

Module 1.2

Analyze Your Credit Report and Scores



PERSONAL FINANCIAL PLANNING FOR TRANSITION

Financial Planning for your Future



Learning Objectives

- Understand a credit report and its uses
- Interpret a credit report
- Obtain a credit report and score
- Analyze the impact of your credit score
- List ways to correct your credit report and increase your score

Analyzing Your Credit Report & Score

- **Lenders use your credit report to determine your interest rate, financial terms, and funding amount.**
- **Companies use your credit report when determining hiring decisions.**



Credit Reporting Agencies



Credit Reporting Agencies

Credit Report Components

Personal Identification

- Name
- Address
- Date of Birth
- Social Security Number

Employment Information

Payment History (Trade Lines)

- Credit Accounts

Inquiries

- List of everyone who accessed your credit report within the last two years

Public Record Information

- Public records
- Liens
- Judgment
- Wage attachments
- Bankruptcies
- Foreclosures

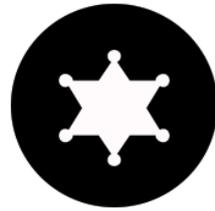
Who Can See Your Credit Report



Insurance Companies



Creditors



Government Agencies



Employers



Landlords

Who Can See Your Credit Report

Fair Credit Report Act

Provides protection to the consumer by regulating the collection, dissemination and use of consumer information. It does this by:

- Giving you the right to know what is in your credit report and given a chance to dispute**
- Not having incorrect or outdated information remain on your credit report.**
- Consent must be given for credit reports to be provided to most.**
- Ability to seek damages if there is a misuse of the credit report.**

FACT Act Provisions

- **One free copy of your report from each CRA each year**
- **Right to a copy of your credit score for a reasonable fee**
- **One-call fraud alerts**
- **Active-duty alerts**
- **Trade-line blocking**

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](#)

Don't be fooled by look-alikes.

Lots of sites promise credit reports for free. AnnualCreditReport.com is the only official site explicitly directed by Federal law to provide them.

[About AnnualCreditReport.com](#)[PLAY ▶](#)[SPOT IDENTITY THEFT](#)[GOOD CREDIT](#)[DON'T BE FOOLED](#)[MORE THAN A SCORE](#)[NOT LIKE THE OTHERS](#)

Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

[Request your free credit reports](#)

FREE Credit Reports. Federal law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

BROUGHT TO YOU BY



What to Expect

- **You will need to provide and validate:**
 - **Name**
 - **Address**
 - **SSN**
 - **Date of birth**
 - **Current & previous address (if moved in last 2 years)**
 - **Other information listed on your file**

Credit Scores



What is a
Credit
Score?

- Three digit number generated by a mathematical algorithm based on information in your credit report
- FICO – Most common
- FICO Range : 300 - 850



Why
Should I
Care?

- Influences what credit products will be available to you and the cost of those products
- Lower scores = overall higher cost; or even inability to obtain credit

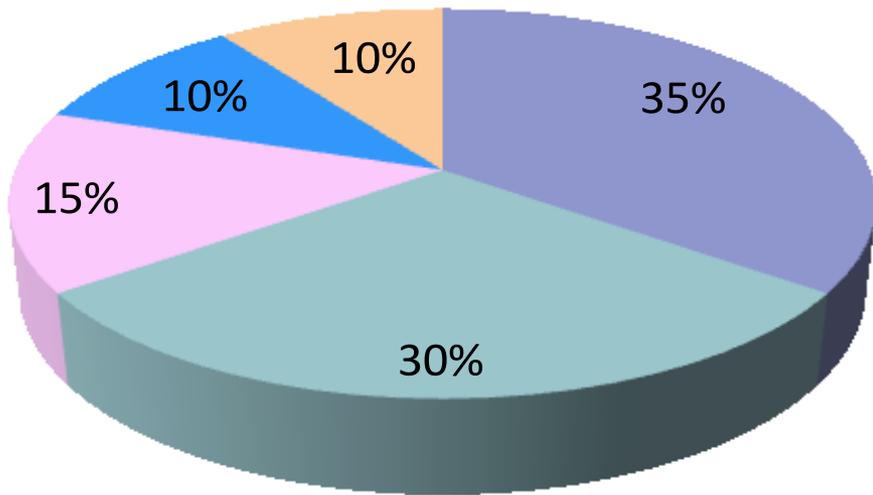


How Do I
Influence
My
Score?

- 65% based upon payment history and amount owed
- Pay on time
- Keep balances well below credit limit
- Check your report and correct errors

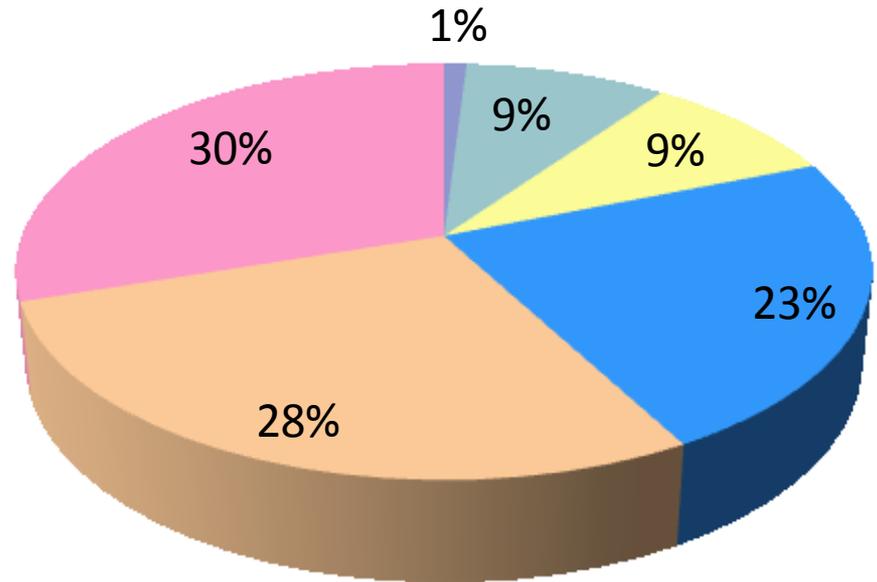
Credit Score Components

Fair Isaac & Co (FICO) Score



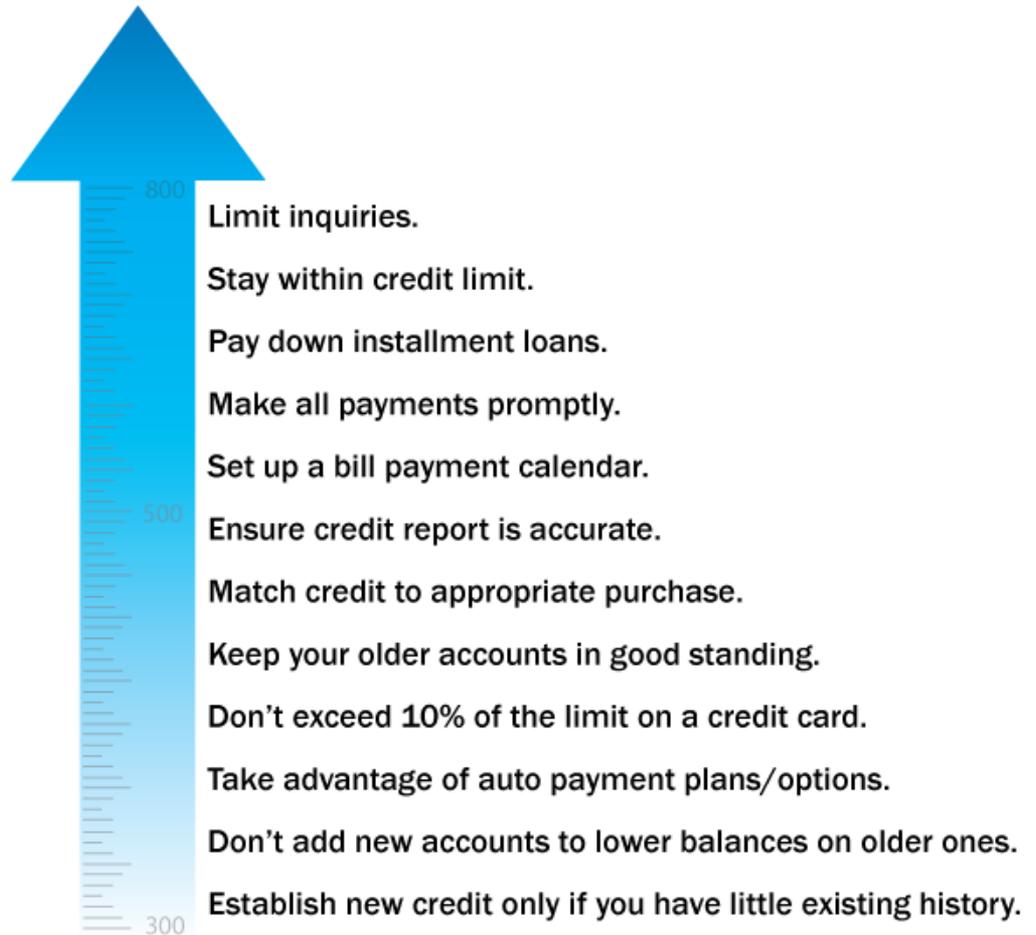
- Payment History
- Amounts Owed
- Length of Credit History
- Types of Credit
- New Accounts

Vantage Score



- Available Credit
- Length/Type of Credit
- Total of Balances
- % of Credit Limit Used
- Payment History
- Recent Credit

Improving A Score



Improving a Credit Score

Correcting A Report



Request positive
missing
information
be added



Request
errors/erroneous
information be
removed



Request
outdated
information be
removed



Place a consumer
statement on the
report

Avoid Credit Repair Services

What's Worth Knowing?

- **Your credit report and score can effect your financial future and impact many aspects of your life.**
- **Watch out for credit monitoring companies that say it is free but they sign you up for a monitoring fee or some other fee.**

Student Loan and Bankruptcy

Student Loan = Loan

Ways to manager and lower payments:

- Loan consolidation, Income-based payments, graduated payments, public service loan forgiveness**

For more information go to:

www.studentaid.gov

www.studentloans.gov

www.cfpb.gov

Where to get a score



AnnualCreditReport.com

Where to get your Score

Summary

- Credit Report
 - Obtain a credit report
 - Interpret a credit report
- Credit Score
 - Obtain your score
 - Understand the impact of your score
- Fair Credit Reporting Act
- Credit-based background checks
- Correct Your Report
- Increase Your Score