



Your Credit Score

It's Not As Bad Or As Permanent As You May Think

Presented by Jennifer Matthews, MBA
President and CEO

Creating Financial Literacy, LLC ~ Getting Your Money On Target
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Things to Know

- What a credit score is
- Where to get a free credit report
- What goes into your credit score
- Focus on the 65%
- The importance of kids and their credit

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What is a credit score

- A statistical calculation that is given a numerical equivalent which ranges from 300 to 850
- A snapshot of your financial credibility at that moment in time
- Ideal scores are over 740

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Who uses your scores

- Financial institutions
- Retail stores
- Utility companies
- Insurance companies
- Landlords
- Employers

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Getting reports and scores

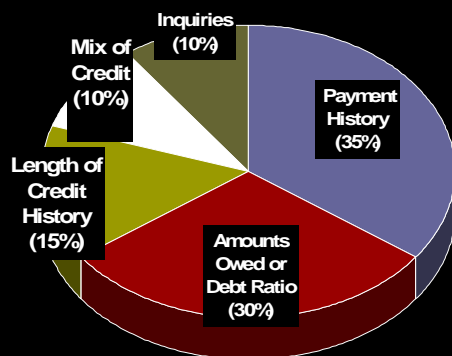
- There are 3 credit bureaus and each has a credit score for you (remember the scores may be different)
 - Equifax, 800-685-1111 or www.Equifax.com
 - Experian, 888-397-3742 or www.Experian.com
 - Transunion, 800-916-8800 or www.Transunion.com
- The **ONLY** website for a **FREE** Credit Report:
www.AnnualCreditReport.com

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What goes into FICO scores



1. Payment history – late payments, bankruptcies, collections and judgments
2. Amounts owed / Debt ratio – Limits vs. balances
3. Length of credit history – How long accounts have been open and established
4. Mix of credit types used – Revolving (credit cards), installment, mortgage, etc.
5. Credit inquiries – Applications for new credit

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Focus on the 65%

On time payments 35%

- Bills posted before the due date

Cautions:

- Creditors changing due dates
- Universal default

Amounts owed 30%

- Keep outstanding balances on credit cards at or below 1/3 of the available credit

Example:

- \$6,000 limit should have no more than \$2,000 owed

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Cash is King!

- Resources to help have enough cash to pay bills on time and lower credit card balances:
 - Create and stick to a spending plan! Free template at: www.CreatingFinancialLiteracyLLC.com
 - Immediately create cash within your existing income with money management info from the book, *12 Ways To Put Money In Your Pocket Every Month Without A Part Time Job* available at: www.12WaysBook.com

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Credit Repair Resources

- Building A Better Credit Report (booklet) from the Federal Trade Commission www.FTC.gov
 - Includes sample dispute letters
- Six months of consistent on time payment will help increase scores
- Opt out of preapproved credit offers at: www.OptOutPrescreen.com

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Credit Score Cautions

- Debt settlement and debt management plans may hurt your credit for at least 2 years, especially in the eyes of a mortgage lender
- Do not pay for credit repair unless you have fully committed to maintaining your 65%!
- Do not open new credit as a means of rebuilding your credit scores or to lower your ratios – *focus on better money management instead*

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Kids and Credit

- Pull your teen's credit report and make sure no one has put credit in their name
- Teach children about money, savings, credit, and delayed gratification long before they go to college. Resources:
 - www.JumpStart.org
 - www.NEFE.org
 - www.TheMint.org

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Foreclosure Resources

- If you are 30 days late or more on your mortgage *immediately* seek assistance from a HUD approved non-profit agency. See the list for your state at www.HUD.gov
- If you have already lost your home to foreclosure start a qualified home-based business to get Schedule C deductions since you no longer have Schedule A (mlm and direct sales are easiest)

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Things You Now Know

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- Where to get a free credit report
- What goes into your credit score
- Focus on the 65%
- The importance of kids and their credit
- Resources for improving your scores

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Thank You

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