



Harvard
FEDERAL CREDIT UNION

Building Credit from Scratch

Today's Webinar

Reducing Background Noise

We've muted all attendees to help with audio quality.

Using the "Q&A" Feature

Submit questions at any point. Let's test it!

Presentation & Recording

This presentation is being recorded and will be posted on our YouTube channel to re-watch.

Post-Workshop Survey

Take our post-workshop survey and let us know how we did.

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Community Focused

Harvard FCU is dedicated to empowering our community at Harvard and beyond. Once a member, always a member, even if you leave your job. When you join membership extends to all family members.



Products & Services

Free access to ATMs nationwide. Credit cards with cash back rewards. Home loans for purchases and refinancing, student loans and refinancing options, auto loans and more.



Access Anywhere

Convenient locations and Online Banking. Mobile Banking and Digital Wallet ready. Access to the nationwide CO-OP Shared Branching Network.

Today's Agenda

- What is credit and why is it important?
- How do I build or rebuild Credit?
- Credit Myths
- Healthy Credit Habits

What is Credit?



**Credit is an agreement
wherein someone receives
goods or services now with
the understanding they will
pay the creditor back later.**

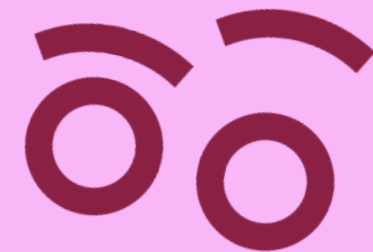
What is Credit?

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



Credit Bureaus



Three Major Bureaus

Experian, TransUnion and Equifax may have different information on each consumer based on what is reported to each.

Collect Information

Creditors, lenders, utilities, debt collection agencies, the courts, amongst other sources.

Individual Consumers

This information is on each individual consumer comes from creditors, lenders, debt collection agencies, and possibly utility companies on individual consumers.

Credit Reports

Debt

Credit card debt, auto debt, education debt, and other debts

Collections

Any time you are sent to collections, it will be added to your credit history.

Payment History

Historical view of on-time and late payment.

Account History

Any open or closed accounts at any financial institution.

Request History

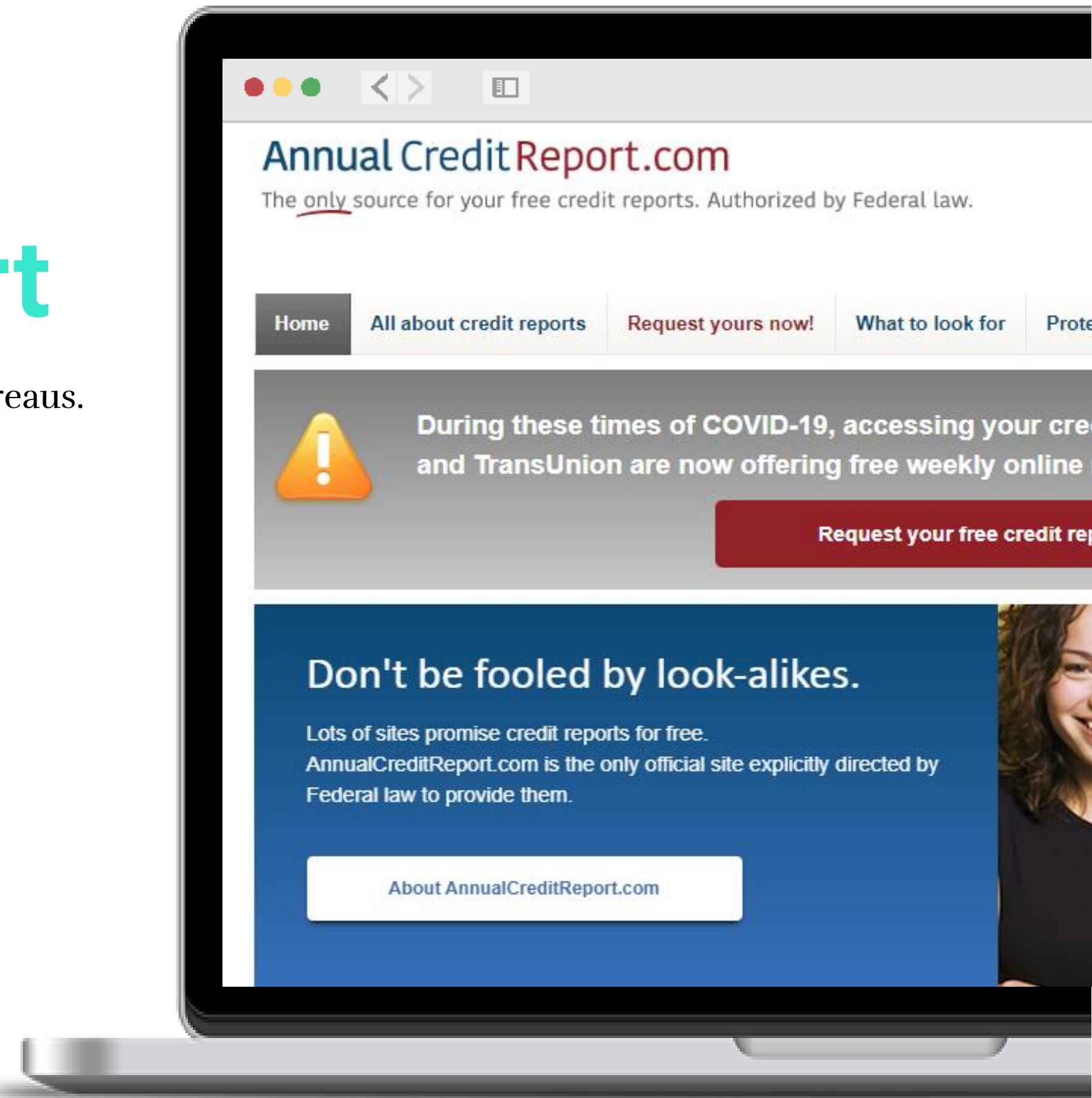
You can check your credit report once a year on annualcreditreport.com



Free Credit Report

Receive a free weekly copy of report from each of 3 bureaus.

ANNUALCREDITREPORT.COM



Managing Your Credit Score

What is a Credit Score?

Credit Scores are the measure of your consumer credit risk for lenders.

Independently Managed

Scores are independently managed outside of credit bureaus. FICO Score and VantageScore.

Range of Scores

Most common range of scores is 300-850.

Excellent	750 +
Above Average	670 - 749
Fair	580 - 669
Poor	300-579

FICO Score



These percentages are based on the importance of the five categories for the general population. For particular groups—for example, people who have not been using credit long—the relative importance of these categories may be different.

Why is Credit Important?



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Credit can impact:

- Your ability to rent or purchase a home



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- Your ability to open bank accounts and access loans or credit cards



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- Miscellaneous other things (car insurance rates, cell phone plans, and more)



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- 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



Credit Score Impact

If your credit improves, you may be eligible to refinance your debt.

CREDIT SCORE	APR	MONTHLY PAYMENT	ADDITIONAL COST IN A YEAR	ADDITIONAL COST AFTER 3 YEARS
720-850	4.23%	\$741	\$0	\$0
690-719	5.68%	\$757	\$192	\$576
660-689	7.73%	\$780	\$468	\$1,404
620-659	11.29%	\$822	\$972	\$2,916
590-619	16.28%	\$882	\$1,692	\$5,076
500-589	17.71%	\$900	\$1,908	\$5,724
<500	Not Eligible	---	---	---

*Source: Myfico.com – 36 month car loan - \$25,000

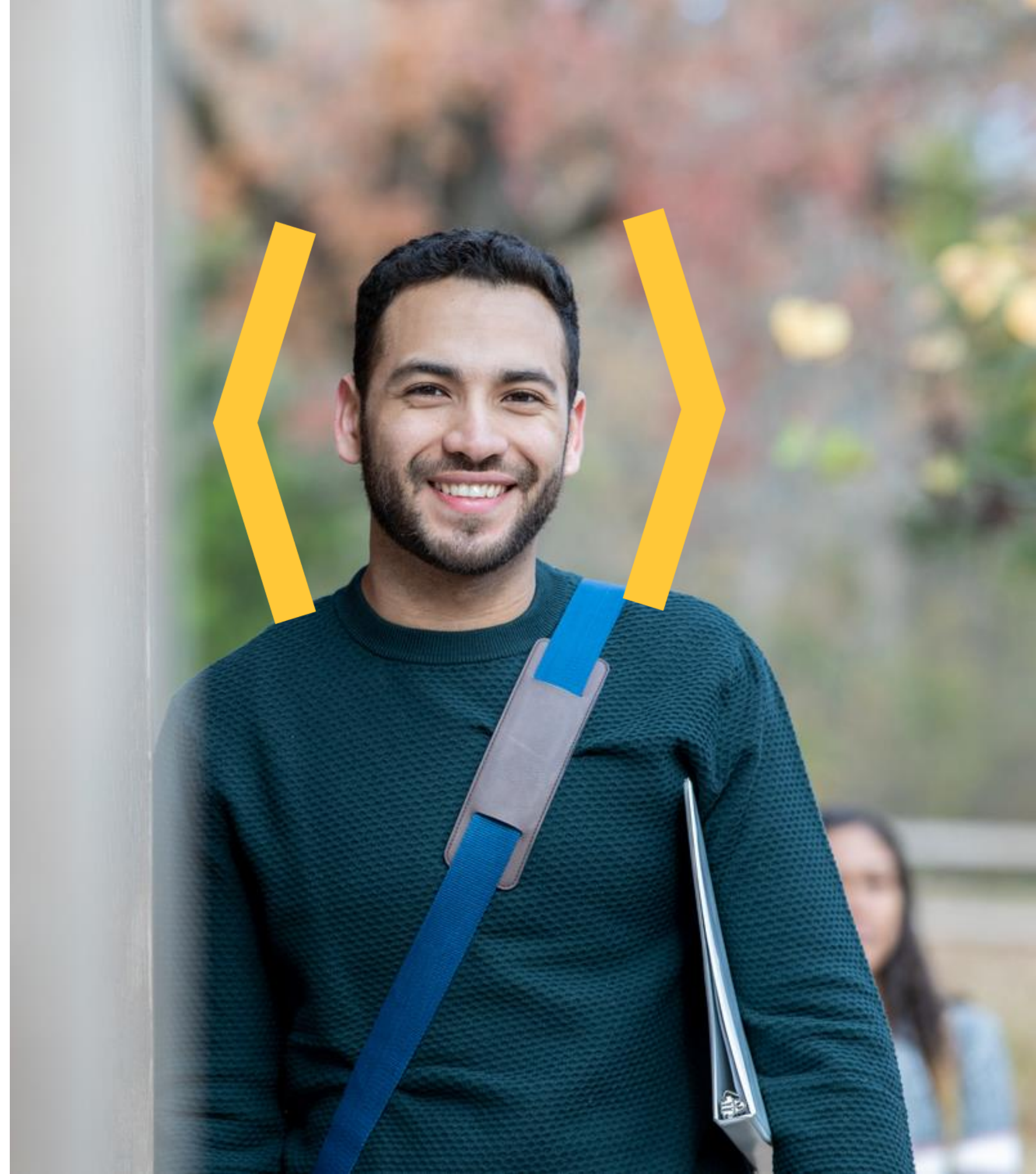
How to Start Building Credit History

- Secured credit cards



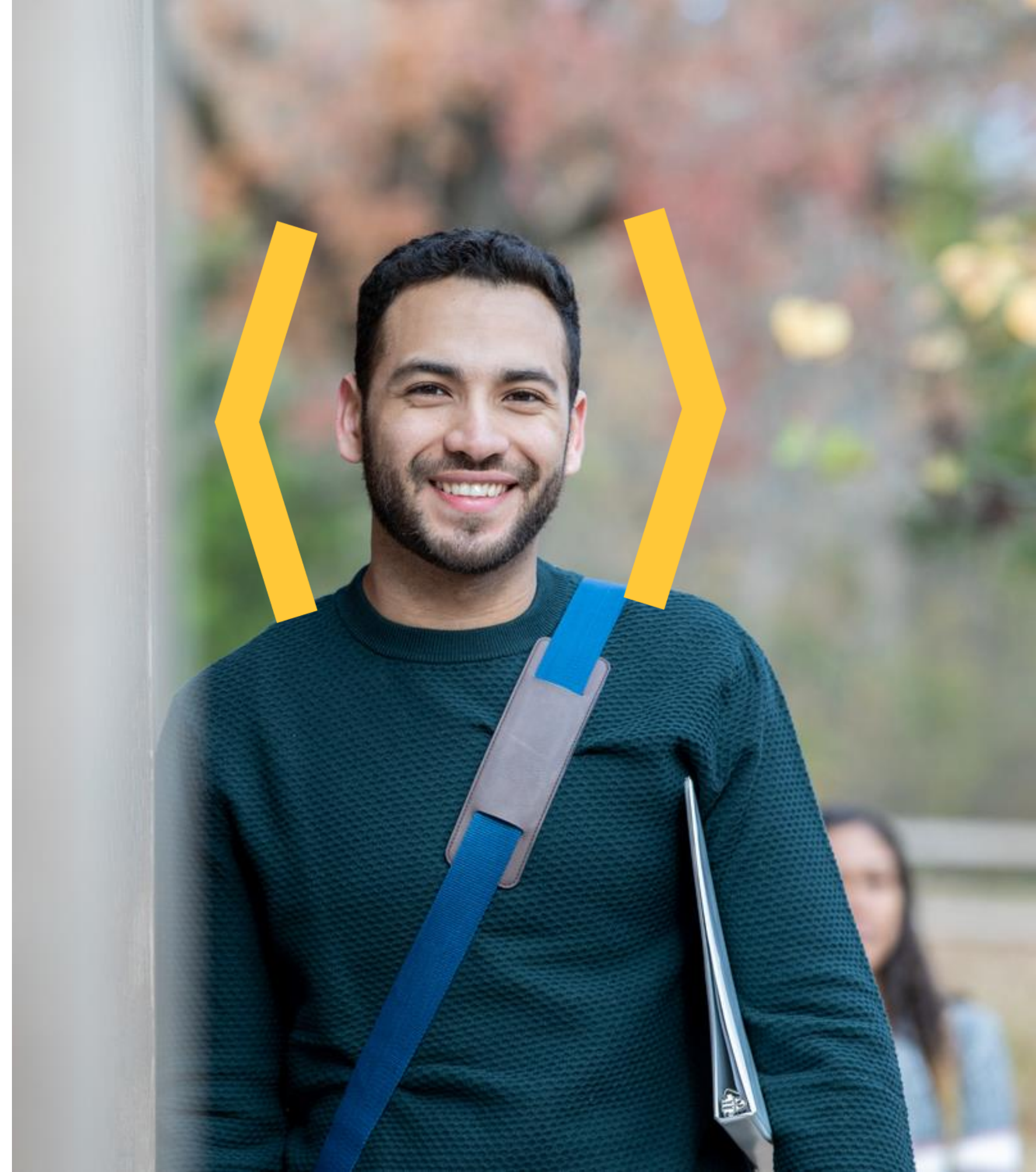
How to Start Building Credit History

- Secured credit cards
- Credit building loan



How to Start Building Credit History

- Secured credit cards
- Credit building loan
- Become an authorized user – with caution!



How do I re-build Credit?



Re-building credit

Pay off outstanding past-due balances:

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

Re-building credit

Pay off outstanding past-due balances:

- **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





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Tips to build positive credit history:

- Make every payment on time every month



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- Review your credit reports annually



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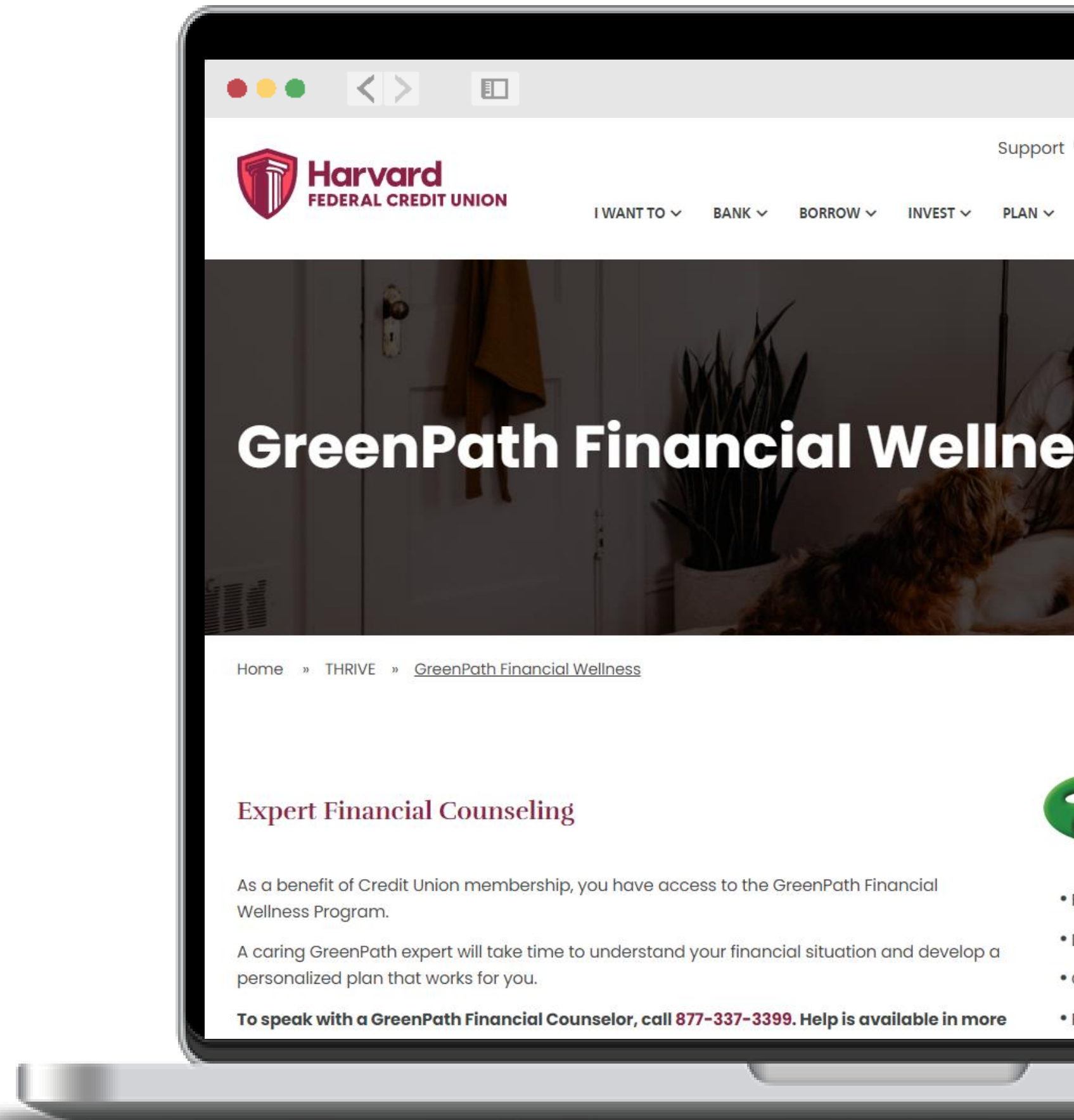
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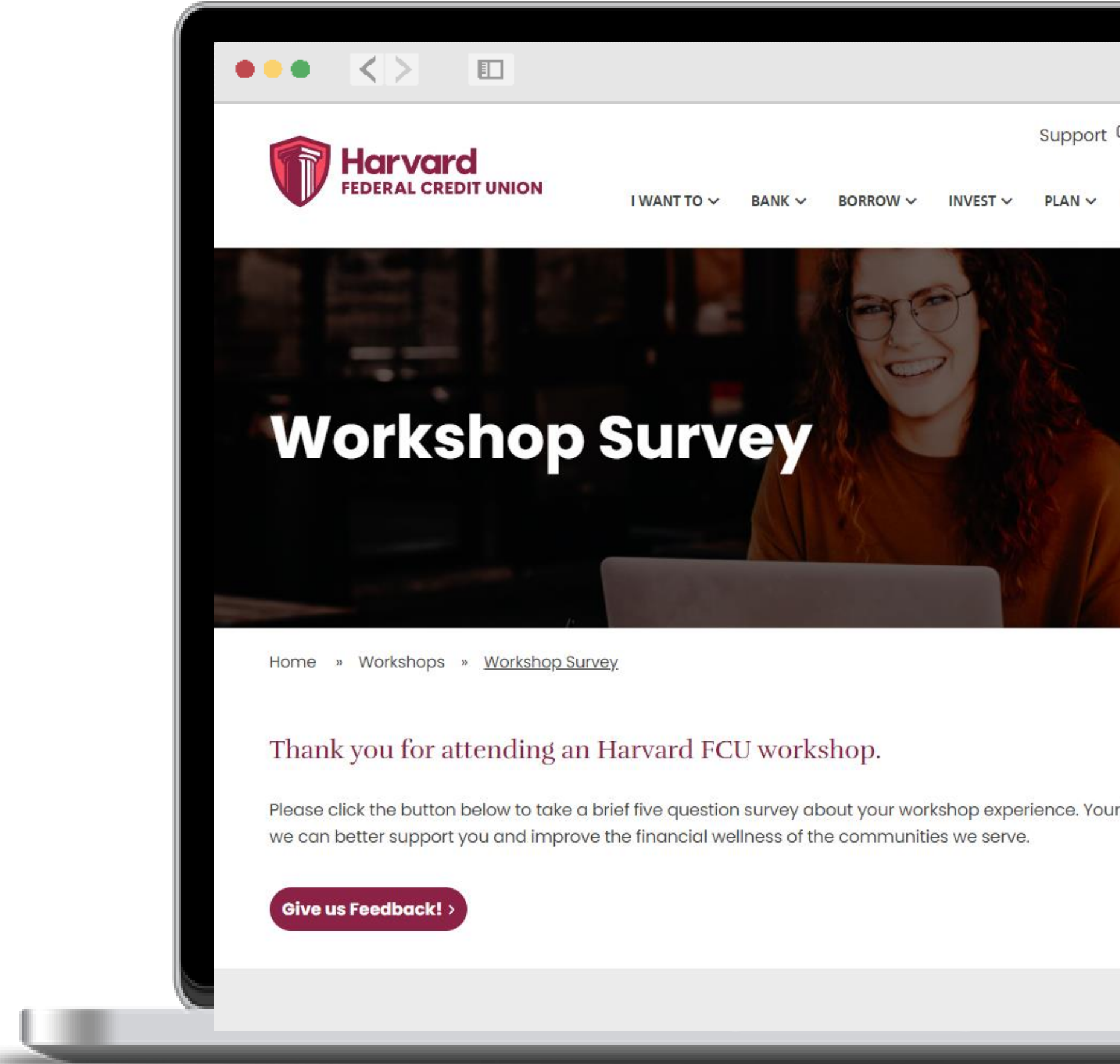
<https://harvardfcu.org/thrive/greenpath/>



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Aligning Your Spending with Your Values

Nov 13, Noon

Budgeting for the New Year

Dec 10, Noon

Sign-up at: <http://harvardfcu.org/workshops>

Questions?



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New branch alert

**One Brigham Circle
1614 Tremont Street, Boston
Parking is available!**



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