

Why Is Good Credit Important?

How you handle your finances affects more than just your ability to borrow.



WHAT IS CREDIT?

Any arrangement in which you receive goods, services, or money in exchange for a promise to repay at a later date.

MAINTAINING A GOOD CREDIT HISTORY IS CRITICAL TO FINANCIAL STABILITY

- Pay all of your credit obligations on time.
- Establish a relationship with a financial institution.
- Monitor your credit history regularly to ensure accuracy.
- Get a free credit report each year at annualcreditreport.com.

CREDIT HISTORY

Your credit history says a lot about you



PAY ON TIME

More readily approved for credit
Offered lower interest rates
Given a higher credit score

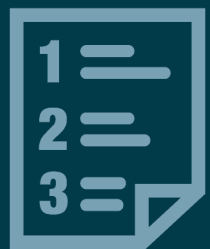


PAY LATE

Sometimes denied credit
Offered higher interest rates
Given a lower credit score

CREDIT REPORT

Is a credit report the same as a credit score? **NO**

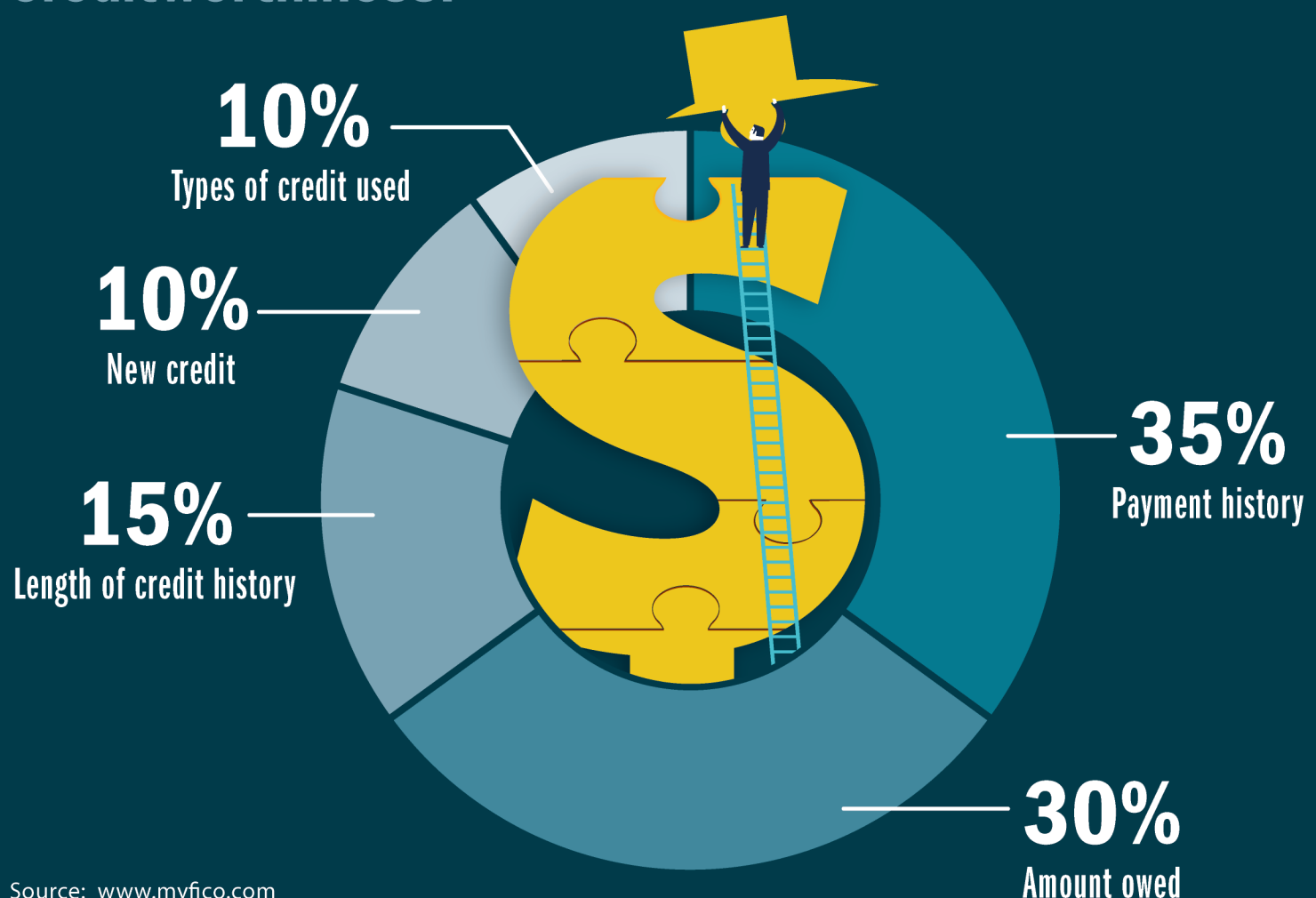


A credit report is a record of your credit history. It can show lenders and others how you manage your financial responsibilities.

CREDIT SCORE

What makes up your credit score?

A credit score is a number a lender calculates from entries in your credit report indicating your creditworthiness.



Is a higher score really better? **YES**

Sample interest and payment for a \$20,000 car loan paid over 60 months

Score	Interest rate	Monthly payment	Total interest paid
720-850	3.26%	\$362	\$1,699
660-689	6.75%	\$394	\$3,618
500-589	16.70%	\$494	\$9,632

Source: Sample loan savings calculator results from myfico.com, as of 5/20/2015

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