



UNITED STATES
SENATE FEDERAL
CREDIT UNION

Building Credit from Scratch

Wednesday, July 12 | 6:00 PM ET



Today's Agenda:



What is credit, and why is it important?



How do I build or re-build credit?



Credit Myths



Healthy Credit Habits

What is credit?



What is credit?

Credit is:

- An agreement wherein someone receives goods or services now with the understanding they will pay the creditor back later.



What is credit?

A Credit Report is:

- a statement that has information about your credit history and current credit activity, showing details of how you are currently and have previously managed credit accounts.



What is credit?

A Credit Report is:

- a statement that has information about your credit history and current credit activity, showing details of how you are currently and have previously managed credit accounts.
- generated and provided by three credit bureaus



What is credit?

A Credit Report is:

- a statement that has information about your credit history and current credit activity, showing details of how you are currently and have previously managed credit accounts.
- generated and provided by three credit bureaus
- accessible for free at:
[AnnualCreditReport.com](https://www.annualcreditreport.com)

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

[Home](#) [All about credit reports](#) [Request yours now!](#) [What to look for](#) [Protect your identity](#) [Frequently asked questions](#) [Contact us](#)



What is credit?

A Credit Report includes:

- Your identifying information
- Credit and Account history/information
- Bankruptcies and collection accounts
- Who has accessed your credit report (credit inquiries)



What is credit?

A Credit Report does NOT include:

- Income
- Assets
- Savings
- Bills like rent or utilities (typically)



What is credit?

A Credit Score is:

- a three-digit number that uses information from your credit report to predict how likely you are to pay back as agreed credit that may be extended to you.

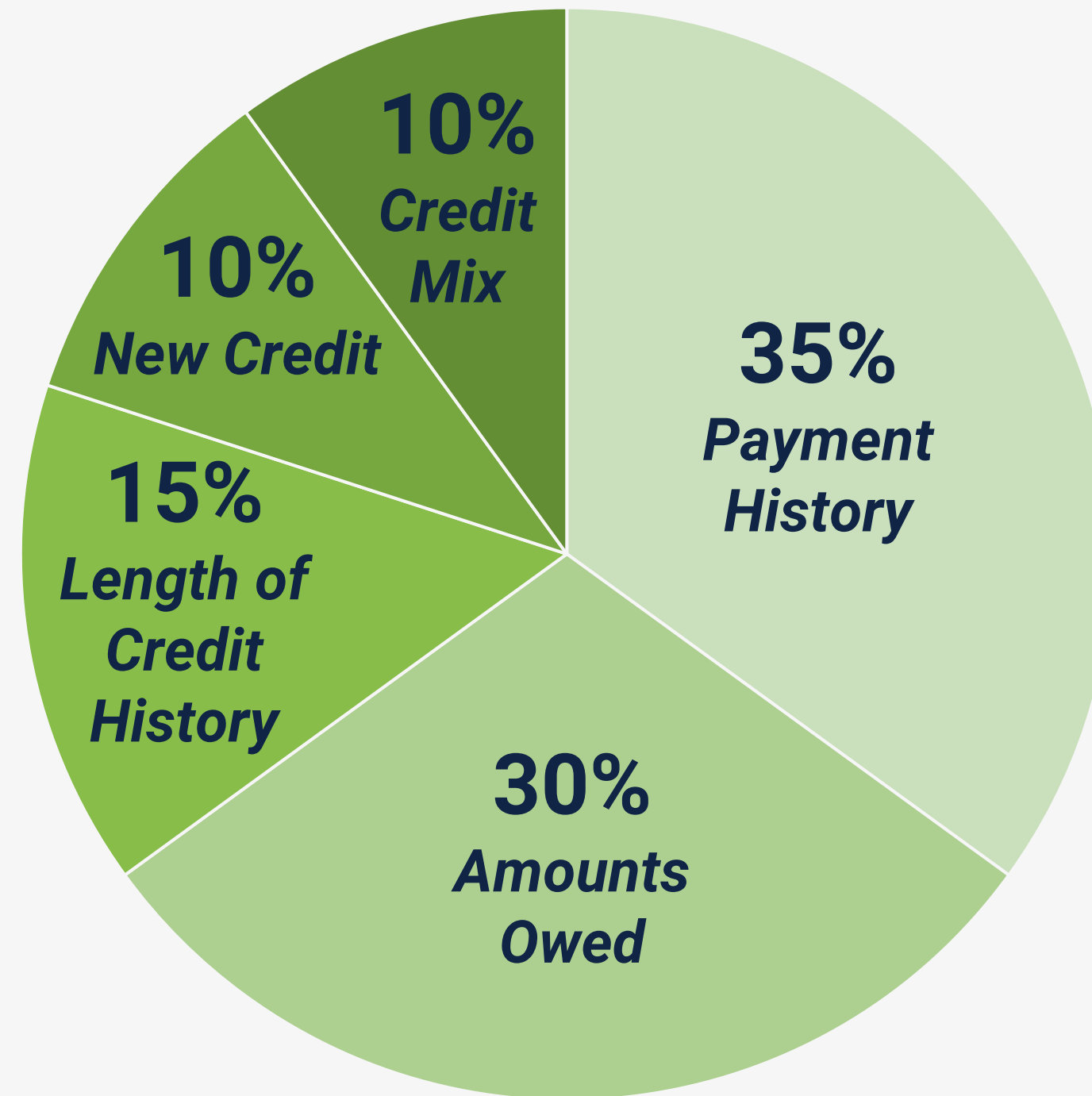
A Credit Score is NOT:

- a financial health score



What is credit?

Credit Score Factors:



What is credit?

Credit Score Range:



Access Your FICO Score



FICO[®]

USSFCU.ORG/FICO

- Score Simulator
- FICO[®] Score and Score Factors
- Payment History
- Amount of Debt
- Credit History Length
- Amount of New Credit
- Credit Score History

Why is credit important?



Why is credit important?

Credit can impact:

- Your ability to rent or purchase a home
- Your ability to get and keep some jobs
- Your ability to open bank accounts and access loans or credit cards
- Miscellaneous other things (car insurance rates, cell phone plans, and more)
- How much you will pay to access credit



Why is credit important?

60-month, new auto loan for \$20,000:

FICO Score	Interest Rate	Monthly Payment	Total Interest Paid
720-850	3.73%	\$366	\$1,952
690-719	5.04%	\$378	\$2,668
660-689	7.44%	\$400	\$4,012
620-659	10.12%	\$426	\$5,569
590-619	14.51%	\$471	\$8,243
500-589	16.05%	\$487	\$9,213

Source: <https://www.myfico.com/credit-education/calculators/loan-savings-calculator/>

Why is credit important?

60-month, new auto loan for \$20,000:

FICO Score	Interest Rate	Monthly Payment	Total Interest Paid
720-850	3.73%	\$366	\$1,952
690-719	5.04%	\$378	\$2,668
660-689	7.44%	\$400	\$4,012
620-659	10.12%	\$426	\$5,569
590-619	14.51%	\$471	\$8,243
500-589	16.05%	\$487	\$9,213

Source: <https://www.myfico.com/credit-education/calculators/loan-savings-calculator/>

How do I build or re-build credit?



How do I build credit?

Credit building products



How do I build credit?

Credit building products

- Secured credit cards



How do I build credit?

Credit building products

- Secured credit cards
- Credit building loan



How do I build credit?

Become an authorized user

- with caution exercised



How do I re-build credit?



How do I re-build credit?

Pay off outstanding past-due balances

- Prioritize catching up past due open accounts and paying off any collections



How do I re-build credit?

Credit building products

- Secured credit cards and credit building loans are great ways to re-build credit too



Credit Myths



Credit Myths

Myth #1:

- You must carry a credit card balance from month to month in order to build credit



Credit Myths

Myth #2:

- All credit scores are the same – what I see on Credit Karma is what my credit union or bank will see when I apply for credit



Credit Myths

Myth #3:

- Opening a new credit card every time I get an offer is a good thing for my credit score because you need lots of credit cards to build credit



Credit Myths

Myth #4:

- Closing a credit card when I pay it off will improve my credit score



Credit Myths

Myth #5:

- Checking my credit report will hurt my credit score



Healthy Credit Habits



Healthy Credit Habits

Tips to build positive credit history:

- Make every payment on time every month



Healthy Credit Habits

Tips to build positive credit history:

- Make every payment on time every month
- Keep credit card balances low



Healthy Credit Habits

Tips to build positive credit history:

- Make every payment on time every month
- Keep credit card balances low
- Don't apply for new credit unless you need it



Healthy Credit Habits

Tips to build positive credit history:

- Make every payment on time every month
- Keep credit card balances low
- Don't apply for new credit unless you need it
- Don't ignore bills (even if you don't think you should owe it)



Healthy Credit Habits

Tips to build positive credit history:

- Make every payment on time every month
- Keep credit card balances low
- Don't apply for new credit unless you need it
- Don't ignore bills (even if you don't think you should owe it)
- Review your credit reports annually



Healthy Credit Habits

Tips to build positive credit history:

- Make every payment on time every month
- Keep credit card balances low
- Don't apply for new credit unless you need it
- Don't ignore bills (even if you don't think you should owe it)
- Review your credit reports annually
- **Make every payment on time every month**



GreenPath Financial Wellness

is a nationwide non-profit that provides financial education and tools for people to lead financially healthy lives.



GreenPath Services

Free and confidential financial assessments:



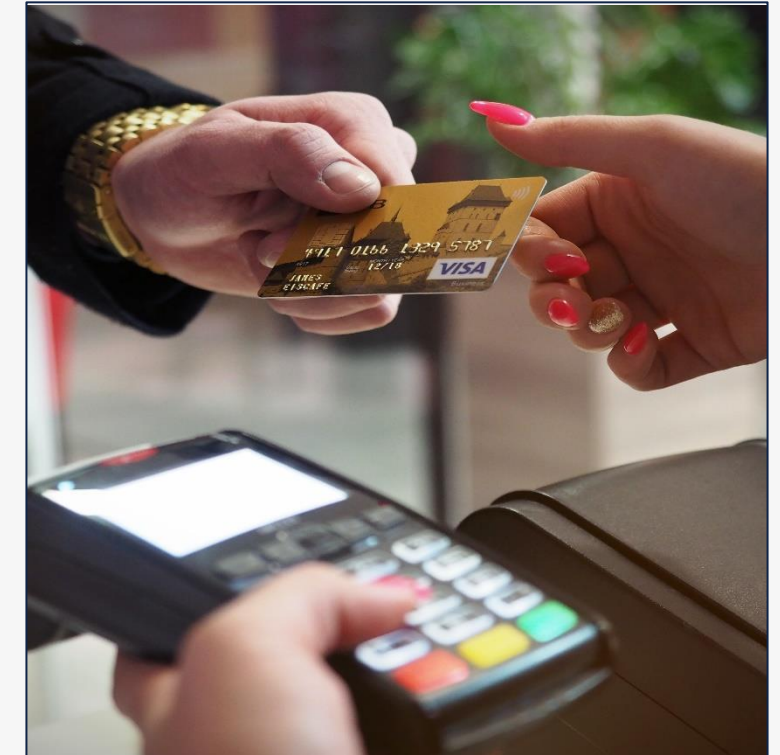
***Credit Report
Reviews***



***Rental, Homebuyer, &
Mortgage Concerns***



***Student Loan
Counseling***



***Debt Management
Plans***

GreenPath Financial Wellness

- Learn more at:
ussfcu.org/greenpath
- Speak with a caring,
certified Financial
Wellness Expert:
[877-337-3399](tel:877-337-3399)

