



Lets Talk About Credit!

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Financial Literacy Advising Specialist

Download Materials

The screenshot shows the Redwoods College website interface. At the top, there is a navigation bar with links for WebAdvisor, Canvas, and Student Email, along with a search bar. Below this is a dark red header with the college logo and icons for Apply, Contact Us, and Donate. A red arrow points to the 'Admissions & Financial Aid' link in the main navigation. A second red arrow points to the 'Financial Aid' link in the sub-navigation. Below this, there is a 'FREE TUITION' banner for the College Access Program. A third red arrow points to the 'APPLY NOW' button in the 'Financial Aid' section. Below the banner is a large graphic that says 'APPLICATION now available!' with an 'APPLY NOW' button. The bottom section contains a 'Contact Us' sidebar, a 'CR NEWS STORIES' section with a link to 'Fall 2020 Financial Literacy Workshops', and a 'Apply for Financial Aid' section with buttons for 'Check Your Status' and 'Maintain Eligibility'. A table of workshops is also visible, including 'FinLit Workshop: Creating a Budget' on Oct 28, 'FinLit Workshop: Understanding Credit' on Nov 6, and 'FinAid Workshop: Financial Aid Pitfalls' on Nov 30.

WebAdvisor | Canvas | Student Email

Search

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Financial Aid

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APPLY NOW

Forms

Types of Aid

Apply for Financial Aid

Receiving your Aid and Paying Your Bill

FREE TUITION

COLLEGE ACCESS PROGRAM

APPLICATION now available!

Apply now for fall scholarships!

Contact Us

Only remote services are currently available.

Email Us Here

Or send an email to finaid@redwoods.edu

For form submission please use the eForms platform to submit forms to the financial aid office.

HOURS:

Eureka
Student Services Building
Mon.-Thur. 9am-5pm
Fri. 9am-4:30pm
707.476.4182

Del Norte
Mon.-Thur. 8am-5pm

Don't let a lack of funds keep you from reaching your goals. Learn how to make CR's already low **costs** even more affordable with financial aid.

CR NEWS STORIES

[Fall 2020 Financial Literacy Workshops](#)

[Fall 2020/Spring 2021 Financial Aid Disbursement Information](#)

[Emergency funding- HEERF Funds from the CARES Act](#)

[Financial Aid Disbursement Information Summer 2020](#)

Apply for Financial Aid

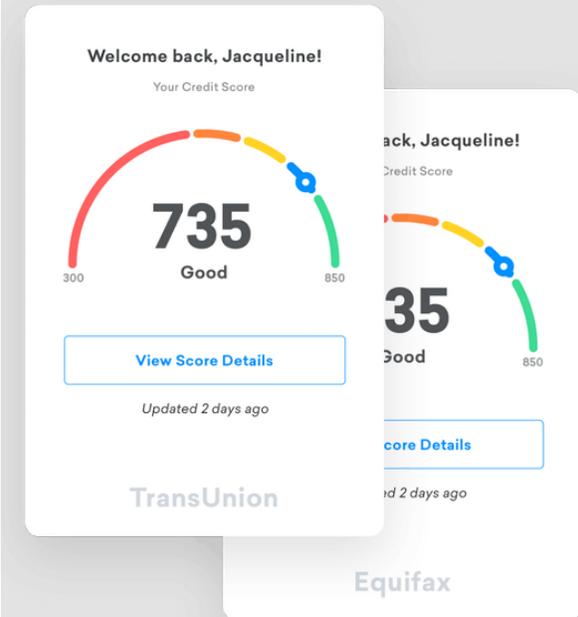
Check Your Status

Maintain Eligibility

28 OCT 2020	FinLit Workshop: Creating a Budget
6 NOV 2020	FinLit Workshop: Understanding Credit
30 NOV 2020	FinAid Workshop: Financial Aid Pitfalls

Redwoods.edu > Financial aid Home Page > Fall 2020 Financial Literacy Workshops

What is Credit?



What is Credit?

- “The ability of a customer to obtain goods or services before payment, based on the trust that payment will be made in the future.”
- Buy now and Pay later, usually with interest.
- Credit affects your ability to:
 - Borrow a Federal PLUS loan in Graduate School
 - Private Student Loans
 - Approved for a Credit Card
 - Buying a Car
 - Obtain lower insurance rates
 - Rent or buy a home
 - Obtain employment



What Builds Credit?



Different Lines of Credit

- Credit Cards
- Store Cards
- Secured Credit Cards
- Student Loans
- Auto Loans
- Mortgages
- Personal Loans

Variables

- A Mix of Credit Types
- On-Time Payments
- Length of Credit History
- Number of Inquiry's
- Credit Utilization
- Existing line of Credit
- Overall Credit Score

Two Types of Credit...

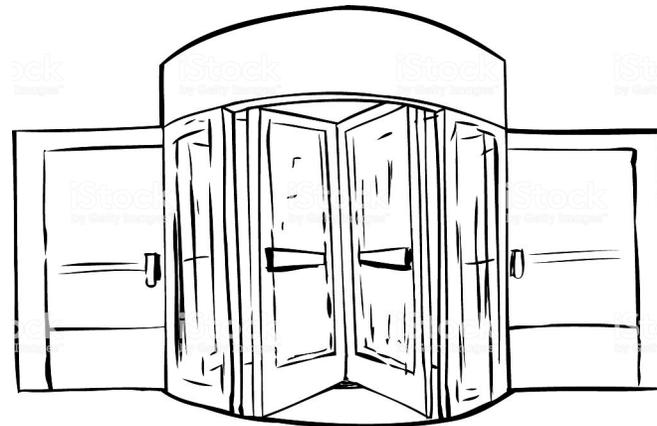
Revolving

Limit is set by Lender or Creditor

Can continuously use credit as long as you don't exceed the total amount limit.

Examples:

- Credit Card
- Store Card
- Secured Credit Card



Installment

Credit is issued for a specific amount and purpose

Amount is paid on regularly scheduled payments until paid off.

Examples:

- Auto Loan
- Student Loan
- Mortgages



Who is tracking all of this?

Equifax

EQUIFAX

TransUnion

TransUnion^{tu}

Experian

 experianTM

Your Credit Report

- Prepared by the Credit Reporting Agencies
- Contains your personal and financial data from lenders, credit card companies, and others
 - What types of credit
 - How much you owe
 - On time payments
- Contains:
 - Personal information (address, birthday, name, employer)
 - Credit Accounts (credit limit, payment history, balances)
 - Public records (bankruptcies, judgements, tax liens, lawsuits)
 - Inquiries (past two years of who has reviewed your credit)

How to check your Credit Report?

1 free credit report from each credit agency per year.

www.annualcreditreport.com

Does not provide your credit score

AnnualCreditReport.com

Annual Credit Report.com

The only source for your free credit reports. Authorized by Federal law.

Home All about credit reports **Request yours now!** What to look for Protect your identity Frequently asked questions Contact us

One of these things is not like the others.

You may think you have one credit report and one credit score. But you really have several, and they may differ. You should check all three reports regularly.

Request your free credit reports

PAUSE || SPOT IDENTITY THEFT GOOD CREDIT DON'T BE FOOLED MORE THAN A SCORE **NOT LIKE THE OTHERS**

A photograph of three goldfish swimming in a blue tank. Two are bright orange and one is a vibrant green. They are arranged horizontally, with the green one in the center.

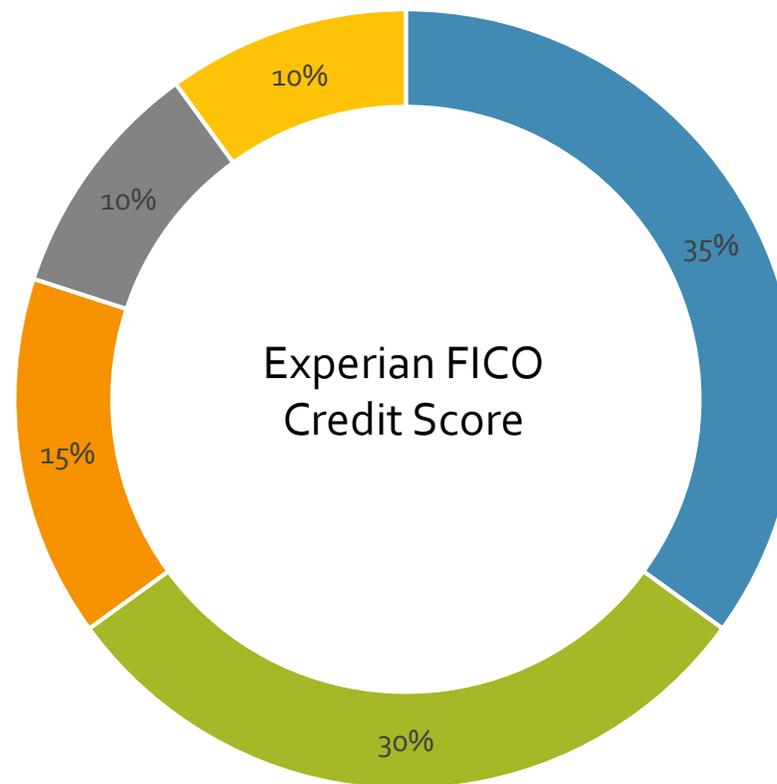
Breaking Down a Credit Score

*FICO is the most widely used Credit Score.

*Score ranges 300-850

*Each agency assigns a score.

What Makes Up a Credit Score?



■ Payment History ■ Amount Owed ■ Length of Credit History ■ Types of Credit Used ■ New Credit

Are they really free?

Do they harm my credit score?

Places to check your credit score:

- [Freecreditscore.com](https://www.freecreditscore.com)
- [CreditKarma.com](https://www.creditkarma.com)
- [Creditsesame.com](https://www.creditsesame.com)
- [Nerdwallet.com](https://www.nerdwallet.com)
- Always read the term and conditions about your data security.
- Most of these companies make money off of their advertisements and the selling of loans and credit cards

Will checking my credit report hurt my score?

- No. Pulling your own credit report is referred to as a "soft inquiry". Soft inquiries don't impact your credit and don't appear on your credit report.
- A "hard inquiry" appears on your credit report when a company reviews your credit as part of an application. Having too many hard inquiries could suggest that you're overextending yourself and therefore, could potentially lower your score.

Credit Cards

The following information is for education purposes only, this is not legal financial advice, College of the Redwoods will not be held liable for a students financial decisions based on this presentation.



Credit Card

VS.

Debit Card

Credit Card

Extends credit now to pay back later

Credit limit is set based on your credit report

Interest is charged unless you pay the whole balance that's due.

Fees may be assessed

Your liability is minimal if you lose your card or its stolen and used.

Debit Card

Directly tied to your bank account

Can be used where credit cards are accepted

Usually requires a pin to complete transactions

No interest is charged

Your liability is high if stolen or lost.



Credit Card

VS.

Debit Card

Credit Cards



Debit Cards



Credit Utilization Ratio

Example:
\$1000 Credit Limit Credit Card

50% Credit Utilization

Available Credit: \$500

Balance Owed: \$500

30% Credit Utilization

Available Credit: \$700

Balance Owed: \$300

Rule of thumb: keep credit utilization ratio under 30%

My Credit Card Utilization

Overall Utilization

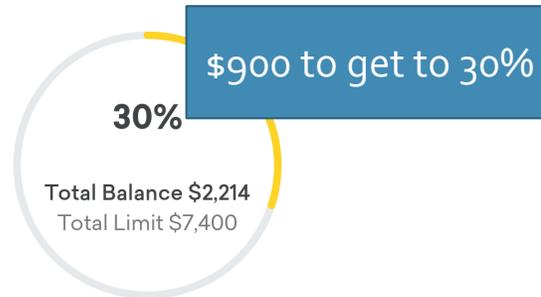
← Credit card utilization ⋮

TransUnion

Equifax

Your credit card balances look a bit high

A good rule of thumb is to keep your balances below 30% of your limit.



HIGH IMPACT

75%+ 50 - 74% 30 - 49% 10 - 29% 0 - 9%

If you lower your balances to \$2,146, your utilization rating would move up to the next level.

Individual Utilization

TransUnion

Equifax

OPEN CREDIT CARD ACCOUNTS

Wells Fargo Card Service

60%

Balance: \$1,814
Reported 03/15/2019

Limit: \$3,000

Syncb/google

22%

Balance: \$400
Reported 03/18/2019

Limit: \$1,800

Td Bank Usa/target Credi

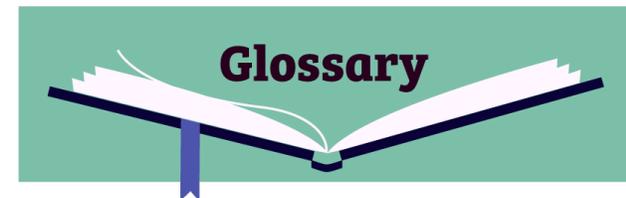
0%

Balance: \$0
Reported 03/20/2019

Limit: \$2,600

Credit Card Terminology

- Annual Percentage Rate (APR)
 - Annual interest paid on unpaid balances
- Finance Charges
 - Charges paid to use the credit.
- Grace Period
 - The period of time between a purchase and when the payment is due. No Interest Accrues.
 - The grace period is suspended if a balance is carried over from the previous month.
- Fees:
 - Annual Fee
 - Transaction Fee
 - Balance Transfer Fee
 - Late Payment Fee
 - Over-The-Credit-Limit Fee
 - Return Item Fee
 - Penalty APR
- Minimum Payment
 - The minimum payment required to pay on the credit card each month.





Average Credit Card Interest Rates

Average APR	
National Average	15.97% <i>(Decreased since 2019)</i>
Low Interest rate	12.77% <i>(Decreased since 2019)</i>
Retail store interest rate	25.9% <i>(Decreased since 2019)</i>
Balance transfer rate	13.85% <i>(Decreased since 2019)</i>
Poor credit rate	24.43% <i>(Decreased since 2019)</i>
Student rate	16.12% <i>(Decreased since 2019)</i>

April's retail card (Target Red Card)	Jimmy's Major Credit Card
Credit Card Balance: \$1000	Credit Card Balance: \$1000
Interest Rate: 23.23%	Interest Rate: 16.41%
How long to pay off: 72 months	How long to pay off: 56 months
Interest fees = \$821	Interest Fees = \$466

How to build Credit Responsibly

Secured Credit Card

Good for building or rebuilding credit

Secure the credit card with a deposit with the lender

\$200-\$10,000 credit limit

High APR Interest

Balance must be paid in full to get your deposit back

Your behavior is watched more closely because you are considered a high risk.

Be an authorized user on someone's account

Good for establishing a credit file

You're not legally obligated to pay the debts that accumulate on the account

The primary account holder's credit behavior will affect your credit.

Only good for zero credit history and zero credit files.

Not all issuers of credit report authorized users.

First time credit cards

Student Credit Cards

Lower APR interest

Student Centered Awards

Must be a student, graduation year is taken into consideration.

Good for those who have little to no credit history **with some steady income and employment.**

Retail Store Credit Cards

High APR interest rate

Awards specific to the store

Usually can only be used at the retail store

Easier to qualify for than a major credit card.

Credit limit will be low starting out

Do not apply for a bunch of credit cards in a short amount of time. If you are denied, there will be an explanation, this will give you guidance on what you need to do to qualify in the future.

Limiting Credit Card Debt

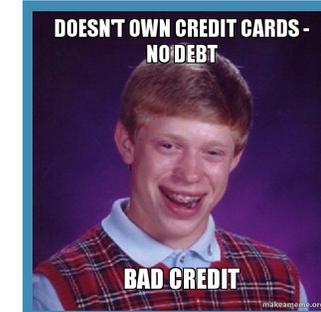
- 1-2 credit cards are plenty!
- Only charge what you can afford
- Always pay off the balance by the end of your cycle each month.
- Keep track of your spending
- Don't impulse buy

Last bits of advice



Closing a credit card (a line of credit) will decrease your total line of credit and may reduce your credit score

If you are not ready for a credit card... that's okay!



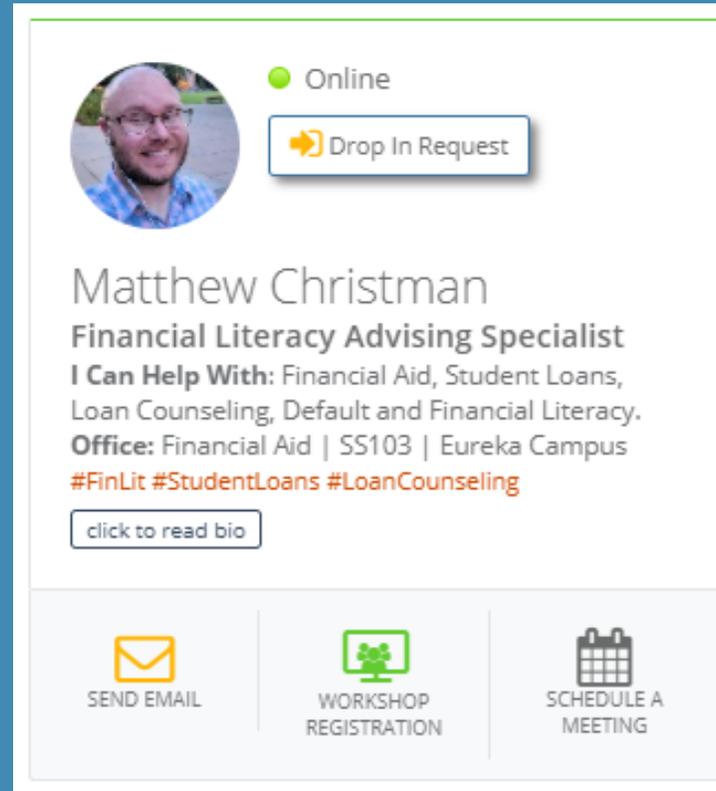
Make sure to keep your lines of credit in good standing and active, or a lender could close the line of credit for inactivity.

Please provide
feedback and
take our Quiz



<https://forms.gle/hsANEEPvheP7yVfW7>

Thank You



A user profile card for Matthew Christman. It features a circular profile picture of a man with glasses and a beard. To the right of the picture is a green dot and the text "Online". Below that is a button with a right-pointing arrow and the text "Drop In Request". The name "Matthew Christman" is displayed in a large font, followed by his title "Financial Literacy Advising Specialist". Below the title is a paragraph of text: "I Can Help With: Financial Aid, Student Loans, Loan Counseling, Default and Financial Literacy." This is followed by "Office: Financial Aid | SS103 | Eureka Campus" and three hashtags: "#FinLit #StudentLoans #LoanCounseling". A button labeled "click to read bio" is positioned below the text. At the bottom of the card, there are three icons in a row: an envelope icon labeled "SEND EMAIL", a computer monitor icon with a person silhouette labeled "WORKSHOP REGISTRATION", and a calendar icon labeled "SCHEDULE A MEETING".

Online

Drop In Request

Matthew Christman
Financial Literacy Advising Specialist
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Loan Counseling, Default and Financial Literacy.
Office: Financial Aid | SS103 | Eureka Campus
#FinLit #StudentLoans #LoanCounseling

click to read bio

SEND EMAIL

WORKSHOP REGISTRATION

SCHEDULE A MEETING

Cranium Café Appointment Booking:

<https://redwoods.craniumcafe.com/matthewchristman>

