

STAYING ON TOP: CREDIT REPORTS AND SCORES

Module Guide

TIME REQUIRED:

This module can be adapted or adjusted for presentations of 30 to 90 minutes.

RECOMMENDED AUDIENCE:

College students or students soon to be entering college.

MAJOR CONCEPTS:

- What's in a credit report
- Common mistakes in credit reports
- Credit scores
- Impacts of your credit use on other aspects of your life
- Obtaining your credit report
- Your credit rights

RATIONALE FOR THE MODULE:

Credit reports and scores greatly influence the cost of credit for consumers. However, many people have never requested their report and do not know what to look for to ensure their report is accurate. This module also provides information on consumers' credit rights and responsibilities.

MATERIALS AND EQUIPMENT:

Laptop computer with Microsoft PowerPoint installed or transparencies and overhead projector
Internet connection if available (optional for activities)

HANDOUTS:

- HO #1 Sample Credit Report
- HO #2 Credit Terms
- HO #3 Control Your Credit Card Debt
- HO #4 Consumer Rights to Specialty Medical and Insurance Reports
- HO #5 Web Resources
- HO #6 Credit Reports Module Evaluation

PROCEDURE:

- I. **Check your own credit report and credit score.** You **must** do this in preparation to teach this module
- II. Decide which handouts you plan to use and make the appropriate number of copies
- III. Introduce yourself and the Peer Financial Counseling Program
- IV. Ask the people in the back if they can hear you
- V. Start presentation
- VI. Provide handouts as needed
- VII. Encourage discussion using suggested activities as time permits
- VIII. Thank sponsoring organizations
- VIII. Have participants complete and return evaluations (HO #6)

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SUGGESTED ACTIVITIES

Reading a Credit Report (Slides #2-4, and HO #1)

Have the audience form small groups. Have each group look at a different part of the credit report (Personal Information, Public Record Information, Collection Agency Information, Credit Accounts, and Companies Requesting the Report). Ask each group to come up with examples of what might show up in their section and what kinds of mistakes might appear.

Changing Credit Scores (Slide #8)

Ask the audience if they think the credit score will go up or down given the scenario. After each scenario, an example of how much the score might change will appear on the next click.

Credit Score Impacts (Slide #10)

Ask the audience to think of a 36, 48, or 60 month new car loan or a 48 month used car loan (i.e., what kind of car and how much would they borrow?). Using the Internet, if available, show the audience how the amount of interest paid will vary depending on their credit scores. This can be done at <http://www.myfico.com/myfico/CreditCentral/LoanRates.asp>. Set the type of loan in the drop-down menu, the state, and the principal. For example, on a 36 month new car loan in Georgia, with a principal of \$20,000, the total interest paid could range from \$2,290 to \$4,799 depending on your credit score.

Estimate Your Credit Score (Slide #10)

You have only limited legal rights to a free credit score. But you can estimate it at <http://www.whatsmyscore.org>. You'll find 10 questions to answer there. Once you're finished, you'll get an estimate of your credit score. To use this activity, we suggest you prepare answers in advance. You also can get a credit score report card at credit.com. (CAUTION: Any references to free credit reports require signing up for a paid service that you can later cancel.) However, neither of these are the credit score a lender will see. For that, you'll need to buy your credit score from myficocom.

Credit Score Video Clips

For fun, check out the video clips at whatsmyscore.org. These clips make the point that your credit score is important but in a fun way. If you find a video clip you like better or make one of your own, please e-mail it to bcude@uga.edu.

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ANSWERS TO CHECKING KNOWLEDGE QUESTIONS ON EVALUATION

1. A. Bankruptcy stays on your credit report for seven to 10 years, depending on the type of bankruptcy. (Slide 3).
2. D. Everyone has a right to one free credit report a year; Georgians also have a right to two free credit reports a year. (Slide 5)
3. C. Your sex is not included on your credit report. (Slide 2)
4. A. The web address for your free credit report is www.annualcreditreport.com. (Slide 5)
5. D. Your credit report or score may impact all of these. (Slide 10)