



Wintersession 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



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Community Engagement
Specialist



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Manager

Meet Your Presenters



Terrence Bazile, CCUFC

Community Engagement
Specialist

Not-For-Profit Banking at Harvard FCU



Community Focused

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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.

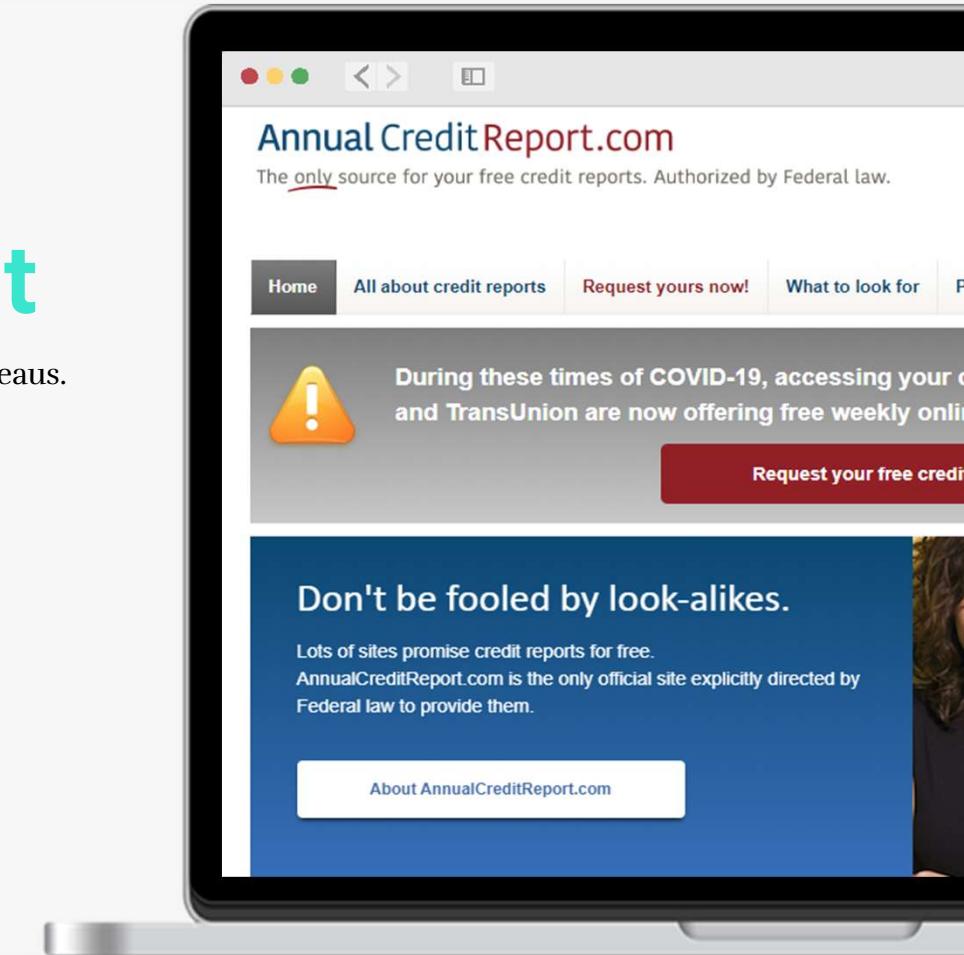
Request History

You can check your credit report once a year on [annualcreditreport.com](https://www.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?



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Credit can impact:

- Your ability to rent or purchase a home



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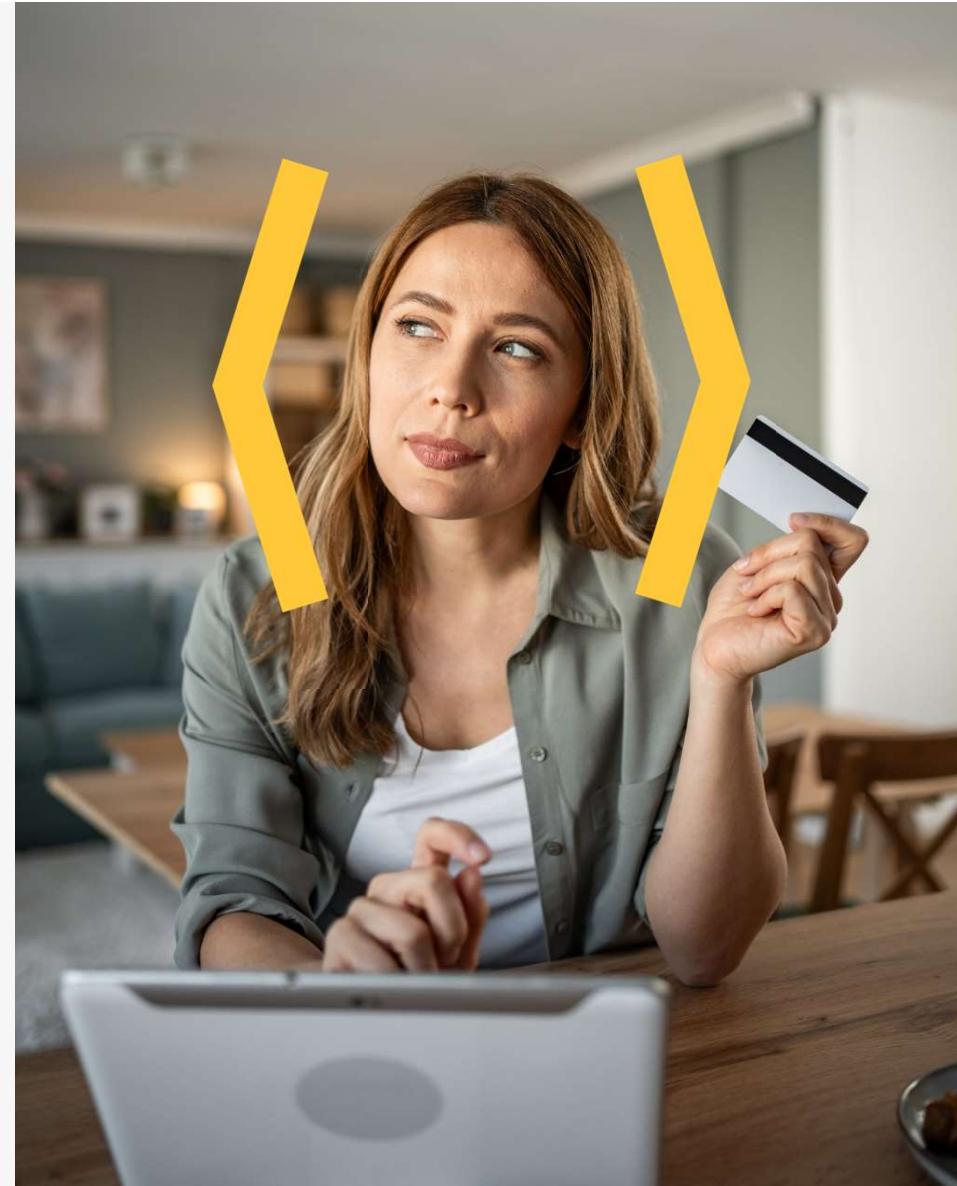
- Your ability to rent or purchase a home
- Your ability to get and keep some jobs



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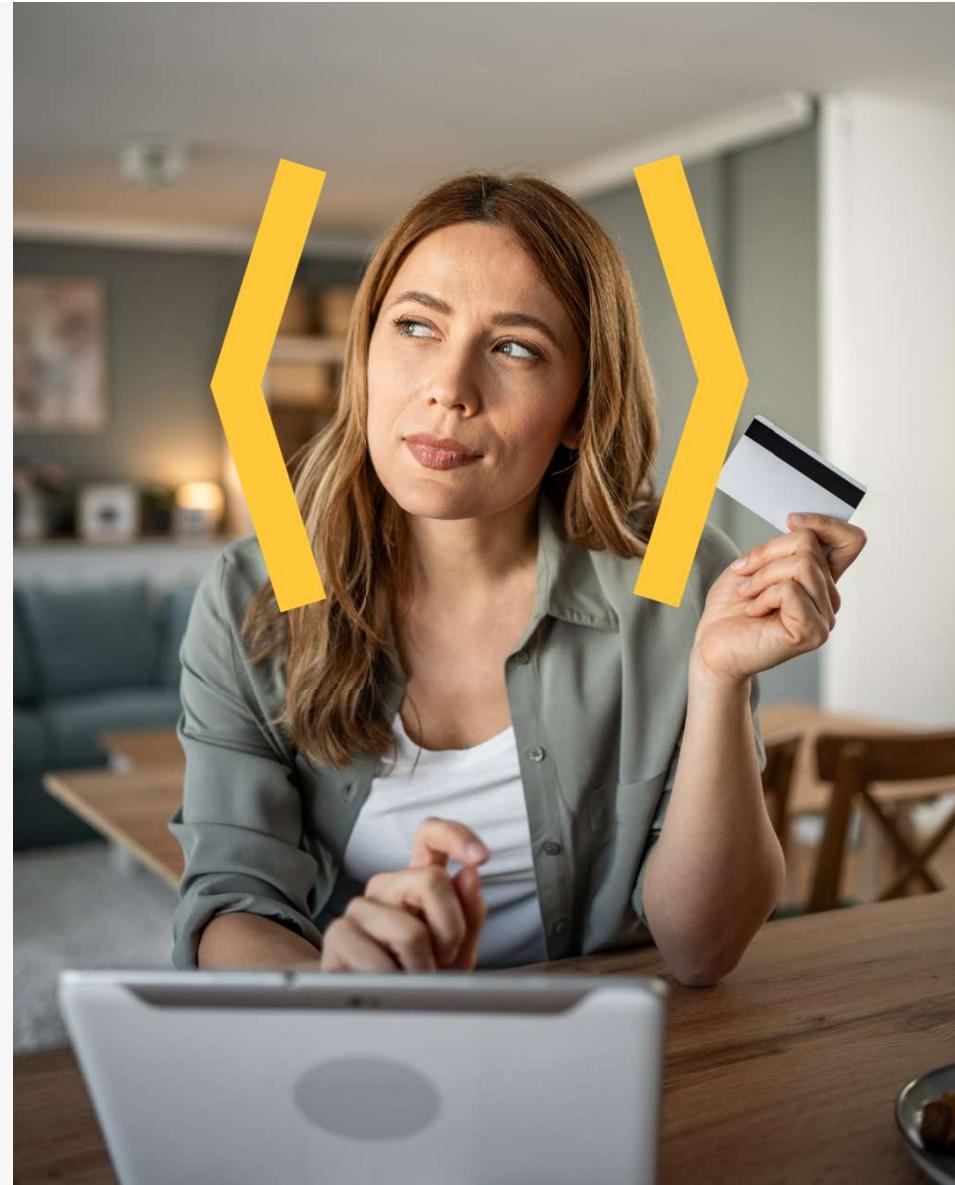
- Your ability to rent or purchase a home
- Your ability to get and keep some jobs
- Your ability to open bank accounts and access loans or credit cards



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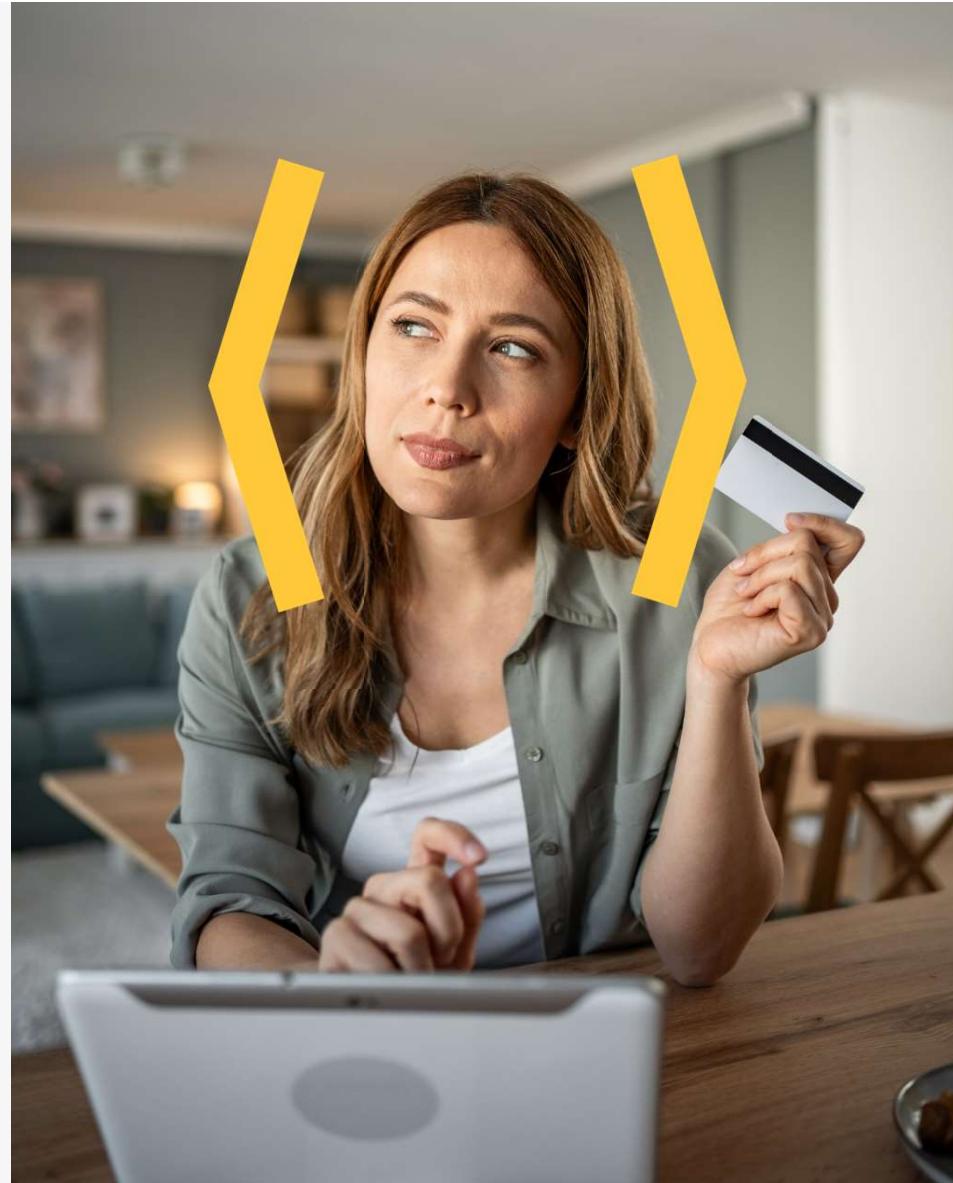
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- Your ability to get and keep some jobs
- Your ability to open bank accounts and access loans or credit cards
- Miscellaneous other things (car insurance rates, cell phone plans, and more)



Why is Credit Important?

Credit can impact:

- 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



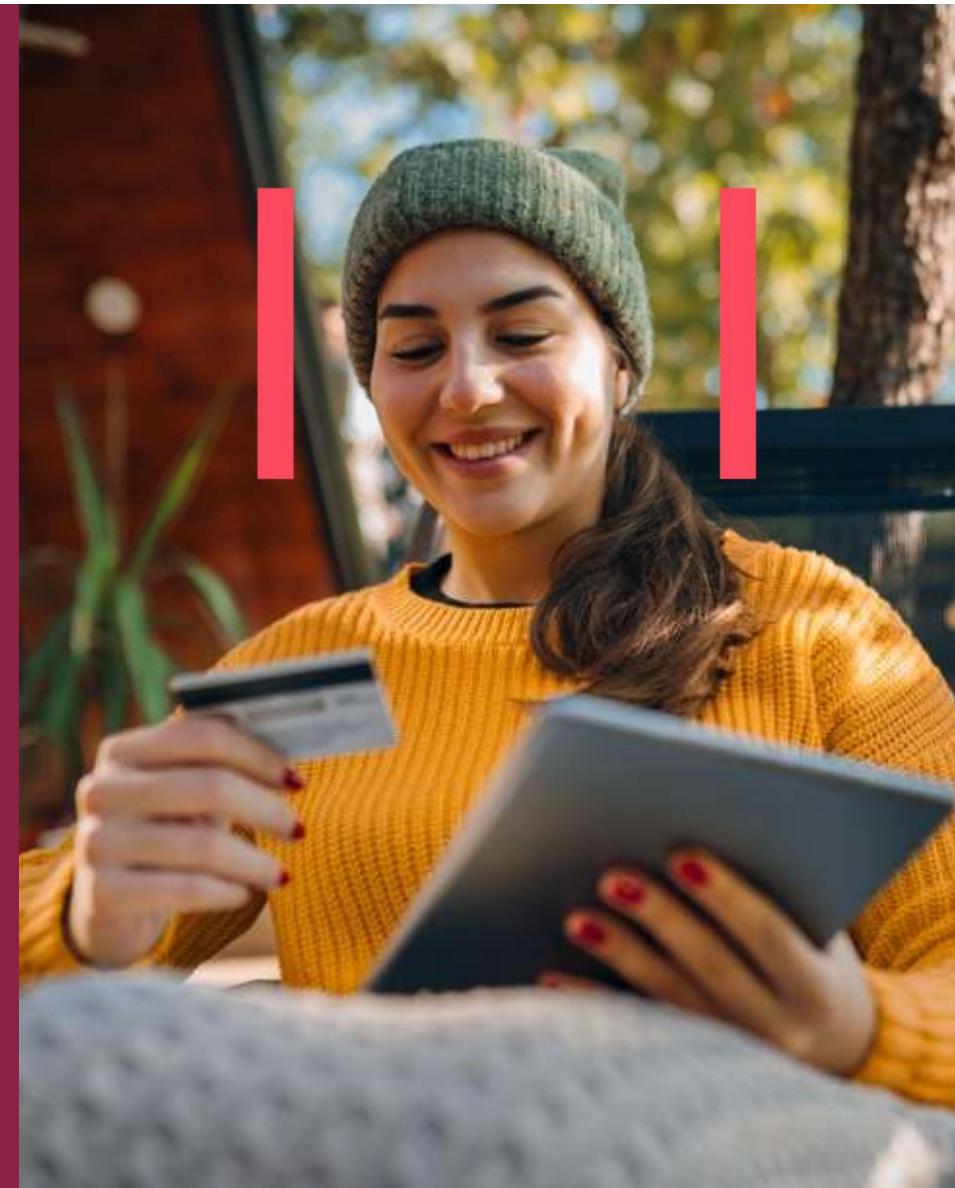
Credit Score Impact

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	---	---	---

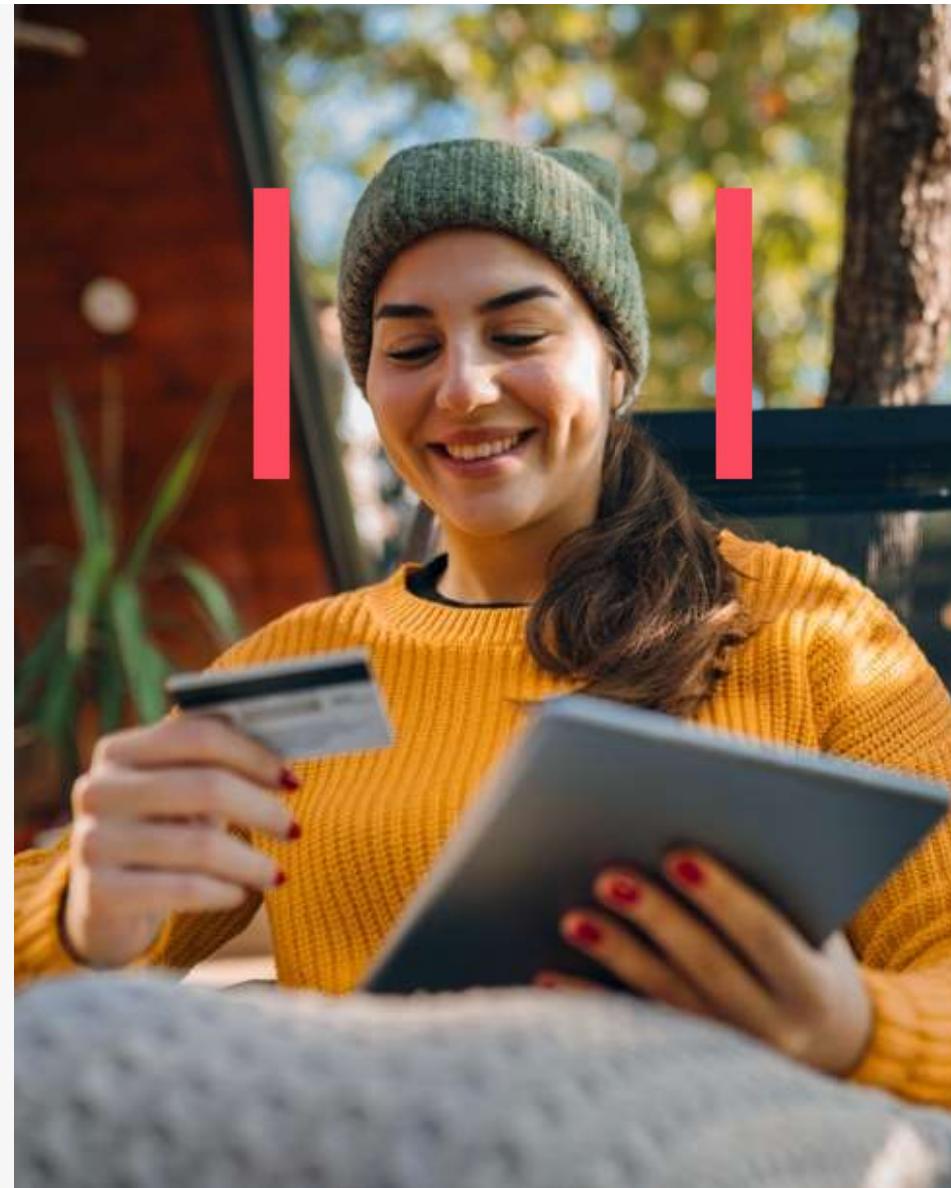
*Source: Myfico.com – 36 month car loan - \$25,000

How to Start Building Credit History



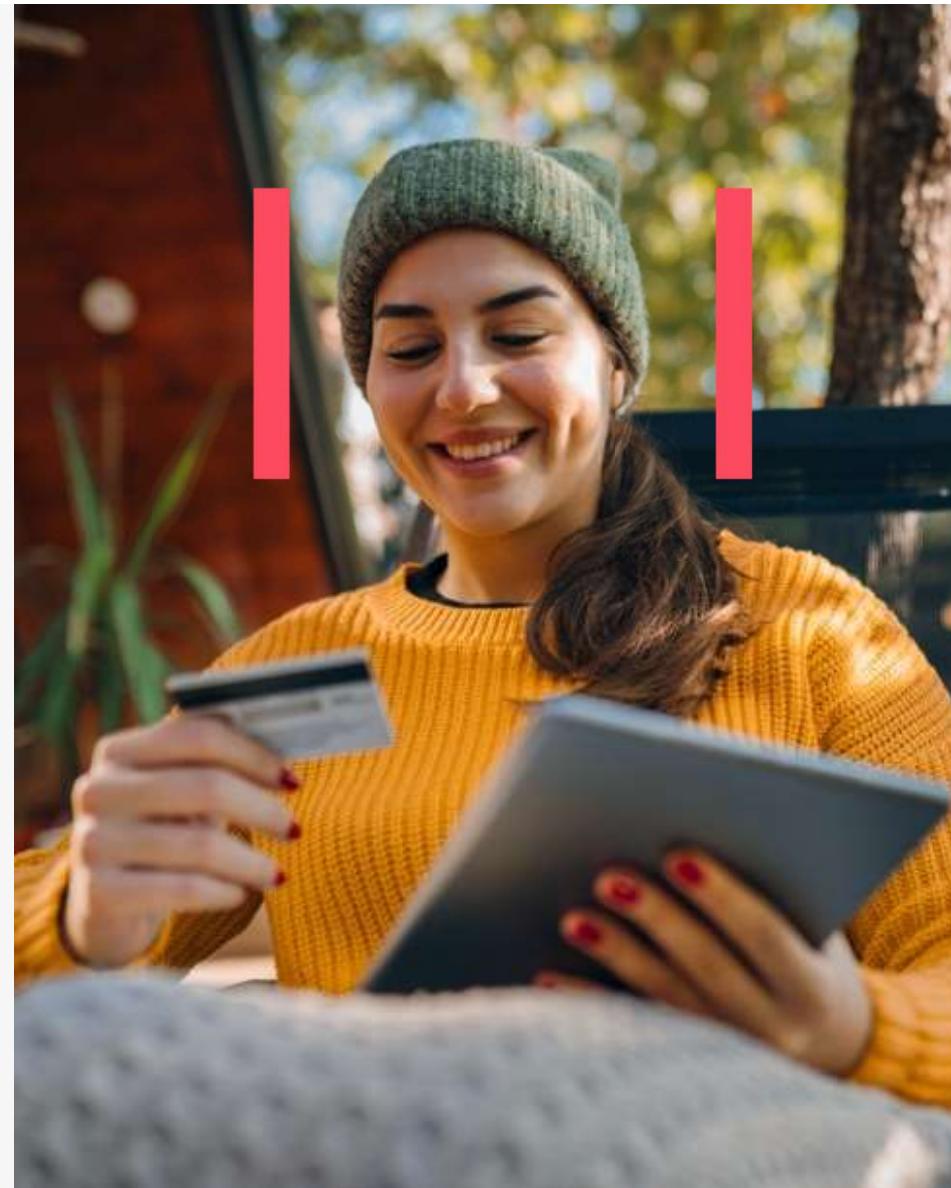
How to Start Building Credit History

- Secured credit cards



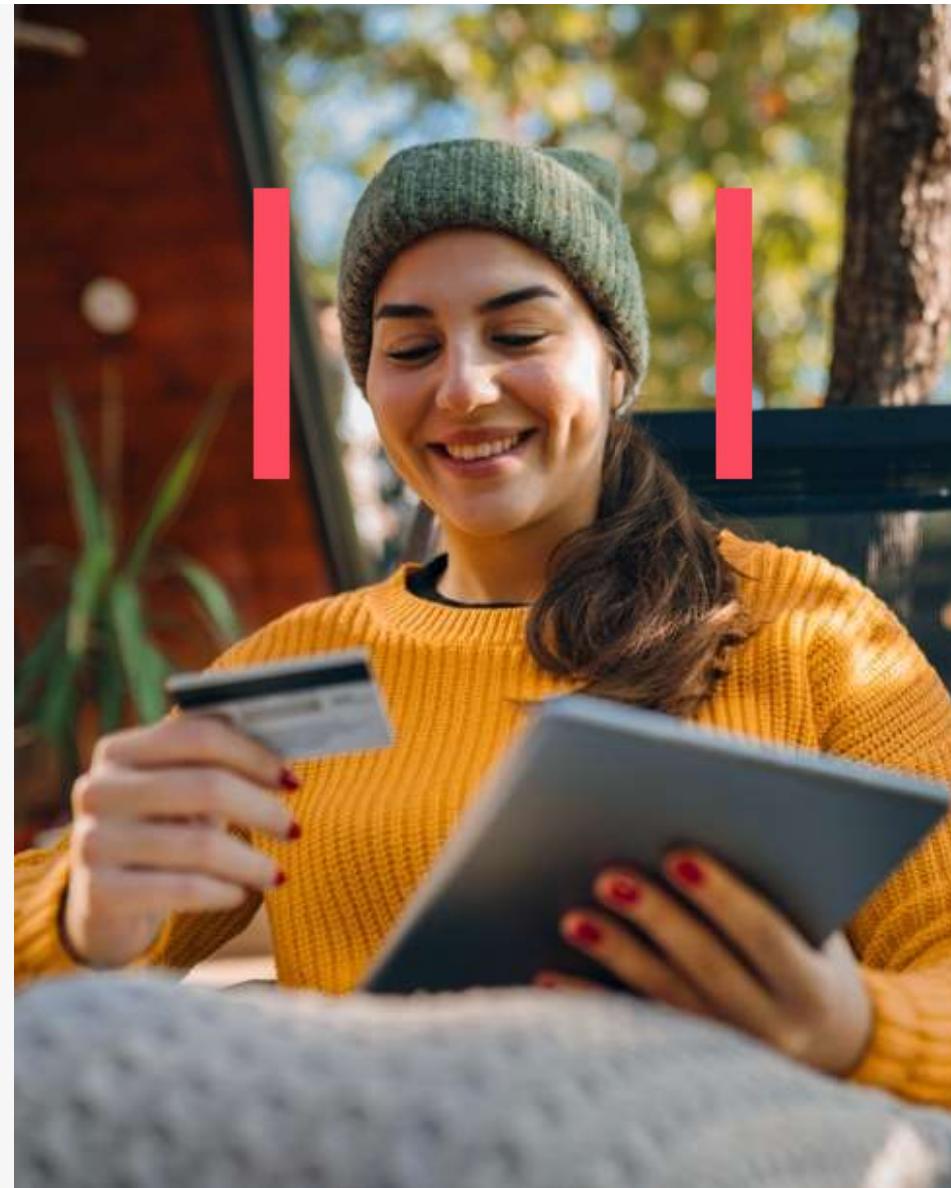
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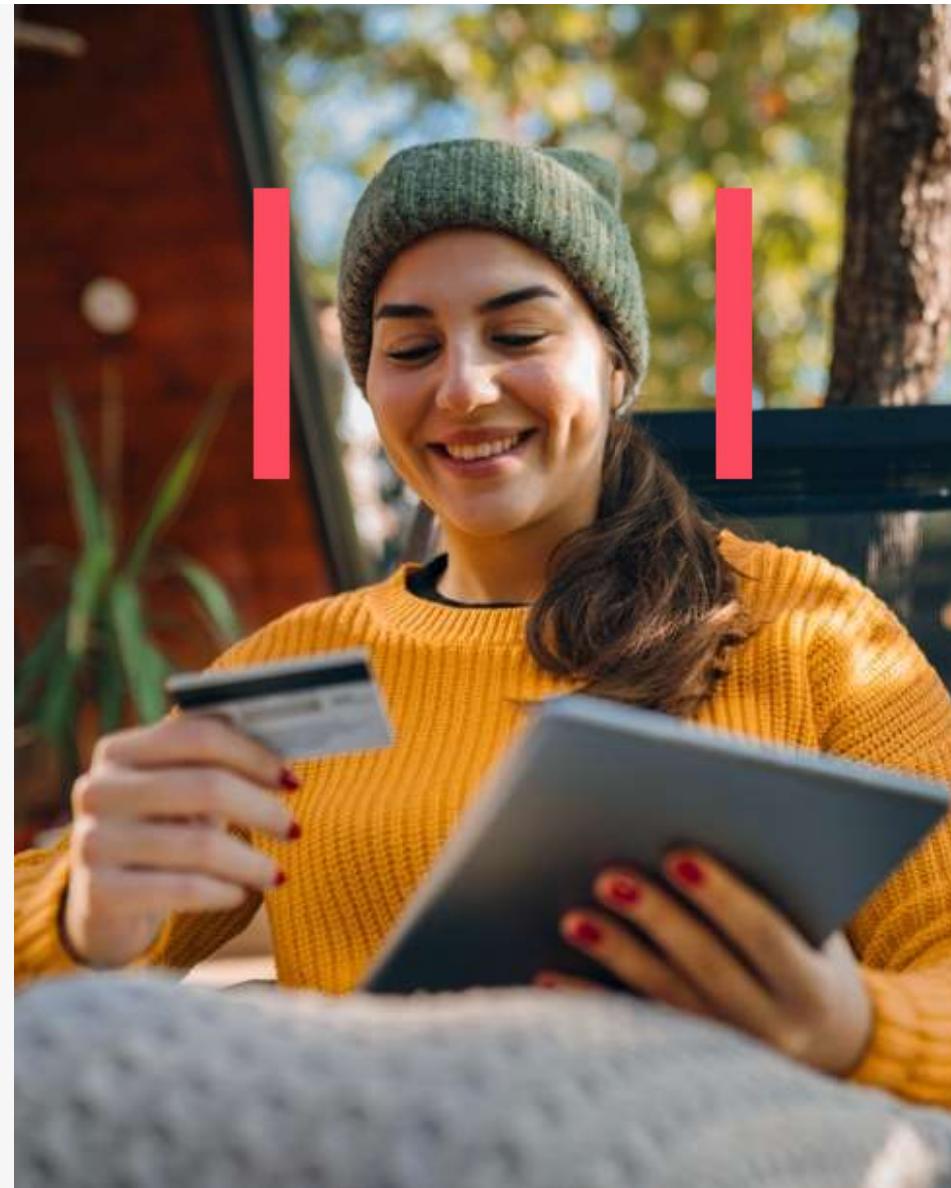
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How to Start Building Credit History

- 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?

Credit building products

- 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

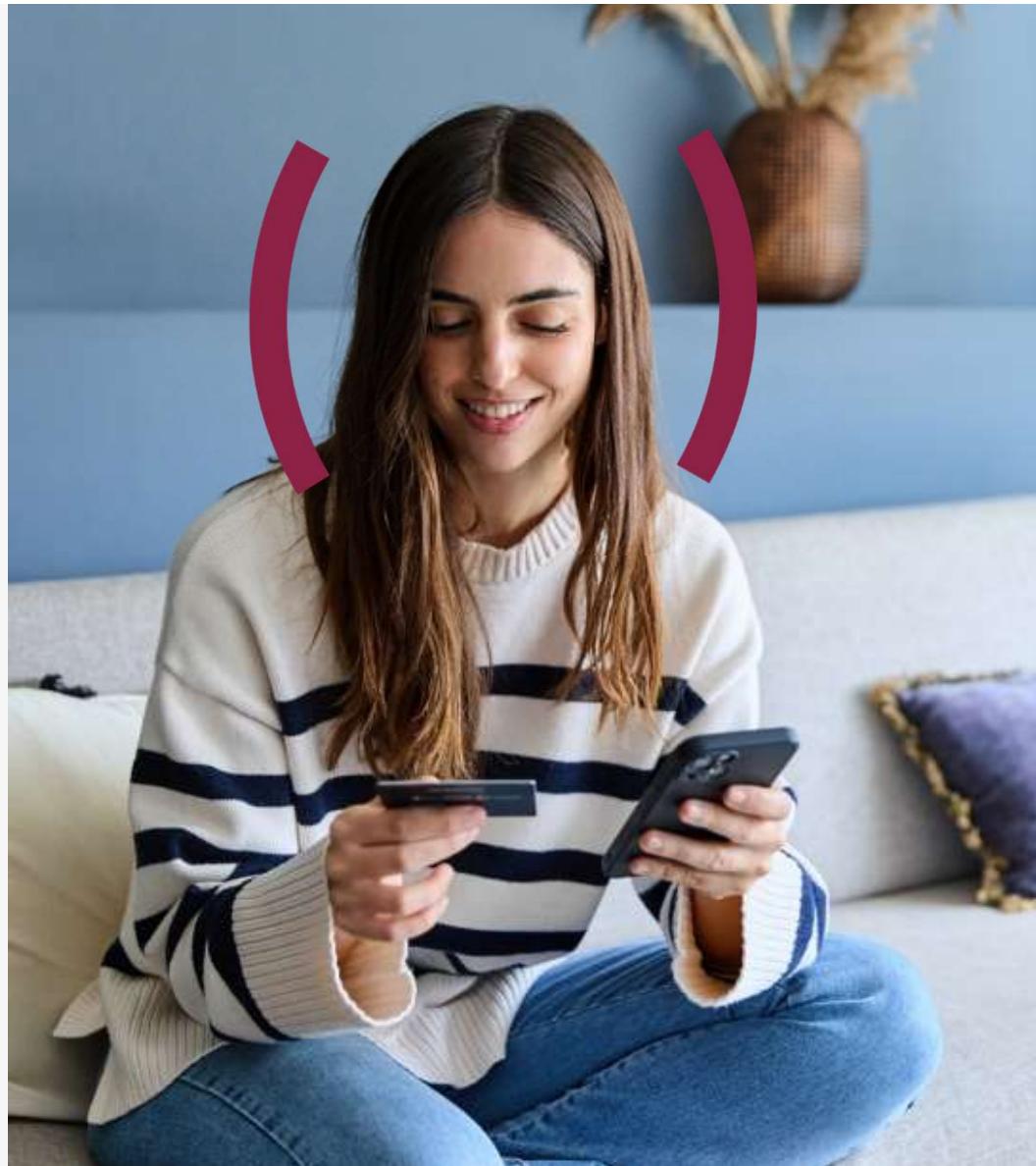
Healthy Credit Habits



Healthy Credit Habits

Tips to build positive credit history:

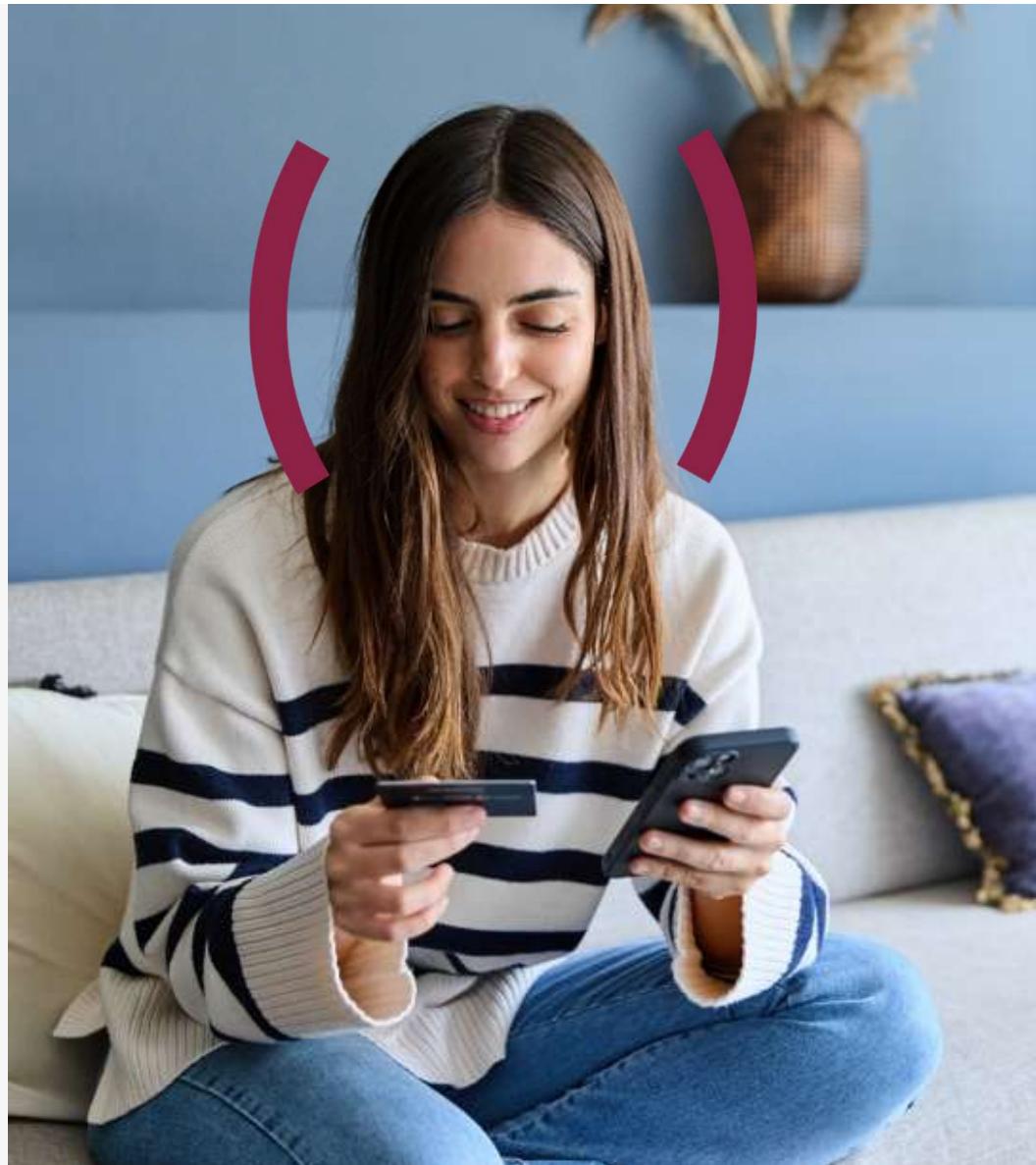
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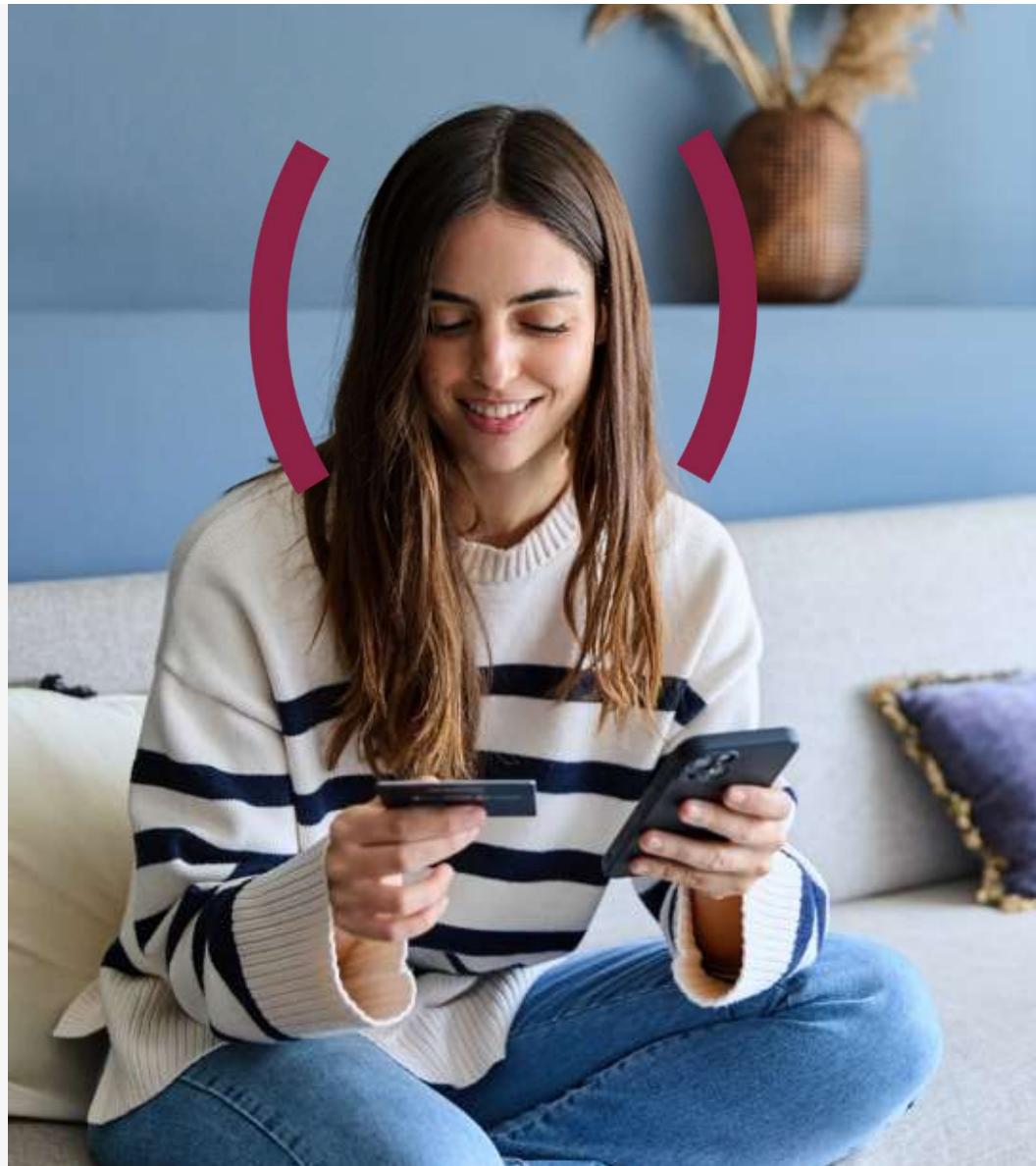
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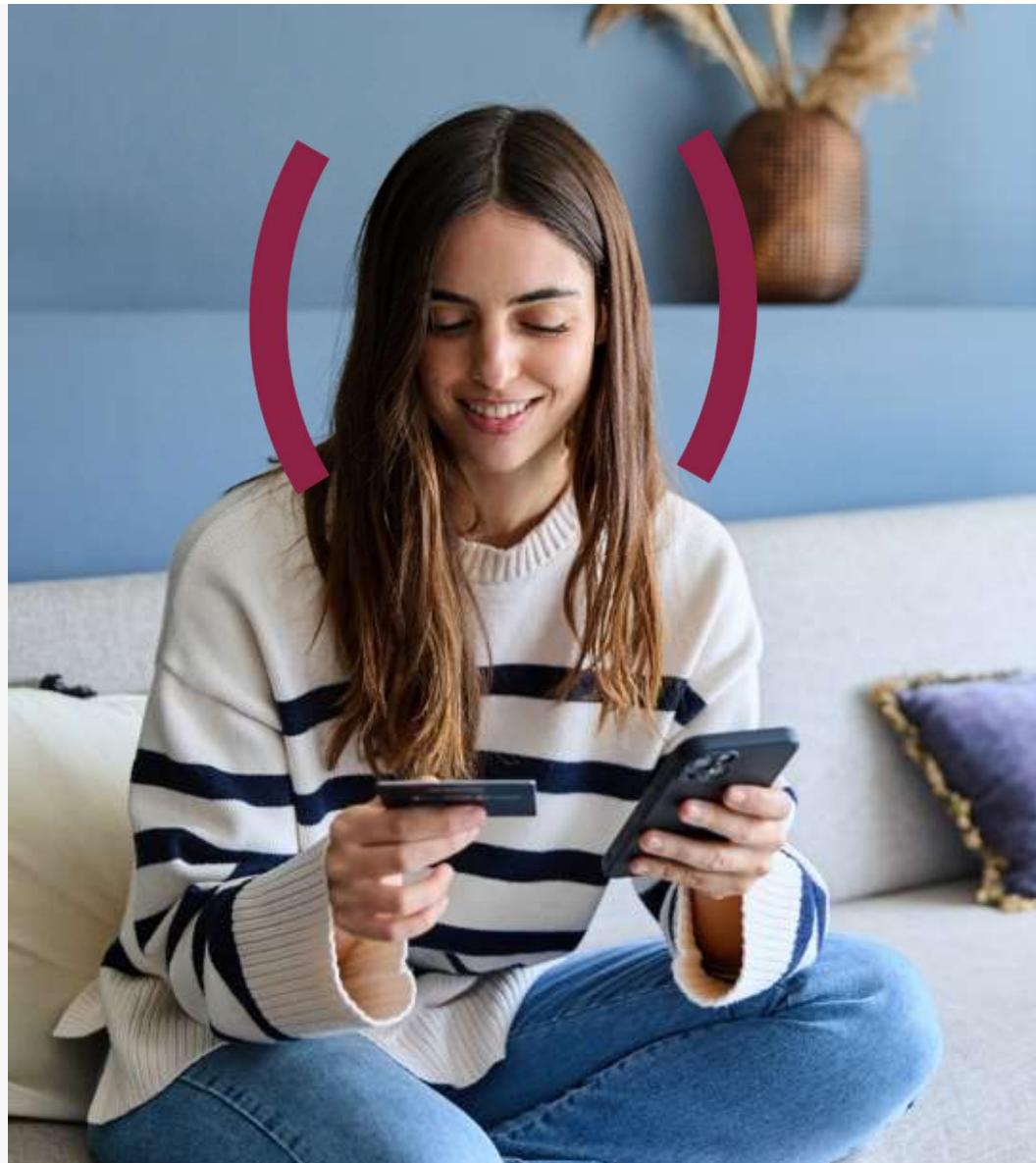
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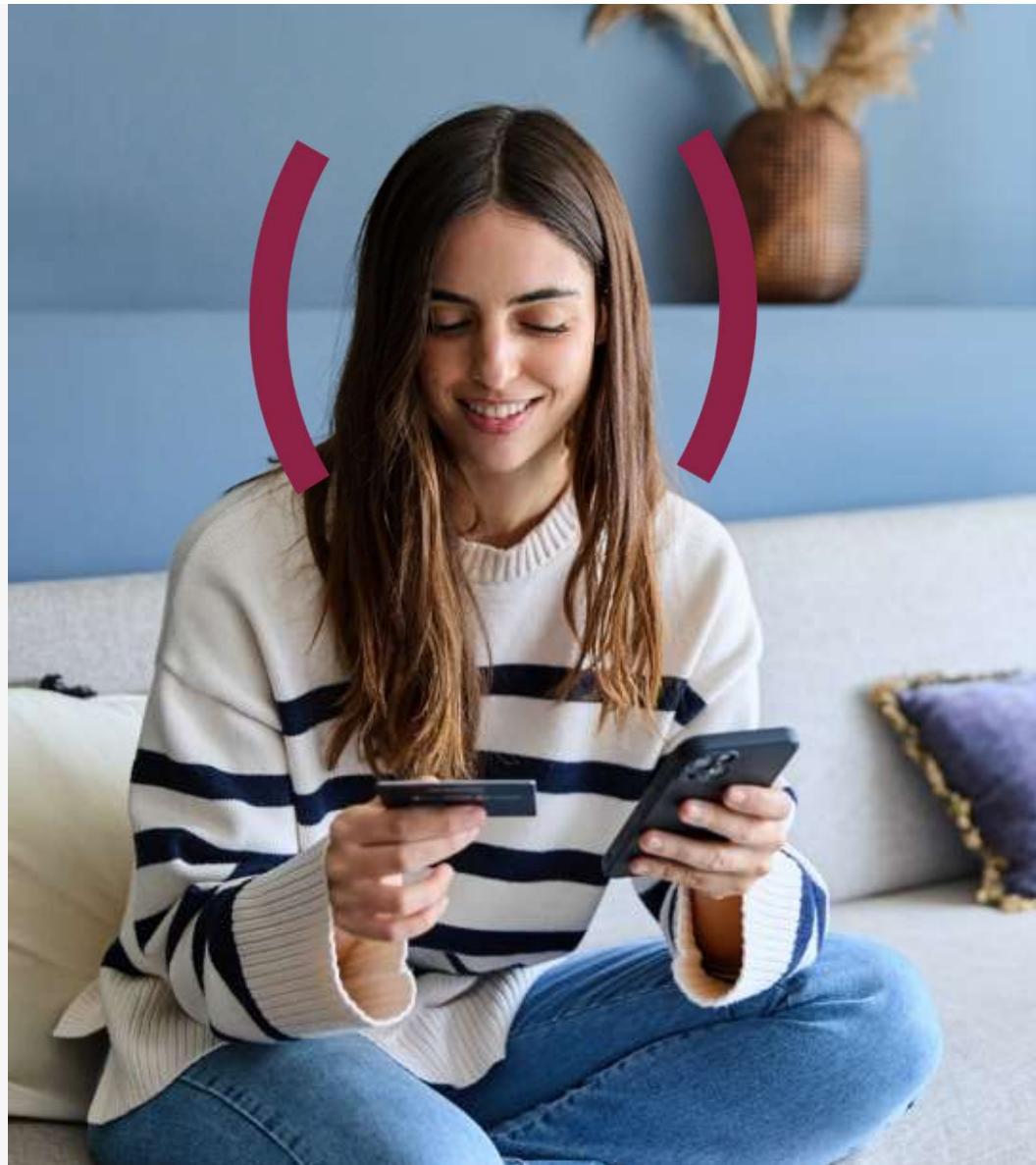
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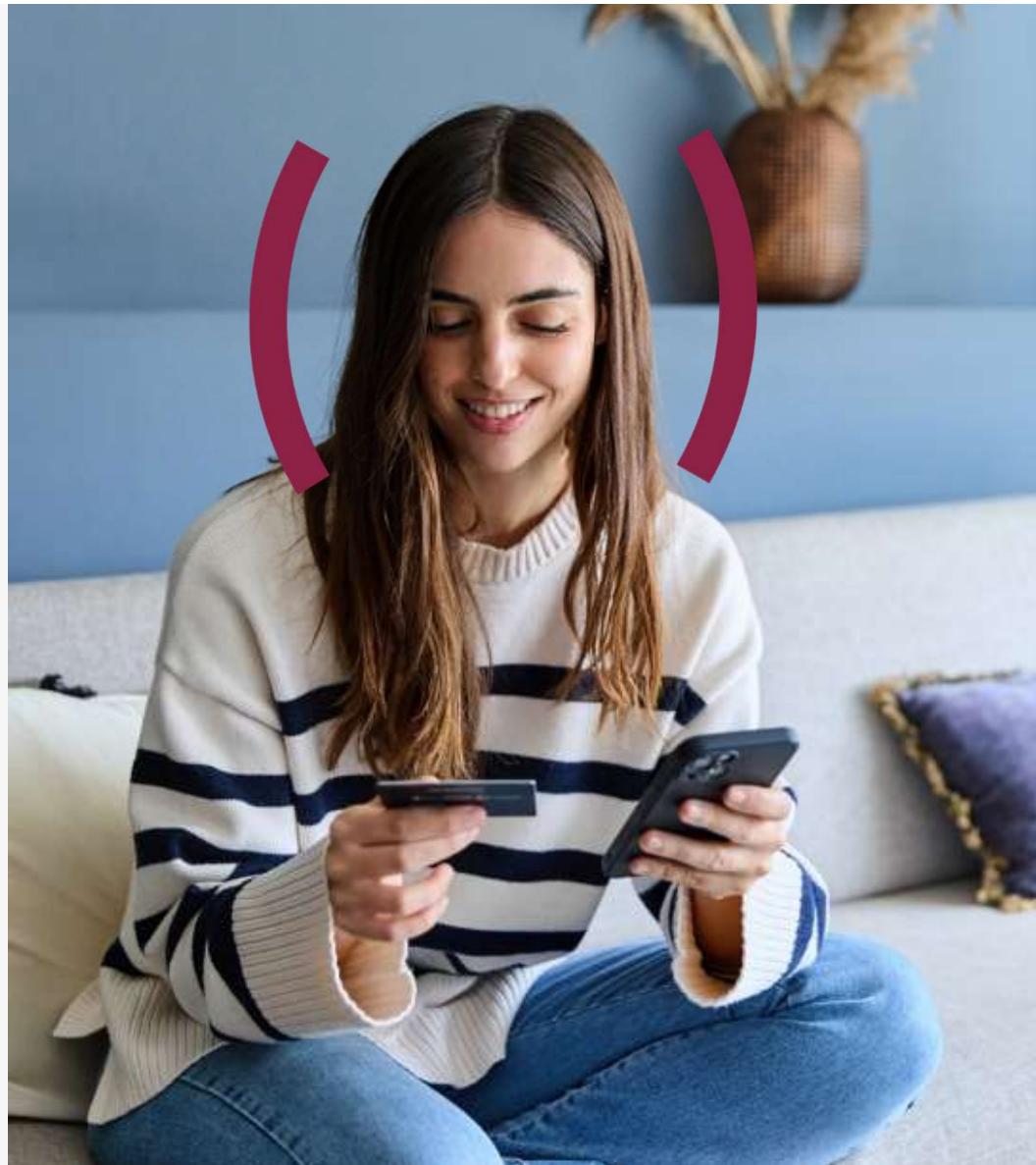
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What the Heck Effect?

Losing motivation due to prior behavior.

FAILURE IS PART OF SUCCESS.



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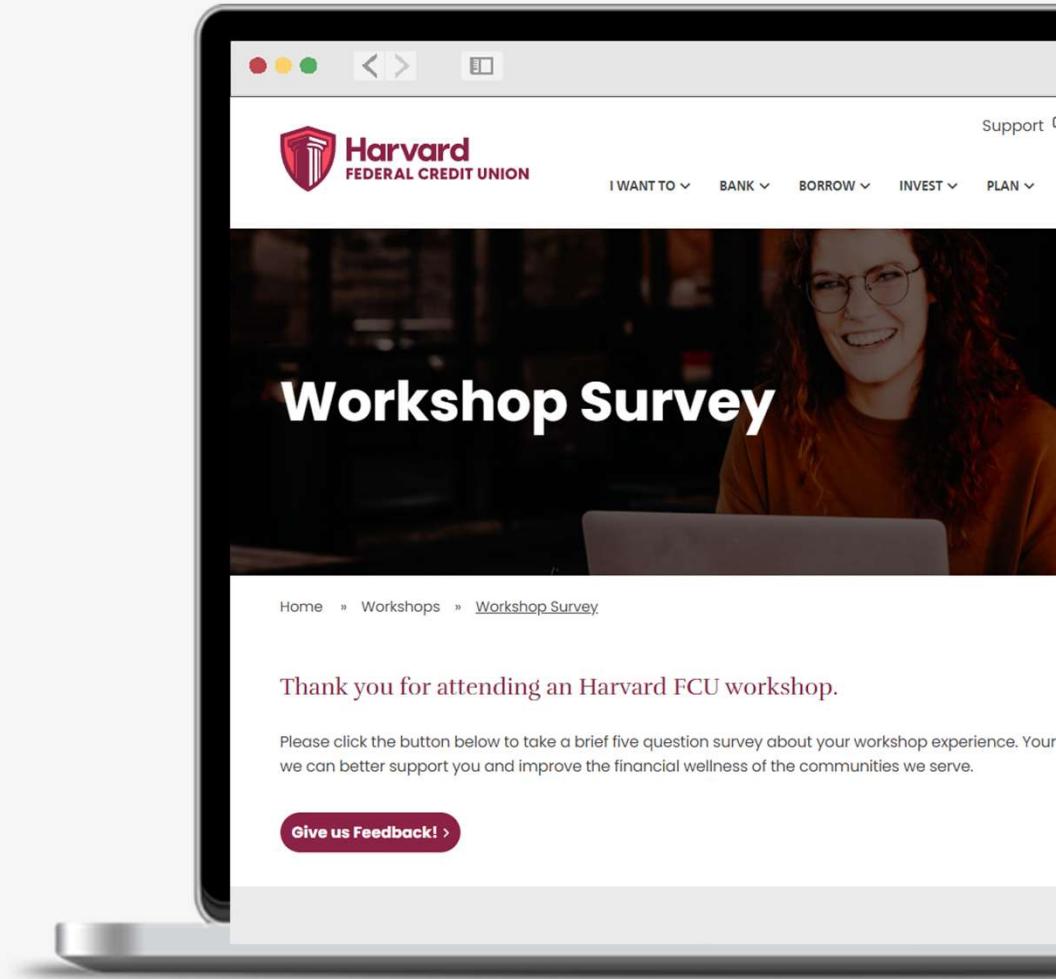
Learn more at:

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



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GreenPath Financial Wellness with courses
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AI Credit Tool

Paying Down Your Credit Card

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Questions?



Thank you for attending
Wintersession

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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