the creator for wisdom and honest use of our resources.
4. Bring up the website for checking credit ratings. Show how it is done and name the three scoring agencies that will list the individual scores on the personal report.
5. Facilitate discussion relating to credit card applications and credit card interest rates.
6. Facilitate discussion regarding credit reports, credit scores, and personal stories relating to each topic.
7. Prior to the session, contact credit counselors in the local community and discuss their referral process.

RESOURCES FOR INSTRUCTION SUPPORT:

1. UTTC Extension Money Matters Lesson 6 Talking Sheet
2. www.freecreditscore.com
3. List of credit counseling agencies in the local community

TIME:

50 minutes



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EVALUATION

On a scale of 1 to 5, with 1 being least confident and 5 being most confident, please circle one per question.

Not Confident

Very Confident

Please rate how confident you are in understanding what a credit score means.

1 2 3 4 5

Please rate how confident you are in who requests credit reports and why a request is made.

1 2 3 4 5

Please rate how confident you are in understanding how credit cards impact credit scores.

1 2 3 4 5

Please rate how confident you are in understanding how credit scores can get reduced or improved.

1 2 3 4 5

Please rate how confident you are in recognizing that credit scores impact access to money for home loan payments, car payments and college student loans.

1 2 3 4 5

New things I learned or understand better because of the lesson

Comments
