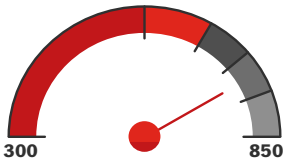


Let's Start Today

# Credit Myths: Discredited

Inspired by  Next Door

## 1. Credit Score



### What are common aspirations?

These are reasons why you're building a budget. Stay motivated and stick to the budget that works for you.

### What's a credit score?

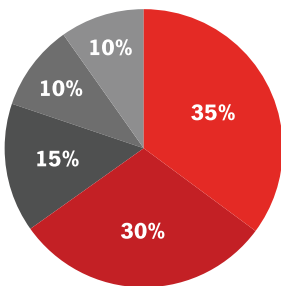
Three simple digits designed to rate how well you manage credit — sort of a risk assessment for doing business with you.

### What's the range?

Credit scores range from **300 to 850**.

### What's a good score?

Generally, a score over **700** suggests you manage credit pretty well.



### What determines your score?

**Payment history**

**Credit utilization ratio**

**Length of credit history**

**Credit inquiries**

**Credit mix**

### Notes

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## 2. Credit Facts & Myths

<b>Credit Myth #1</b> Paying on time helps improve your credit score.	<b>True</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• This is the most important thing you can do to improve your credit score.</li></ul>
<b>Credit Myth #2</b> You need to carry a balance to have a good credit score.	<b>False</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• It's all about your ratio of debt to available credit.</li></ul>
<b>Credit Myth #3</b> You should always cancel credit cards you don't use.	<b>False</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• Canceling a credit card can actually have a negative impact on your credit history.</li></ul>
<b>Credit Myth #4</b> Applying for a credit card can hurt your credit score.	<b>True</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• Getting credit card offers in the mail doesn't hurt. Actually applying and creating a "hard hit" on your credit report can hurt your score.</li></ul>
<b>Credit Myth #5</b> Paying cash for everything will improve your score.	<b>False</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• If you pay cash for everything, it doesn't show the credit rating bureaus that you are able to manage credit responsibly.</li></ul>
<b>Credit Myth #6</b> Your income has an impact on your credit score.	<b>False</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• Credit bureaus don't consider income in determining credit scores.</li></ul>
<b>Credit Myth #7</b> You can rebuild a poor credit history.	<b>True</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• It may take time, but the first step is to start using credit again ... wisely.</li></ul>
<b>Credit Myth #8</b> Your credit can prevent you from getting a job.	<b>True</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• Potential employers may check your credit. If you have bad credit, they may assume you'd be a less-than-responsible employee.</li></ul>
<b>Credit Myth #9</b> Credit repair companies can erase bad marks on your credit report.	<b>False</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• There's no quick fix for bad credit. Good marks or bad marks take years to fall off your credit report.</li></ul>
<b>Credit Myth #10</b> Your credit report always includes your credit score.	<b>False</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• Free credit reports don't have credit scores on them. You have to pay extra for that.</li></ul>
<b>Credit Myth #11</b> All credit reports are the same from each major bureau.	<b>False</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• The same accounts may not be reported to all credit bureaus, so reports may differ. If something is inaccurate, you can contact the credit agency that generated the report to dispute it.</li></ul>
<b>Credit Myth #12</b> A credit report merges with your spouse when you marry.	<b>False</b>	<b>Credit Fact</b> <ul style="list-style-type: none"><li>• Credit reports don't merge when you get married. (And they don't split if you divorce.) Credit reports are for individuals. If you have joint accounts, those accounts show up on everyone's credit report.</li></ul>

### 3. Credit Report Jargon



#### Revolving Credit

Think credit card. A revolving account doesn't have an end date. You have a credit limit and must make payments toward the balance each month.



#### Installment Credit

Think student loan or car loan. Installment credit is a loan that's repaid over a defined period of time.



#### Individual Account

An account in which one person is responsible for the terms and payment obligations.



#### Joint Account

This is an account opened by two people who share the terms and payment responsibilities of the account.



#### Authorized User

An authorized user is someone to whom the account owner gives permission to use an account. The account owner, however, is ultimately responsible for payment.

### 4. Acquiring Your Credit Report

**You're entitled to one free report each year from:**



- + Experian
- + Equifax
- + TransUnion

Request your reports at **AnnualCreditReport.com**.

### 5. Tips for Success

- Check your credit card accounts online regularly.
- Pay your bills on time (schedule payments online).
- Keep your credit utilization below 30 percent.
- Pull one credit report from a different bureau every four months so you can monitor changes throughout the year.
- Save credit reports for your own records.
- Add a monthly recurring charge (cell phone bill, gym membership, etc.) to keep old credit cards active.

### 6. Next Steps

- 1. Pull your credit report from AnnualCreditReport.com.**
- 2. Correct any errors or mistakes by contacting the credit bureaus and creditors.**
- 3. If you're not using credit now, consider starting to use it.**
- 4. Explore tools to check your credit score for free.**

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