Can you afford it and how will you pay?

UNDERSTANDING CREDIT
Seminar Objectives

Understanding Credit
- The Meaning of Credit
- Types of Credit
- Pros and Cons of Credit
- Deciding When to Use Credit

Qualifying for Credit
- What Lenders Consider
- Credit Reporting & Rating
- Establishing Credit
- Maintaining Good Credit

Managing Credit
- Credit Cards
- Loans

Handling Debt Problems
- Dangers of Excessive Debt
- How to Avoid Excessive Debt
4 Types of Credit

- Revolving Credit
- Installment Credit
- Charge Cards/Accounts
- Service Contracts
Advantages and Disadvantages of Credit

**ADVANTAGES:**

- Convenient
- Immediate purchasing power
- No need for cash
- Bills can be consolidated

**DISADVANTAGES:**

- It’s a loan
- Interest rate may go up
- May include additional fees
- Can be easy to overspend
- Can promote impulse buying
Who needs to build good credit?

- Recent immigrants
- Women
- High-school grads
- College students
- Young adults
- Anyone needing to get “back on track”
What’s in a credit report?

Identifying information
Job history
Creditors; payment history
Legal actions
Inquiries you initiated
How is your FICO Score determined?

- **30%** Amounts Owed
- **35%** Payment History
- **15%** Credit Mix
- **10%** Length of Credit History
- **10%** New Credit

FICO® Score

Qualifying for Credit