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Your (Credit) Life Story




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What you will learn:

- why your credit history is important
- what creditors look at in your history
- how to read and understand your history
- how your credit score is figured and why it's important
- how to improve your credit score




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Did you know...

- your (credit) life story is already written, published, and on bookshelves everywhere
- others may be reading it
- a poorly-written story creates challenges to accessing good rates and terms
- if you haven't read it, find out how and why you should today




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Reading & understanding your “story”

- knowledge empowers you to make better financial decisions
- you have a chance to correct and improve your life story




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“I want to get you excited about who you are, what you are, what you have, and what can still be for you. I want to inspire you to see that you can go far beyond where you are right now.”

--Virginia Satir




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Your credit history

- built on factors related to your personal and financial life
- available to consumers and creditors as a “credit report” (“profile” or “file”)
- reported regularly by your creditors to 3 major “repositories” called credit bureaus or Credit Reporting Agencies (CRAs)



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Facts to remember

- CRAs do NOT create your credit report—they only receive, store, organize, and distribute information sent to them by your creditors
- creditors may report information to any or all CRAs—your reports may not look or read the same

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Major credit reporting agencies

- Equifax
www.equifax.com
800-685-1111
- Experian
www.experian.com
888-397-3742
- TransUnion
www.transunion.com
800-888-4213


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Who's reading it?

- credit card companies
- auto dealers
- landlords/mortgage professionals
- banks/credit unions
- utility companies
- service providers (cell phone, cable, etc.)
- potential employers
- insurance companies

...just to name a few




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What do creditors and others see?


- type of accounts you have/had
- payment history
- who owns the account and how you're related
- public records



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How to read and understand your credit history




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What's in your report?

- personal identification
 - name(s), SSN, address(es), DOB, employment
- credit account information
 - date opened, high balance, credit limit, etc.
- public records
 - bankruptcy, liens, judgments
- inquiries
 - regular, promotional, account review, update
- credit bureau information




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Credit account information

- types of accounts
 - open line of credit (balance must be paid every month, i.e. American Express)
 - revolving (credit card)
 - installment loan (student, auto, home, etc.)




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Credit account information

- current payment status
 - approved but not used
 - paid as agreed
 - 30+ days past due
 - 60+ days past due
 - 90+ days past due




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Credit account information

- current payment status
 - pays or paid 120+ days past due (collection account)
 - making regular payments under wage earner or similar plan (Ch. 13 bankruptcy)
 - repossession
 - charged off to bad debt (sold to collection agency)




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Credit account information

- account ownership
 - joint
 - individual
 - authorized user
 - maker
 - co-maker/co-signer
 - shared




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Inquiries

- types of inquiries
 - account review – current creditor reviewed your report
 - regular inquiry - you granted permission to a third party to access your report
 - CRA access – the CRA provided a copy of your report or investigated information on your report per your request
 - promotional – creditors obtained your contact information from CRAs to solicit your business




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Opting out of promotional inquiries

- call 888-5OPTOUT
- www.dmaconsumers.org
 - click on “remove my name from these lists”




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Impact of inquiries

- promotional, account review, and updates will NOT impact your credit score
- if you access your credit report, it will NOT impact your credit score
- if you grant a third party permission to access your report, it will impact your score
- too many inquiries to open new lines of credit in a short time (6 months) may be detrimental




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What if you find errors?

- the *Fair Credit Reporting Act (FCRA)* requires CRAs to:
 - provide personal telephone help
 - accept your written explanation
 - handle disputes within 30 days of receipt
 - remove incorrect information after confirming with the original creditor


Refer to “Your Credit Rights” handout



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What is and affects a credit score?




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What is a credit score?

- a scoring model to standardize how creditors determine creditworthiness
- a determining factor in interest rates and terms offered to you by credit grantors
- a 3-digit number from 300 – 990
(720+ gets the best interest rates)
- may be referred to as FICO or VantageScore
- is potentially different at the 3 CRAs



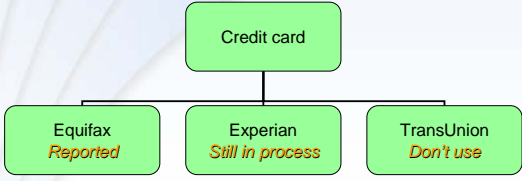
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Why are your scores different?

- processing time
- not all creditors report to all 3 CRAs



```

graph TD
    CC[Credit card] --- EQ[Equifax  
Reported]
    CC --- EXP[Experian  
Still in process]
    CC --- TU[TransUnion  
Don't use]
    
```



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How is your credit score figured?

- past payment history (35%)
- outstanding debt (30%)
 - aim for less than 50% for each individual card
 - aim for less than 25% total for all cards combined
- length of credit history (15%)
- new applications for credit (10%)
- types/mix of credit (10%)



Source: Deborah Fowles, Your Guide to Financial Planning

How to calculate outstanding debt

| Card | Credit Limit | Balance | Balance/ Limit Ratio |
|-------------|--------------|---------|-------------------------|
| Visa | \$5000 | \$0 | 0% |
| Dept. Store | \$3000 | \$2000 | 66% |
| Gas | \$2000 | \$0 | 0% |
| Total | \$10,000 | \$2000 | 20% |



Changes affecting your credit score

- closing an account that changes your balance-to-limit ratio
- payoff of an installment account (student loan, auto loan, or mortgage)
- closing a long-term credit account
- late payments
- accounts in dispute
- increased number of inquiries




Refer to the "10 Tips for Raising Your Credit Score" handout

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Having trouble paying your bills?

- contact your creditor immediately—
BEFORE they pay someone to find you
- seek help from a credible credit counselor
 - 800-388-2227
 - www.nfcc.org
- information you share is kept confidential



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Ordering your report

- free from all three CRAs to all consumers annually
 - can request more often if you were denied credit or employment
- available by automated phone system or online if matching address
 - www.annualcreditreport.com
 - 877-322-8228
 - 877-730-4101 (TDD service)




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Why www.annualcreditreport.com?

- It is the only service authorized by the 3 CRAs to provide free credit reports!




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Ordering your report

- ensure the information is correct—it's your responsibility
- monitor reports throughout the year
- consider ordering one report quarterly




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"I used to think that being good to myself meant eating whatever I wanted, buying anything that caught my eye, sleeping only a few hours a night, and avoiding any activity that wasn't fun and exciting. The trouble was that the consequences were very uncomfortable, and when I let myself think about it, I felt I was wasting my life."

--Unknown Author




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"The strongest principle of growth lies in human choice."

-- George Eliot




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Credit 'to-do' list

- assess your values
- list your expenses
- check your estimates based on a period of tracking expenditures
- list all your debts
- make a spending plan ("budget")
- order your credit report and score




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Ask yourself...

What will I do differently starting today to improve my life, my money, and my ability to live the life I want?




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What you learned


- why your credit history is important
- what creditors look at in your history
- how to read and understand your history
- how your credit score is figured and why it's important
- how to improve your credit score




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Now what?




 National Student Loan Program

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More information

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 National Student Loan Program


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For more information

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 National Student Loan Program

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EQUIFAX 3 in 1 Sample Credit Report

Personal Information

Registration Information

Name: Stephen X. Smith
Address: 123 Main Street, Anywhere, VA 12345
Social Security Number: 022-22-2222

Identification Information

| | Equifax | Experian | TransUnion |
|--------------------------------|---------------|---------------|---------------|
| | Reported | Reported | Reported |
| Name: | JOHN Q PUBLIC | JOHN Q PUBLIC | JOHN Q PUBLIC |
| Social Security Number: | 022-22-2222 | 022-22-2222 | 022-22-2222 |
| Age or Date of Birth: | 03/1958 | 03/1958 | 03/1958 |

Address Information

| | Equifax | Experian | TransUnion |
|-----------------------|------------------------------------|------------------------------------|------------------------------------|
| | Reported | Reported | Reported |
| Address: | 123 MAIN ST ANYWHERE, VA 22222 | 123 MAIN ST ANYWHERE, VA 22222 | 123 MAIN ST ANYWHERE, VA 22222 |
| Date Reported: | 03/1999 | 01/2002 | 10/1999 |
| | Reported | Reported | Reported |
| Address: | 321 EXIT ST SOMEWHERE, VA 22222 | 321 EXIT ST SOMEWHERE, VA 22222 | 321 EXIT ST SOMEWHERE, VA 22222 |
| Date Reported: | 11/1998 | 12/2001 | 09/1999 |

Employment Information

| | Equifax | Experian | TransUnion |
|-----------------------|----------|----------|--------------|
| | Reported | Reported | Not Reported |
| Employer: | ABC CORP | ABC CORP | |
| Address: | | | |
| Date Reported: | 02/2001 | 02/2001 | |

Account Information

American Express

| | Equifax | Experian | TransUnion |
|--------------------------------|------------|------------|----------------|
| | Reported | Reported | Reported |
| Account Type: | REVOLVING | REVOLVING | REVOLVING |
| Account Number: | 00726 | 00726 | 00726 |
| Payment Responsibility: | Individual | Individual | Individual |
| Date Opened: | 03/1991 | 03/1991 | 03/1991 |
| Balance Date: | 04/2002 | 04/2002 | 04/2002 |
| Balance Amount: | \$704 | \$704 | \$704 |
| Monthly Payment: | \$21 | \$21 | \$21 |
| Credit Limit: | \$704 | \$6416 | \$704 |
| High Balance: | | | |
| Account Status: | AS AGREED | CURR ACCT | Paid as agreed |
| Past Due Amount: | \$0 | \$0 | \$0 |
| Comments: | Charge | Charge | Charge |

Account Information

Bank of America

| | Equifax | Experian | TransUnion |
|-------------------------|----------------|-------------|----------------|
| | Reported | Reported | Reported |
| Account Type: | INSTALLMENT | INSTALLMENT | INSTALLMENT |
| Account Number: | 001330 | 001330 | 001330 |
| Payment Responsibility: | Joint | Joint | Joint |
| Date Opened: | 12/1999 | 12/1999 | 12/1999 |
| Balance Date: | 05/2002 | 05/2002 | 05/2002 |
| Balance Amount: | \$351000 | \$351000 | \$351000 |
| Monthly Payment: | \$2972 | \$2972 | \$2972 |
| Credit Limit: | \$450000 | \$450000 | \$450000 |
| High Balance: | | | |
| Account Status: | AS AGREED | CURR ACCT | Paid as agreed |
| Past Due Amount: | \$0 | \$0 | \$0 |
| Comments: | Closed Account | | Closed Account |

Inquiries

Equifax

| Name of Company | Date of Inquiry | Type of Business |
|-----------------|-----------------|---|
| Duke Electric | 11/17/01 | Unknown - Credit Extension, Review, or Collection |
| CAPONEBANK | 05/21/00 | |
| CITIFINANCE | 05/21/00 | Unknown - Credit Extension, Review, or Collection |

Experian

| Name of Company | Date of Inquiry | Type of Business |
|-----------------|-----------------|---|
| Duke Electric | 11/17/01 | Unknown - Credit Extension, Review, or Collection |
| BANK OF AMERICA | 02/15/01 | Unknown - Credit Extension, Review, or Collection |

TransUnion

| Name of Company | Date of Inquiry | Type of Business |
|-----------------|-----------------|---|
| Ford Credit | 04/17/02 | Unknown - Credit Extension, Review, or Collection |
| BANK OF AMERICA | 02/15/01 | Unknown - Credit Extension, Review, or Collection |
| CINGU-WAS | 02/02/01 | |

Collections

Texas GTE

| | Equifax | Experian | TransUnion |
|-----------------|-----------|-----------|------------|
| | Reported | Reported | Reported |
| Collector: | TEXAS GTE | TEXAS GTE | TEXAS GTE |
| Account Number: | 75930260 | 75930260 | 75930260 |
| Date Opened: | 06/1995 | 06/1995 | 06/1995 |
| Balance Date: | 09/2000 | 09/2000 | 09/2000 |
| Balance Amount: | 0 | 0 | 0 |
| Date of Status: | 09/2000 | 09/2000 | 09/2000 |
| Status: | PAID | PAID | PAID |

Collections

Sears Credit

| | Equifax | Experian | TransUnion |
|------------------------|-----------------|-----------------|-----------------|
| | Reported | Reported | Reported |
| Collector: | SEARS CREDIT | SEARS CREDIT | SEARS CREDIT |
| Account Number: | 12812398912 | 12812398912 | 12812398912 |
| Date Opened: | 04/1994 | 04/1994 | 04/1994 |
| Balance Date: | 10/1999 | 11/1999 | 11/1999 |
| Balance Amount: | 0 | 0 | 0 |
| Date of Status: | 10/1999 | 10/1999 | 10/1999 |
| Status: | PAID | PAID | PAID |

Public Records

Equifax

| Court | Plaintiff | Docket Number | Filing Date | Balance Amount | Account Status | Type |
|------------------------|-----------|---------------|-------------|----------------|----------------|------------------|
| PIERCE COUNTY CT OF WA | | | 07/1998 | \$136767 | Appealed | Tax Lien Federal |
| GUIN COUNTY CT OF WA | | | 09/1999 | \$240562 | Appealed | Tax Lien Federal |

Equifax

| Court | Plaintiff | Docket Number | Filing Date | Balance Amount | Account Status | Type |
|------------------------|-----------|---------------|-------------|----------------|----------------|------------------|
| PIERCE COUNTY CT OF WA | | | 07/1998 | \$136767 | Appealed | Tax Lien Federal |

TransUnion

You have no Public Records on file.

Consumer Statement

Equifax

MY IDENTITY WAS STOLEN. THE PAST DUE ACCOUNTS ARE NOT MINE. I AM CURRENTLY DISPUTING THESE ITEMS.

Experian

You have no Consumer Statement on file.

TransUnion

You have no Consumer Statement on file.

Disputes

Equifax

Online

You may initiate a dispute online for the following information:

- Credit accounts
- Former address information may only be deleted as requested
- Collection accounts
- Judgments
- Liens
- Garnishments
- Bankruptcies

You will need your **Confirmation Number: 091269041704**(example). [Click here](#) to begin an online investigation of information found in your file.

By Mail

Write to Equifax Information Services at P.O. Box 740256, Atlanta, GA 30374-0256

If you would like to dispute or change your **name or date of birth**, you will need to send a copy of your driver's license reflecting this change. If you would like to dispute or change your **current address**, you will need to send a copy of your Driver's License or a utility bill reflecting this change.

If you would like to dispute your **Social Security number**, you will need to send a copy of your Social Security card or a W-2 form.

You will need your **Confirmation Number: 091269041704**(example)

Different states have different [Disclosure](#) requirements when delivering credit information. Please also see [Federal Disclosure](#) requirements.

By Phone

Call our Dispute Phone Number: **(Rotating Dispute Phone Number)** to speak to one of our Customer Service Representatives. You will need your **Confirmation Number: 091269041704**(example)

Experian

By Phone

Call this Dispute Phone Number: **(Dispute Phone Number)** to speak to a Customer Service Representative. No confirmation number is required.

TransUnion

Online

[Click here](#) to begin an online investigation of information found in your file. No confirmation number is required.

By Mail

Write to TransUnion at P.O. Box 2000, Chester, PA 19022. No confirmation number is required.



Ten Tips for Raising Your Credit Score

1. Order a copy of your credit reports from all three Credit Reporting Agencies (CRAs) at least yearly.
2. Understand your credit reports and scores.
3. Challenge incorrect information. Visit the three major CRA websites for help.
4. Pay your bills on time to establish a good payment history. A poor payment history can have a negative impact on your credit score.
5. Keep your balances low on revolving (credit card) debt.
6. Don't open new accounts to improve your credit mix--it probably won't raise your score.
7. Pay down debt instead of moving it to lower rate credit cards. Debt takes time to accumulate and pay off—be patient.
8. Beware of closing accounts that change your credit-owed to credit-limit ratio to higher than 25 percent.
9. Understand factors that may negatively affect your credit score:
 - late or missed payments
 - maxed-out credit cards
 - short credit history (young people, immigrants, or widows with little credit in their name)
 - many recent credit applications (except mortgage or auto loan applications)
 - the wrong mix of credit (balance installment and revolving debt--secured credit cards)
10. Pay your bills on time, and watch your credit score improve.

The following resources can help you learn more about credit reports and scores:

Equifax – www.equifax.com

Experian – www.experian.com

TransUnion – www.transunion.com

myFiCO – www.myfico.com