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**mail:**  
U.S. Department of Agriculture  
Office of the Assistant Secretary for Civil Rights  
1400 Independence Avenue, SW  
Washington, D.C. 20250-9410; or

**fax:**  
(833) 256-1665 or (202) 690-7442;

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**correo postal:**  
U.S. Department of Agriculture  
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Washington, D.C. 20250-9410; o'

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**correo electrónico:**  
[program.intake@usda.gov](mailto:program.intake@usda.gov).

Esta institución ofrece igualdad de oportunidades.



**GET READY,  
GET SET,  
GET GOING:**

**A GUIDE TO MONEY MANAGEMENT**

# Session 11 Understanding Credit

Facilitator Name & Position  
Agency Name



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# Our Mission



Helping people to improve their lives through an educational process that applies knowledge to critical issues, needs and opportunities.



# MSU Extension



[msue.msu.edu](http://msue.msu.edu)





[www.mimoneyhealth.org](http://www.mimoneyhealth.org)



# Reminders

- Sign in each week
- Attend all classes to receive a certificate of completion

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# Ground Rules

Is there anything you wish to add?

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Participate and contribute.

Be respectful.

Be responsible.

Be open.

Be flexible.

Help us stay on time.

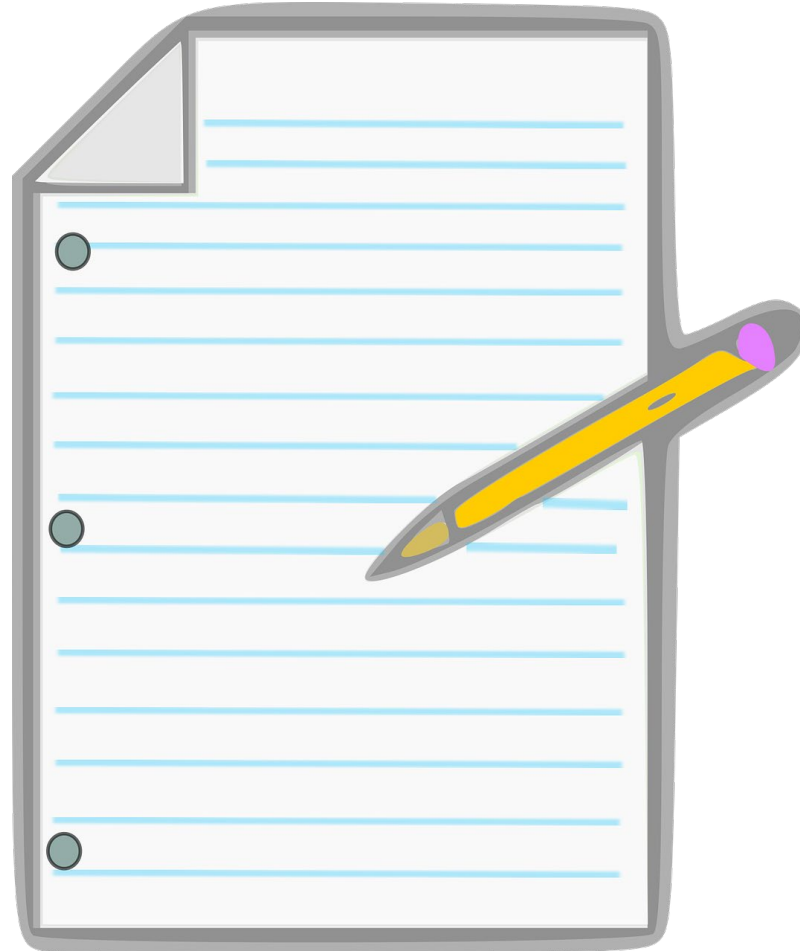
Have fun.

Keep the end in mind.

Turn off cell phones.

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# Handouts





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# Money Management Sessions

- Week 1 – What’s My Future
- Week 2 – Making Good Money Decisions
- Week 3 – Organizing and Keeping Records
- Week 4 – Planning to Save
- Week 5 – Saving for the Future
- Week 6 – Making a Spending Plan
- Week 7 – Managing a Spending Plan

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# Money Management Sessions

- Week 8 – Protecting My Money
- Week 9 – Income and Taxes
- Week 10 – Paying Bills
- **Week 11 – Understanding Your Credit**
- Week 12 – Controlling Debt



# My Plan Check-in

Ways to pay bills  
Bank or Credit Union Accounts



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# Session 11 Objectives

- Obtain a free copy of their credit report.
- List three ways to build their credit score.
- Describe at least three ways to borrow money.
- Demonstrate how much they can afford to pay for credit each month.

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# What is Credit?

Buying something or using a service now  
by promising to pay for it later.



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# Activity 1

# Credit Myths and Facts

Take this true and false quiz to see how much you know about credit.

### *Credit Myths and Facts*



Take this true and false quiz to see how much you know about credit. Place a check mark under the true or false answer you feel is correct for each statement.

STATEMENT	TRUE	FALSE
1. Credit reporting agencies approve or reject a person's request for credit.		
2. Information in a credit report only affects a person's finances.		
3. My credit score will not be lower if I view my credit reports.		



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# Credit Report

A credit report is a record of how you have paid your debts. It tells lenders:

- Who you are.
- How much debt you have.
- Whether you have made payments on time.
- Whether there is negative information about you in public records.



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# Credit Reporting

Equifax

Experian

TransUnion



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## Activity 2

# Free Credit Report

How to get a copy of your credit report

- [www.annualcreditreport.com](http://www.annualcreditreport.com)
- 1-877-322-8228
- Annual Credit Report Request Service  
PO Box 105281  
Atlanta, GA. 30348-5281





# Information on Report

- Identifying info
- Credit history
- Inquiries from creditors and other authorized parties
- Public record information





# Credit Report Use

Information in your credit report may determine whether you will:

- Get a loan or other form of credit.
- Get a job.
- Rent an apartment.
- Get insurance.



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# Activity 3

# Review Your Credit Report



Monitor and find errors by **Reviewing your credit reports** regularly

- 1. Make a copy of this tool, one for each of the three nationwide credit reporting companies.
- 2. Use the checklist to review the five sections of each of your credit reports.
- 3. Write down any questions you have or incorrect information you need to dispute.

Name of credit reporting company: \_\_\_\_\_

SECTION	IS THIS INFORMATION CORRECT?	QUESTIONS OR ERRORS
<b>Header and Identity Information</b>	<input type="checkbox"/> My name (including spelling)	
	<input type="checkbox"/> My Social Security number	
	<input type="checkbox"/> My current telephone number	
	<input type="checkbox"/> My current address	
	<input type="checkbox"/> My previous addresses	

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# What is a credit score?

- A number that predicts how much of a credit risk you will be
- Calculated based on information in your credit report

850



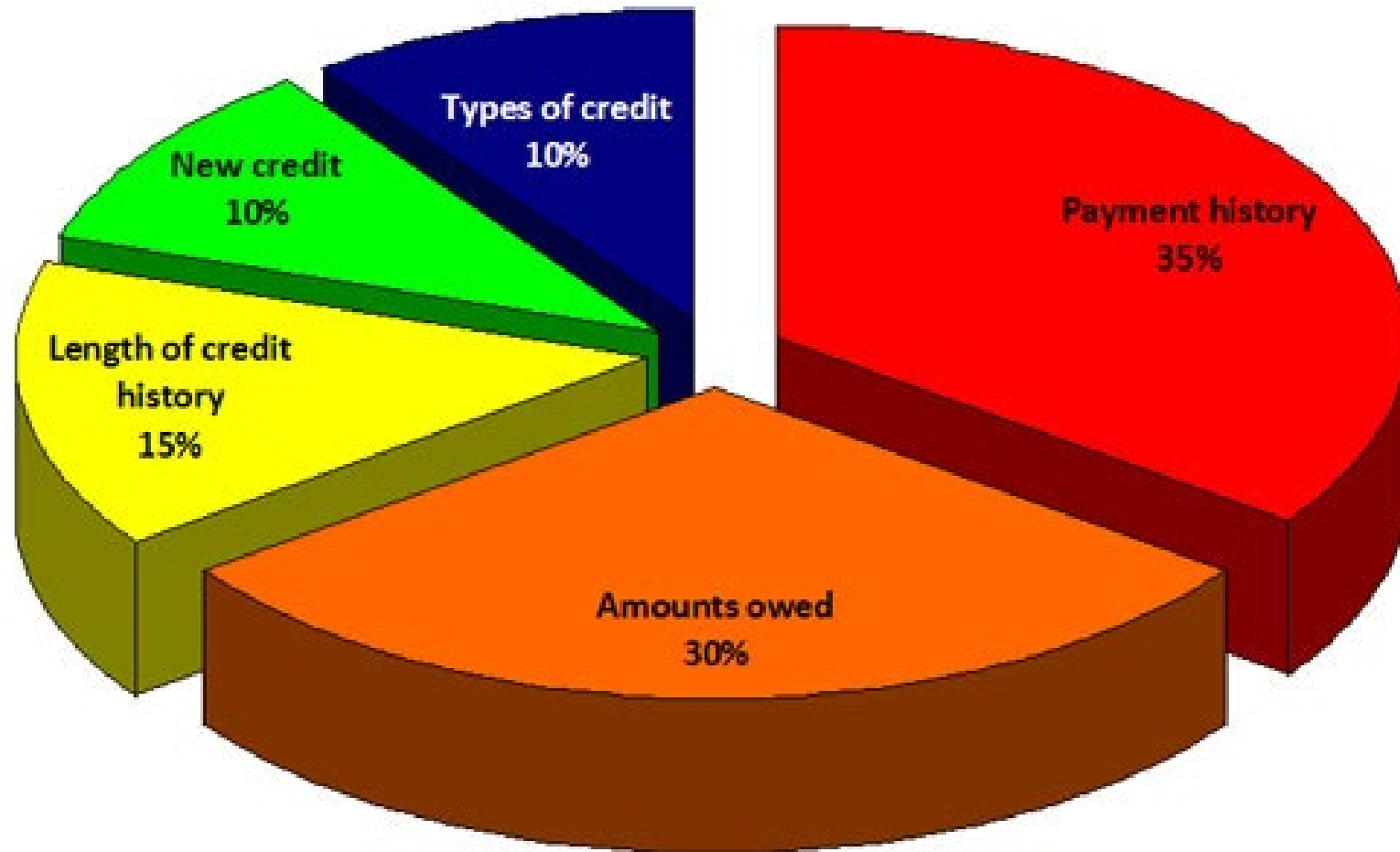
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# FICO Score

FICO Score Range	FICO Score Definition
750 +	Excellent
720 – 750	Very Good
660 - 720	Good
620 - 660	Fair
Below 620	Could Be Better

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# Credit Score Calculations



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# Credit Score Effect on Borrowing

- Higher credit score = Lower interest rate
  - Save money over time
- Lower credit score = Higher interest rate
  - Pay more over time



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# How to maintain a good credit score

Payment  
History

Amount of  
Outstanding  
Debt

Length of  
Credit History

Applications  
for New Credit

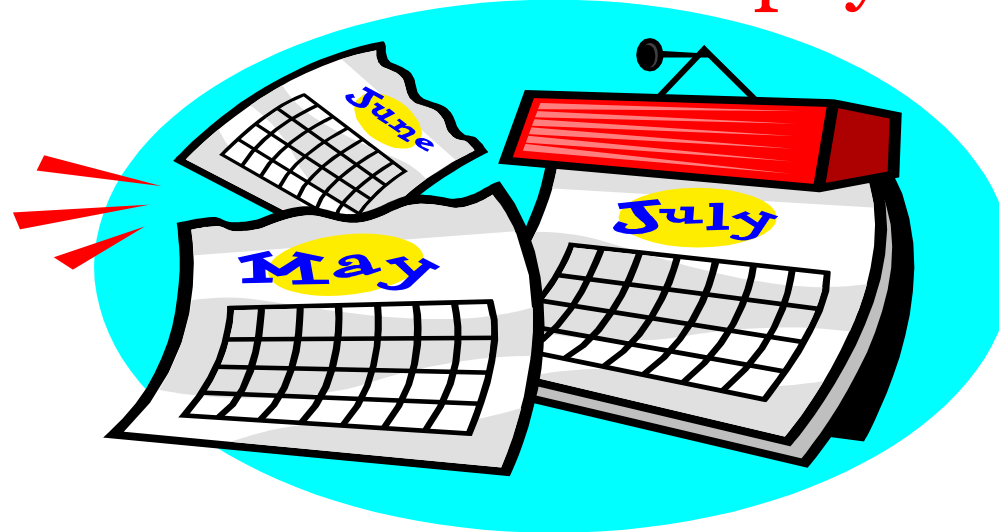
Number and  
Type of Credit  
Accounts

Other  
Considerations

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# Making the Minimum Payment

You will pay **more** for your purchases over an extended period of time if you only make the **minimum payment**.



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## Activity 5

# Other Credit Sources

Auto Title  
Loan

Bounce  
Protection  
Loan

Pawnshop  
Loan

Payday Loan

Refund  
Anticipation  
Loan

Rent-to-  
Own

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# If I am short on cash...

What can I do:



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## Activity 6

# Getting and Keeping Good Credit

List 3 actions that will hurt a credit score.

List 3 actions that will help a credit score.

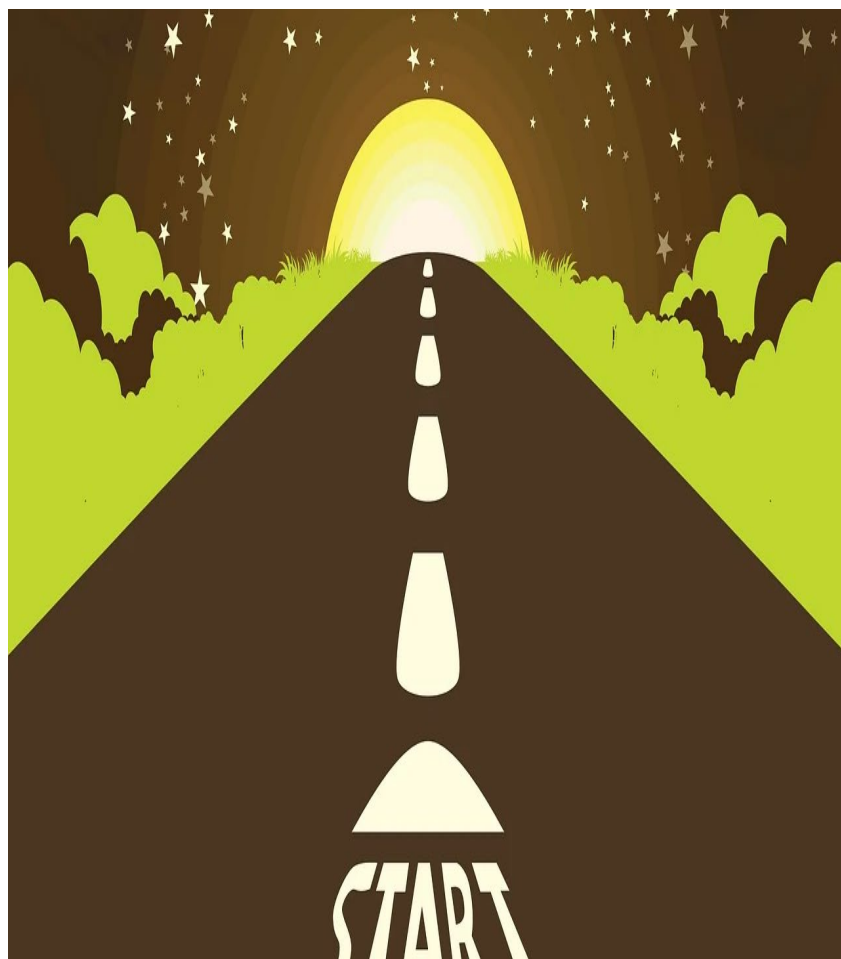


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# Discussion Questions



# Ready for Change? GET **READY**, GET **SET**, GET **GOING**.



## Make a plan for **Putting goals into action**

1. Pick a SMART goal that you want to achieve and break it up into steps.
2. Write down each step, the resources you'll need to achieve it, and the due date for completing it.
3. Pick a friend or family member to tell about your goal and check in with them on a regular basis. This will help you keep yourself accountable.

Select a SMART goal you want to achieve.

My SMART goal is...

Make an action plan for your SMART goal.

Steps List one specific step in each box for achieving your goal	Resources I need This can be things like tools, information, transportation, assistance, or money	Date to complete step	Who will I check in with? And how often will I check in?
1.			
2.			

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# Wrap-Up





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# My Plan

aka...assignment

1. Pull and review your credit report.  
Anything to dispute?
2. Identify how I will build my credit score.
3. Decide how much credit I can afford.
4. Write a SMART goal based on your findings

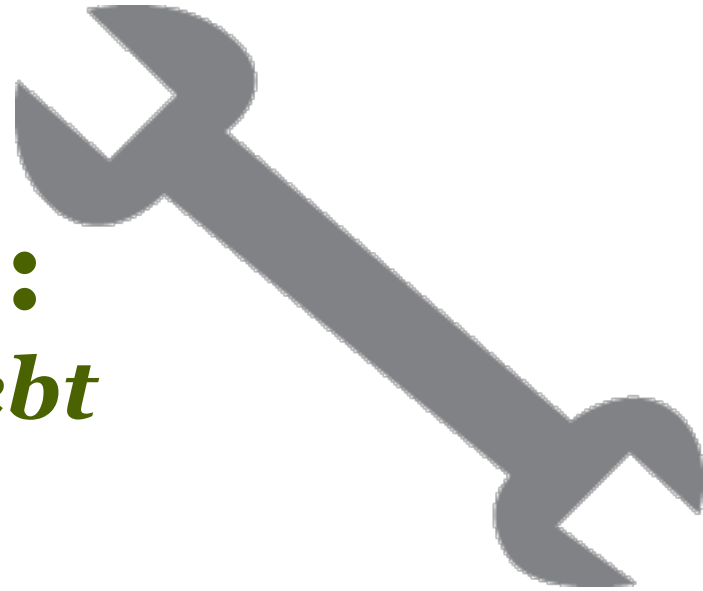




# GET READY, GET SET, GET GOING:

A GUIDE TO MONEY MANAGEMENT

## Next class: *Controlling Debt*



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# Acknowledgments

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