

# Money Coach Week 8: To Your Credit

## Vocabulary

*Know the Lingo—Understanding the Power (and the Risk) of Borrowed Money.*

### Credit Mindset

- “Your credit is your grown-up GPA. Protect it.” 🎓
  - “Good credit gives you OPTIONS. Apartments, cars, jobs — it matters.” 🚗
  - “Pay off what you borrow — and borrow smart.” 💡
  - “Start building credit the right way. No shortcuts, no scams.” 🛑
- 

### Credit Basics

- Credit  
Borrowed money you agree to pay back later — usually with interest.  
*It's like a trust score: lenders trust you to pay it back.*
  - Credit Score  
A 3-digit number (300–850) that shows how likely you are to pay back money you borrow.  
*Higher = better. It affects everything from car loans to apartment apps.*
  - Credit Report  
A detailed record of your credit history (how much you borrow, how often you pay, etc.).  
*You get one from each of the 3 credit bureaus.*
  - Credit Bureaus  
The “big three” companies that track and report your credit:
    - **Experian**
    - **Equifax**
    - **TransUnion**
  - FICO Score  
The most common type of credit score lenders use. Built from your credit report.
- 

 What Makes Up Your Credit Score - (Use a pie chart visual to match these if you'd like)

1. Payment History (35%)  
Do you pay on time, every time?  
*Late payments = major damage.*

## Money Coach Week 8: To Your Credit

### 2. Credit Utilization (30%)

How much of your credit limit you're using.

*Tip: Use less than 30% of your limit to keep your score healthy.*

### 3. Length of Credit History (15%)

How long you've had credit.

*Longer history = stronger trust.*

### 4. Credit Mix (10%)

Different types of accounts (credit cards, car loans, student loans, etc.).

*Lenders like to see variety.*

### 5. New Credit/Inquiries (10%)

How often you apply for credit.

*Too many = red flag to lenders.*

---

## Credit Card Terms to Know

- Credit Limit

The max amount you're allowed to borrow on a credit card.

*Don't treat it like "free money."*

- Available Balance

How much of your credit limit you can still spend.

*If your limit is \$500 and you've spent \$100, your available balance is \$400.*

- Current Balance

What you owe right now on your credit card.

*Pay it in full every month to avoid interest.*

- Minimum Payment

The smallest amount you must pay each month.

*Only paying this = DEBT TRAP. Always aim for full balance.*

- Interest (APR)

The cost of borrowing money if you don't pay your full balance.

*APR = Annual Percentage Rate. Higher = more expensive.*

- Grace Period

The time between your purchase and when interest kicks in (usually ~21 days).

*Pay before this and you avoid interest!*

---

## Money Coach Week 8: To Your Credit

- Fraud  
When someone steals your credit info and uses it.  
*Always check your statements.*
  - Identity Theft  
When someone uses your personal info (SSN, name, etc.) to open accounts in your name.
  - Hard Inquiry  
Happens when a lender checks your credit for a loan or card.  
*Can temporarily lower your score.*
  - Soft Inquiry  
Happens when you check your own credit or get “pre-approved” offers.  
*No impact on your score.*
  - Prepaid Card vs. Credit Card  
Prepaid = you load money in advance, no credit impact.  
Credit = borrowed money, builds (or breaks) credit.
- 

### Helpful Resources

- **AnnualCreditReport.com**  
Check your credit reports from all 3 bureaus for FREE each year.
  - **Credit Karma / NerdWallet**  
Track your score, get tips, and monitor your credit.
  - **Consumer Financial Protection Bureau (CFPB)**  
Legit help and info for young adults learning credit.
-