



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.

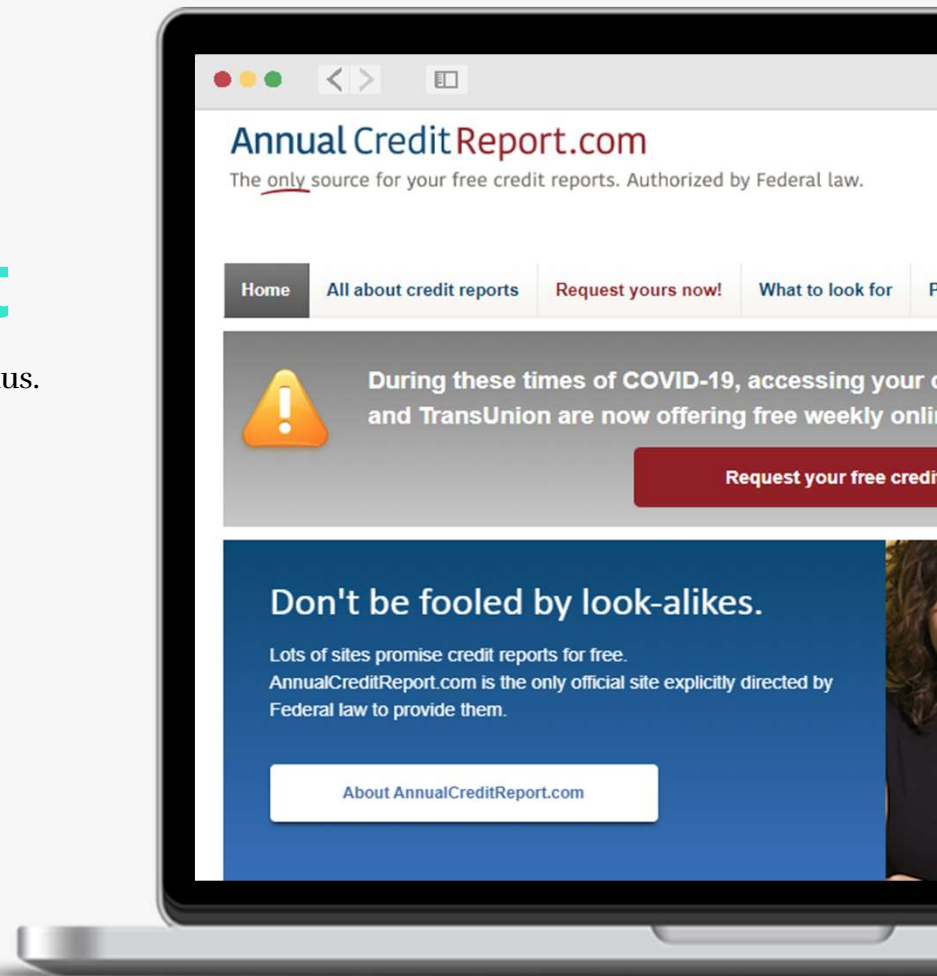
Request History

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 |

Why is Credit Important?



Why is Credit Important?

Credit can impact:

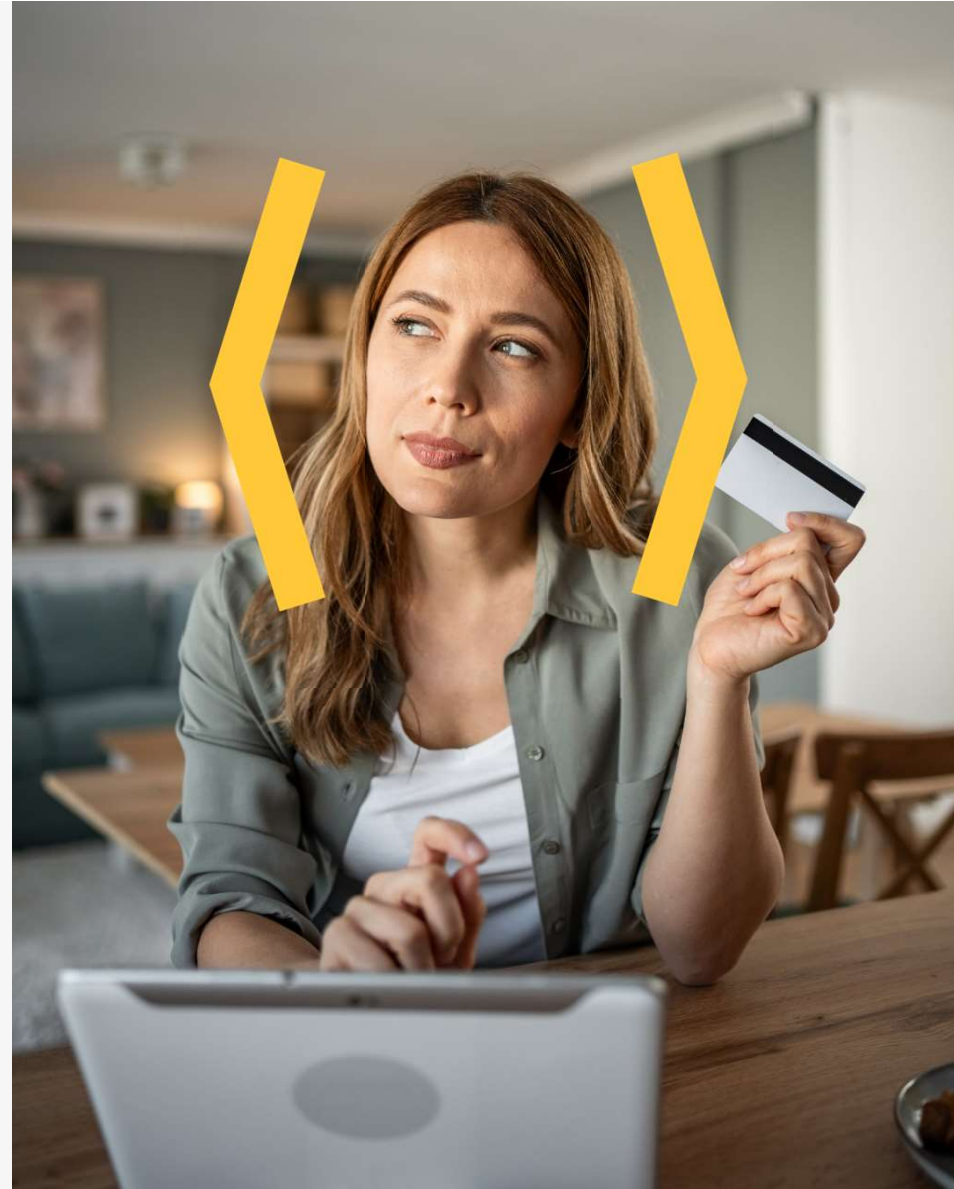
- Your ability to rent or purchase a home



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- Your ability to get and keep some jobs



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



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- 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 | --- | --- | --- |

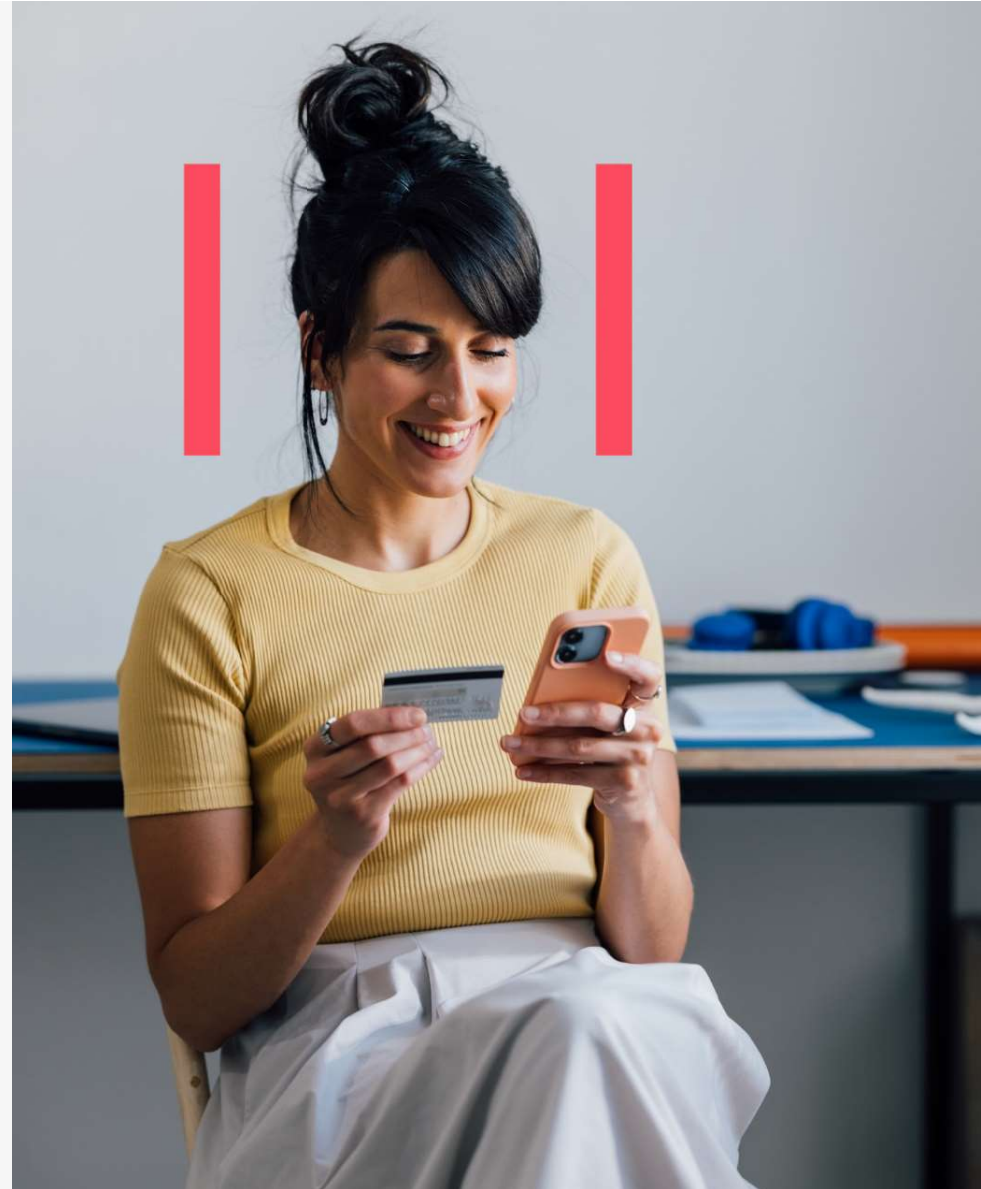
*Source: Myfico.com – 36 month car loan - \$25,000

How to Start Building Credit History



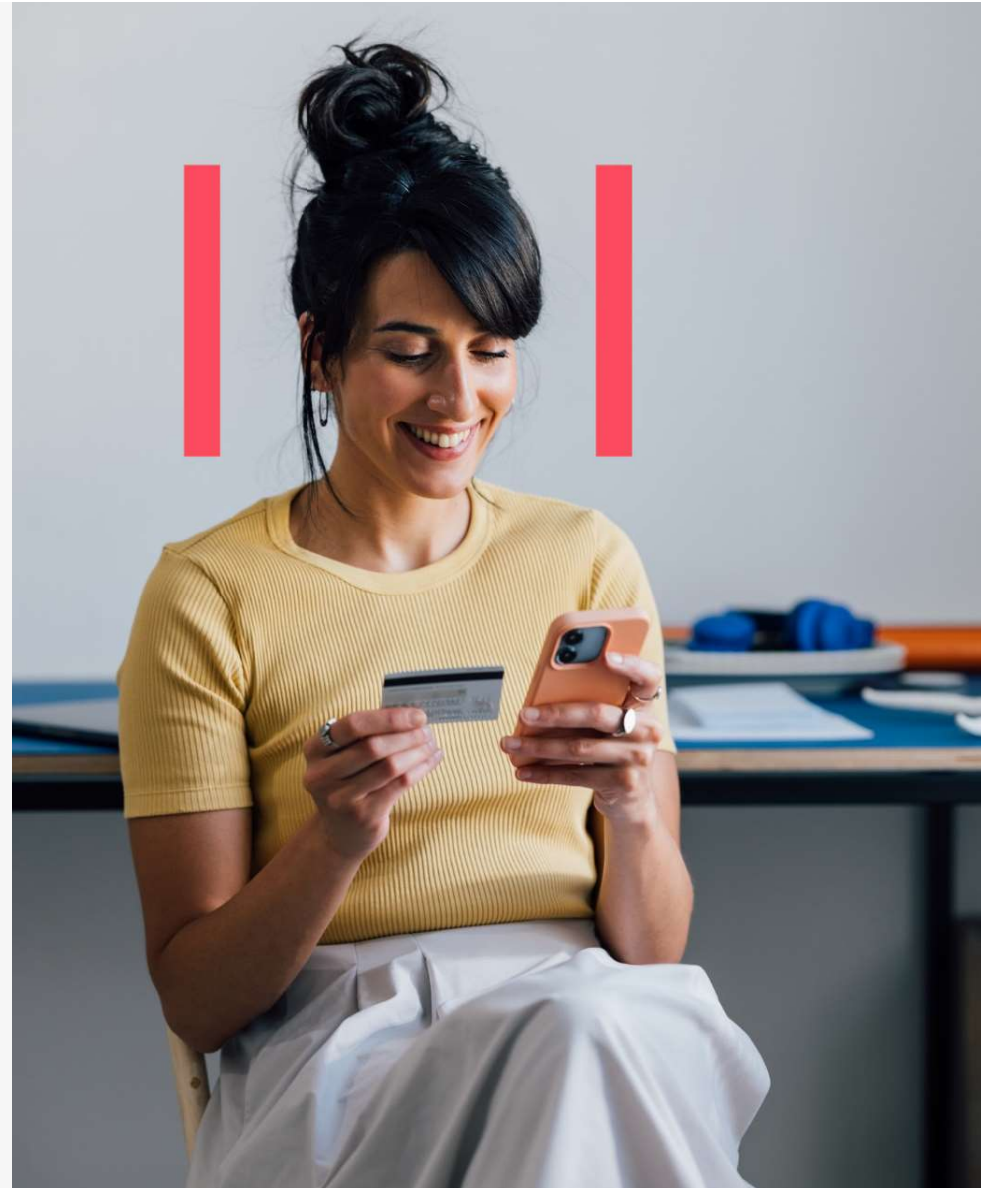
How to Start Building Credit History

- Secured credit cards



How to Start Building Credit History

- Secured credit cards
- Credit building loan



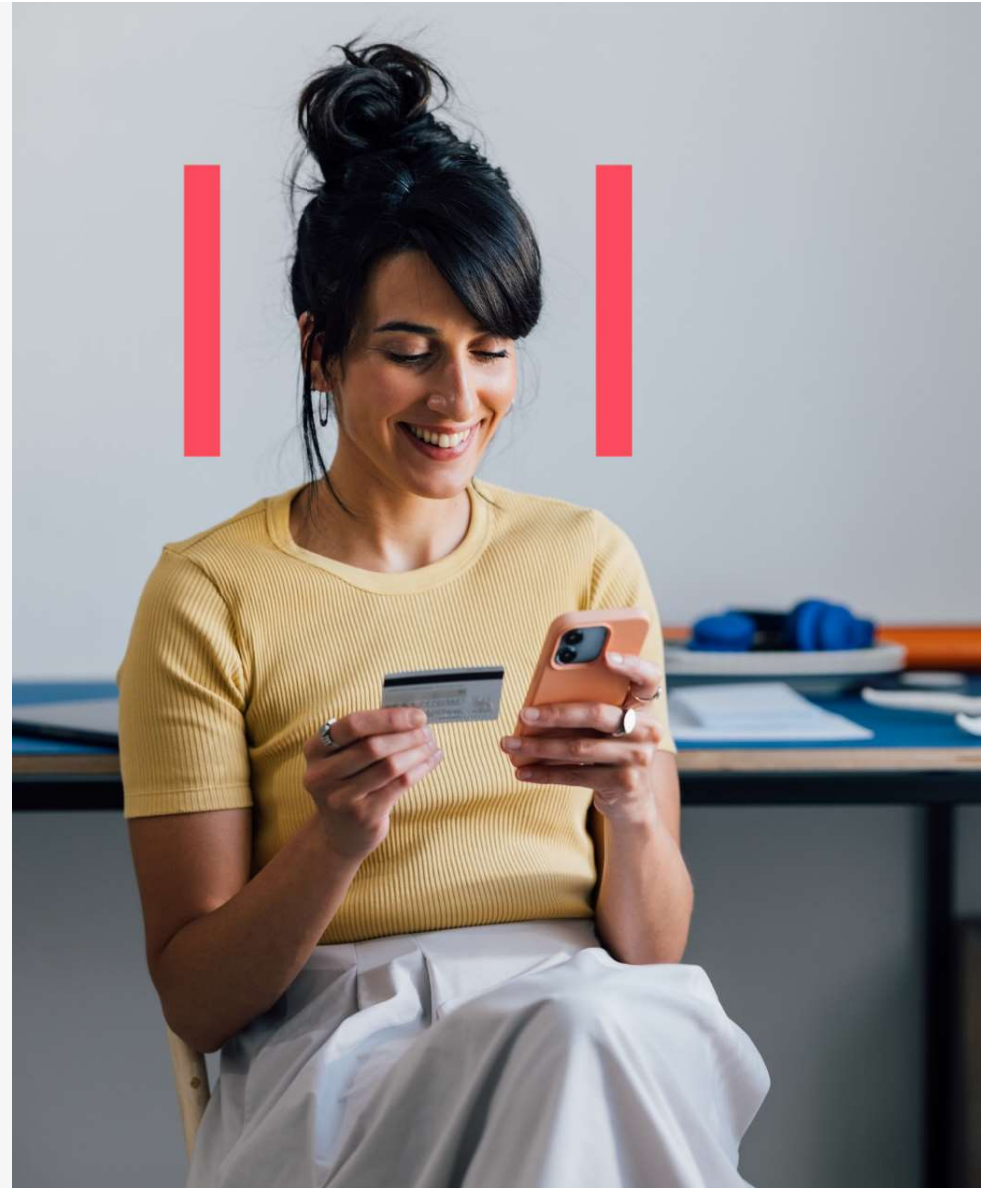
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How to Start Building Credit History

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



How do I re-build credit?



How do I re-build credit?

Pay off outstanding past-due balances:

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

How do I re-build credit?

Pay off outstanding past-due balances:

- Secured credit cards and credit building loans are great ways to re-build credit too

How do I re-build credit?

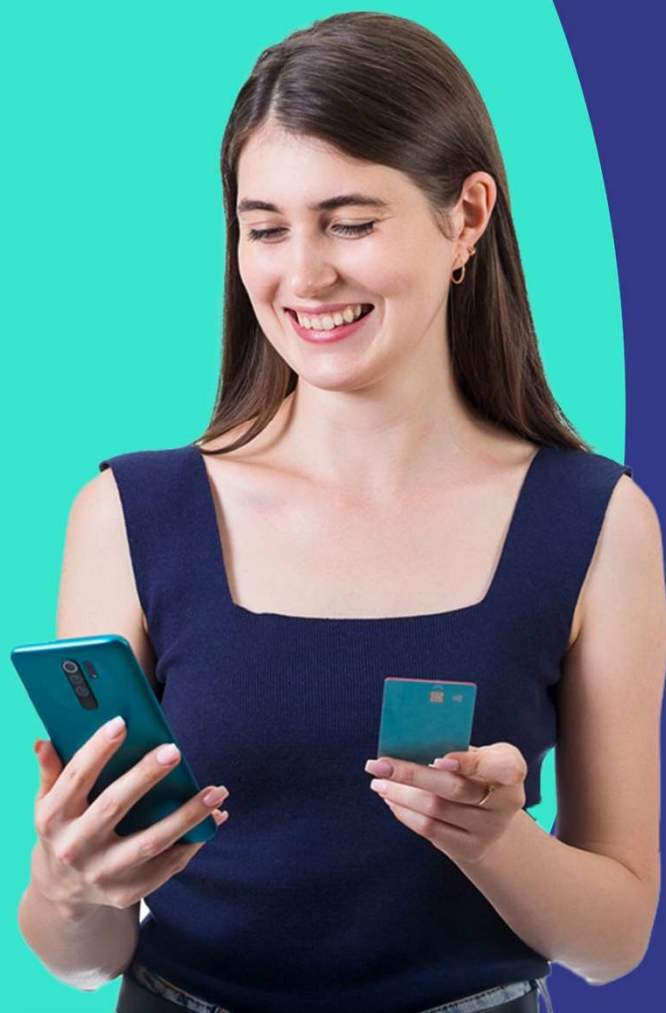
Things to know:

- **Gross Pay:**
 - Salary amount
 - Hourly rate x Hours worked
- **Net Pay:**
 - "Take Home" amount
 - Gross Pay minus deductions
 - Local, state, and federal taxes
 - Social Security and Medicare
 - Optional benefits

How do I re-build credit?

Credit building products

- Secured credit cards and credit building loans are great ways to re-build credit too



Credit Myths

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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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What the Heck Effect?

Losing motivation due to prior behavior.

FAILURE IS PART OF SUCCESS.



GreenPath Services

Free and confidential financial assessments:

**Credit Report
Reviews**

**Rent, Mortgage, &
Homebuyer
Counseling**



**Student Loan
Counseling**

**Debt Management
Plans**

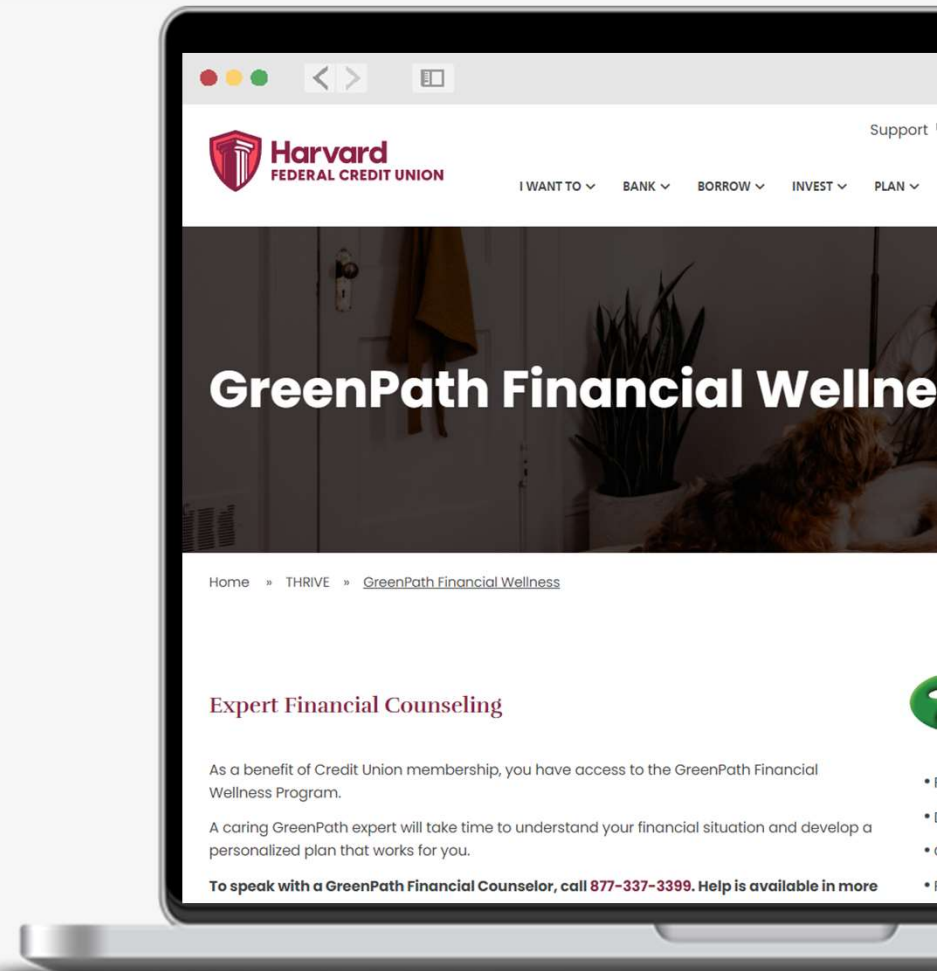
GreenPath Financial Wellness

Speak with a Financial Wellness Expert:

877-337-3399

Learn more at:

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



Learning Lab+

A free online education portal by GreenPath Financial Wellness with courses that are interactive and easy to use.

Courses include:

Making the Most of Your Money

AI Credit Tool

Paying Down Your Credit Card

HARVARDFCU.ORG/GREENPATH



Questions?



Disclaimer

This presentation is a general overview of principles you may want to consider. Only you can decide what is best for you. This presentation is educational in nature and is not intended to be, and should not be construed as tax, legal or investment advice. You should always consult a certified advisor for advice on your specific situation. The examples used in this presentation are for illustrative purposes only.

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