



# 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.

# Community Engagement Team



**Terrence Bazile, CCUFC**  
Community Engagement  
Specialist



**Ty Koppelson, CCUFC**  
Community Engagement  
Specialist



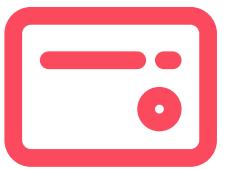
**Jen Fries, CCUFC**  
Community Engagement  
Manager

# Not-For-Profit Banking at Harvard FCU



## 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.



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## 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

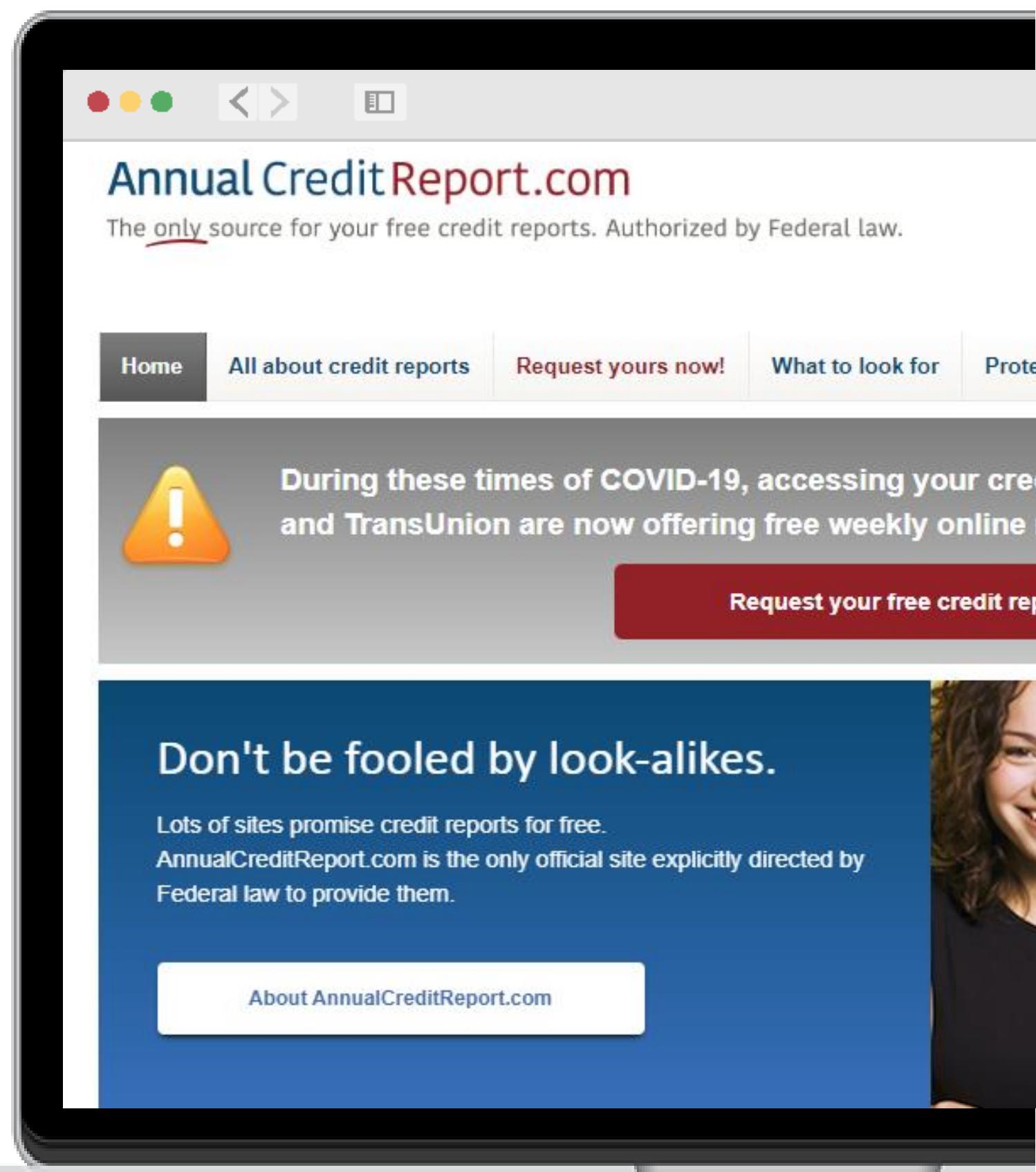
You can check your credit report once a year on [annualcreditreport.com](http://annualcreditreport.com)



# Free Credit Report

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

[ANNUALCREDITREPORT.COM](http://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.

<b>Excellent</b>	<b>750 +</b>
<b>Above Average</b>	<b>670 - 749</b>
<b>Fair</b>	<b>580 - 669</b>
<b>Poor</b>	<b>300-579</b>

# 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 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

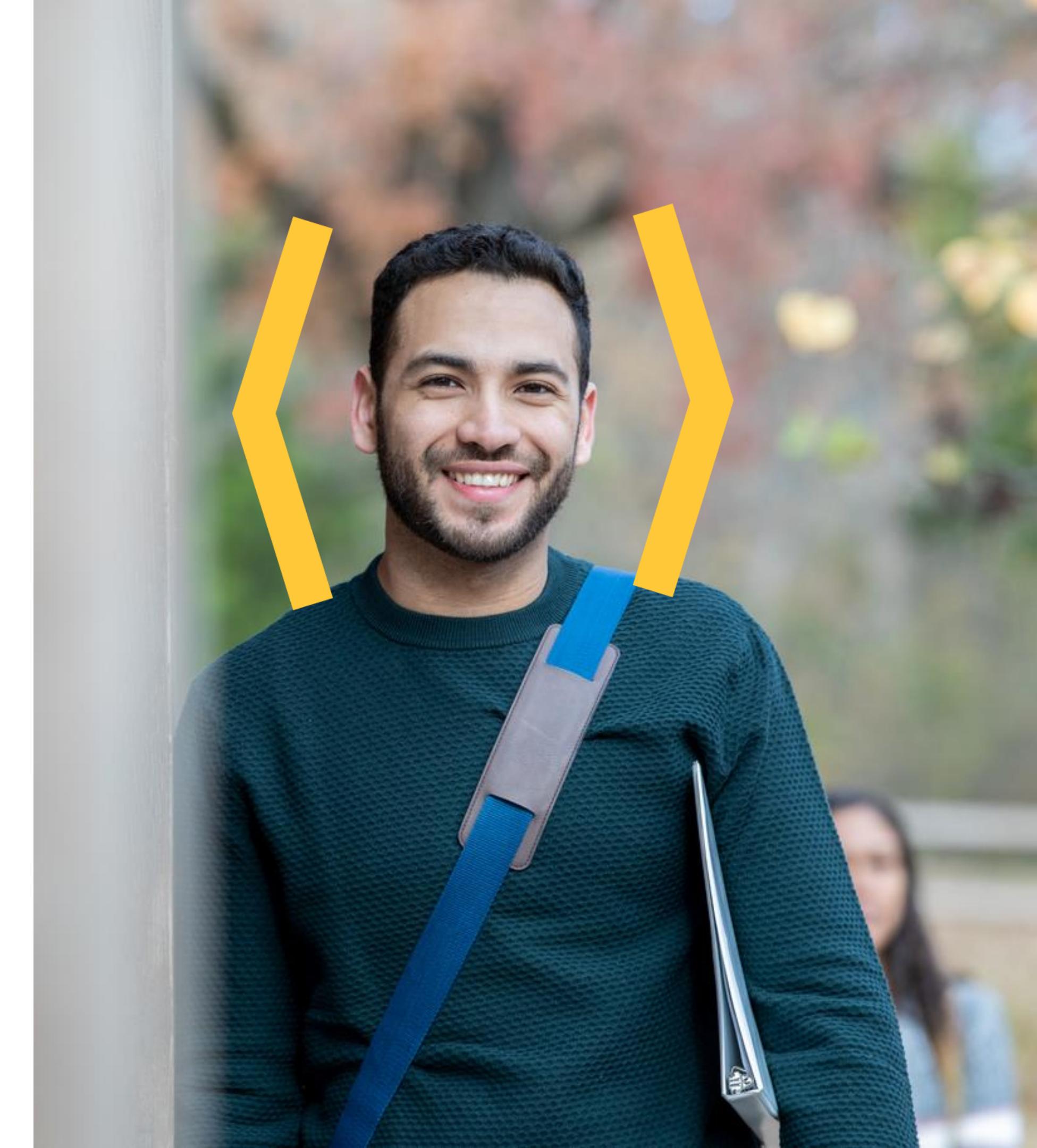
If your credit improves, you may be eligible to refinance your debt.

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

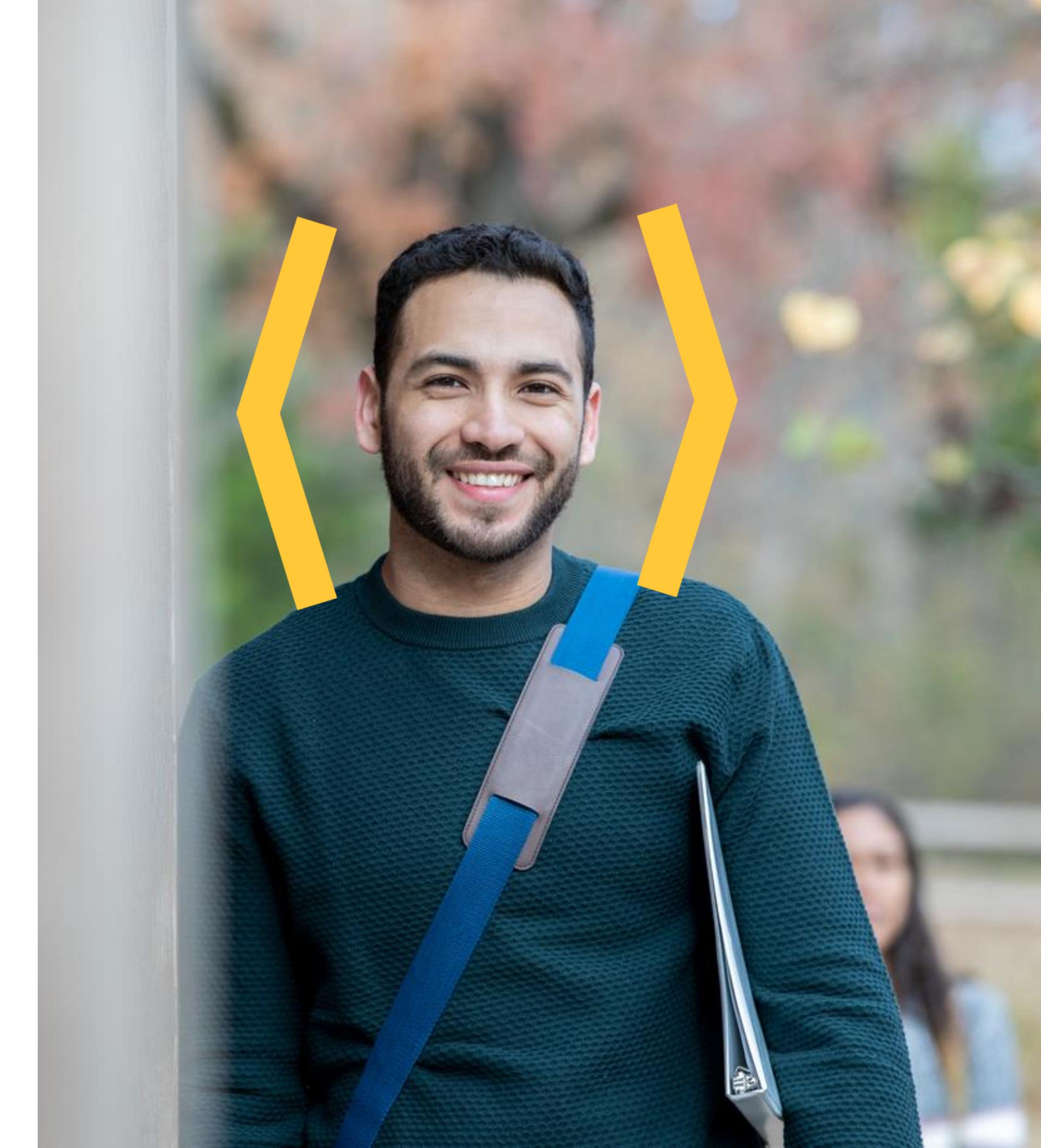
# How to Start Building Credit History

- Secured credit cards



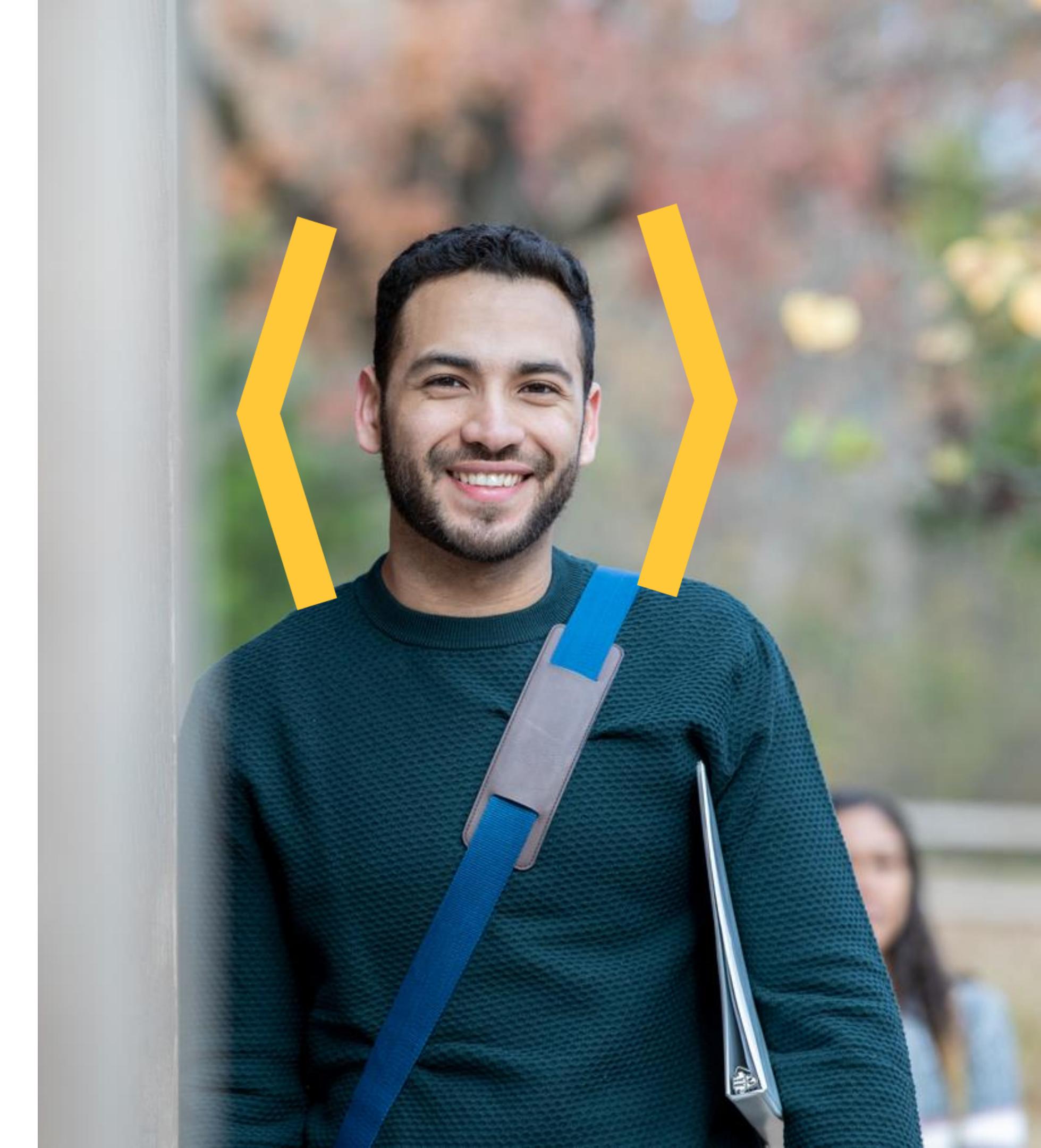
# How to Start Building Credit History

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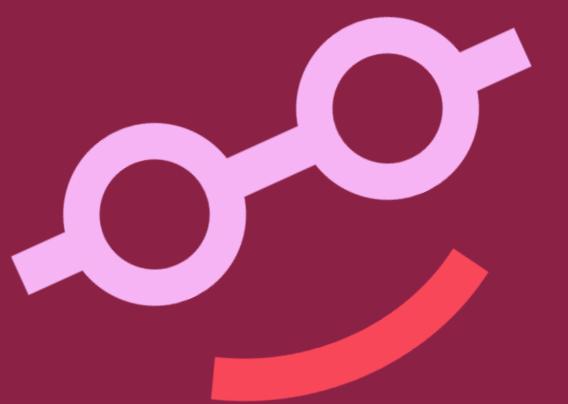


# How to Start Building Credit History

- 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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# GreenPath Financial Wellness

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Learn more at:

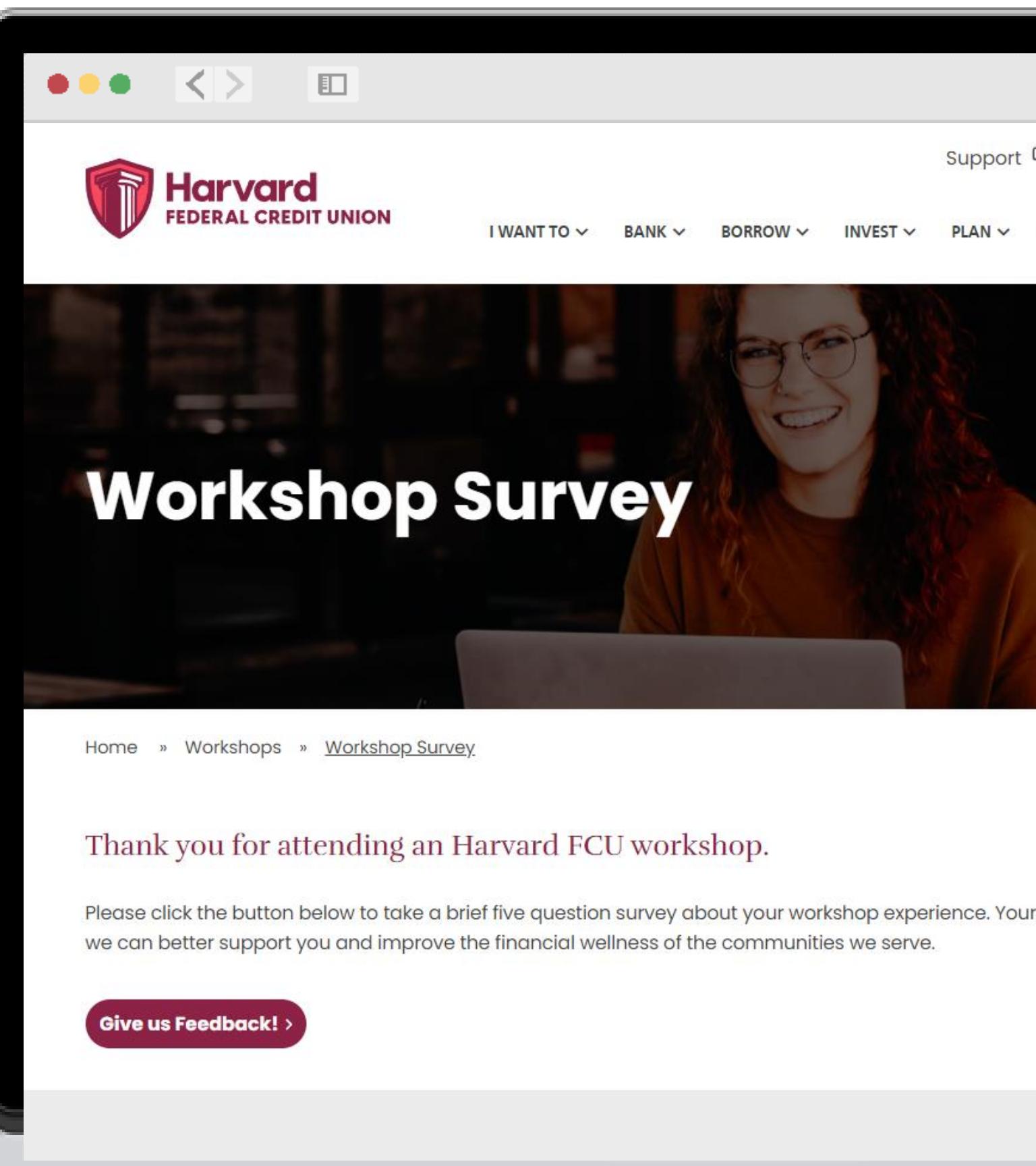
<https://harvardfcu.org/thrive/greenpath/>



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# Questions?



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New branch alert

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