

Annual Credit Report

EQUIFAX

TransUnion.

Experian

There are 3 national credit bureaus that each provide a free annual report.

Federal law requires Equifax, Experian and TransUnion to give you a free credit report every 12 months – but you have to ask for it!

Go to www.annualcreditreport.com to request yours.

AnnualCreditReport.com

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

Take a free course!

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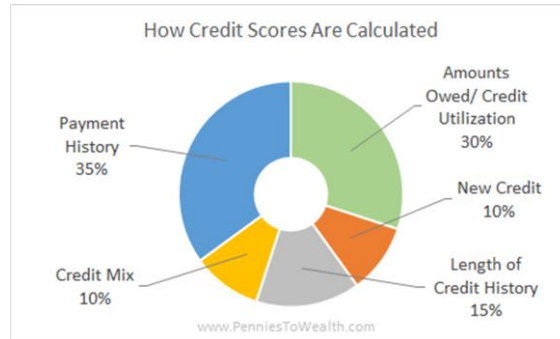
To get started:

1. Go to www.FinancialAvenue.org
2. Click the “Login” link at the top of the page.
3. Within the **Don't have an account?** section, select **Sign up now!**
4. Provide the access code **tctc00** and click **Sign Up**

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What is a credit score?

Companies use a scoring model to create your credit score from information in your credit report.



Why should I care about my credit score?

Companies use your credit score to decide whether to approve you for a mortgage, credit card, auto loan or other credit product.

It can also impact the interest rate you receive on a loan, credit card or even your credit limit.



MONEY 
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CENTER

Smart Credit Use

Don't let your pot of gold be ruined by poor credit!



What is Credit?

Credit is a contractual agreement between a borrower and a lender.



Credit is the ability to **borrow** money or access goods or services with the understanding that you will **repay** the money at a later date.

Secured Credit: Require a deposit. Guaranteed by collateral. If a borrower defaults the lender can seize collateral. Lower interest rates.

Unsecured Credit: Not guaranteed by any asset. Higher interest rates.

Debit vs. Credit

Money is taken directly from your bank account to pay for purchases in real time	Money is borrowed to make purchases and pay back later
Does NOT build credit history	DOES build credit history
No interest charges	Possibly charged interest if bill is not paid in full each month by the due date
Can only spend the money available in your bank account	Can be used to make purchases even if you do not have cash on hand

Types of Credit



Installment Credit: A set amount of money with a fixed, **regularly occurring repayment** schedule

Examples:
Student Loans, Mortgages, Auto Loans, Personal Loans, etc.

Revolving Credit: A line of credit you can borrow from freely but has a **cap** on how much can be used at any given time.

Revolving credit usually requires **monthly payments** and **interest** charges if a balance is carried to the next payment period.



Open Credit: Refers to accounts where you can borrow up to a maximum amount but it must be **paid back in full** each month.



Open credit is often associated with **charge cards** – which should not be confused with credit cards use for revolving credit.

How do I build a credit score?

There are multiple credit-building tools that can help you establish a credit history, but building credit takes time and financial responsibility.

Examples of some tools to build credit:

- Get a credit card
- Become an authorized user
- Use a co-signor
- Start with a loan
- Get a credit-builder product or secured loan



Before applying for a credit card, make sure the lender will **report your payment history** to the national credit bureaus. For example, some store credit cards do not report this information.

How do I improve my credit score?

- **Pay your bills on time!** Your payment history is the biggest factor affecting your credit score.
- **Pay *at least* the minimum balance due on your credit card each month.**
- **If you can, pay your credit card balance in full each month.**
- **Try to use less than 30% of your total credit limit.** This is called your credit utilization rate. For example, if your credit limit is \$1,000 then you would use your credit card to only borrow up to \$300 each month.
- **Don't apply for multiple new lines of credit within a short period of time.** Each time you apply for a new line of credit a 'hard' inquiry is recorded on your credit report. This type of inquiry could potentially lower your score.