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Understanding Credit

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Understanding Your Credit Score

What is a FICO Score and What's a Good Score?

- A typical FICO Score ranges from 300 - 850.
- Higher scores usually mean better approval odds and lower interest rates.
- Your score may vary slightly depending on where it is checked, but the general range still applies.

800 - 850 EXCEPTIONAL

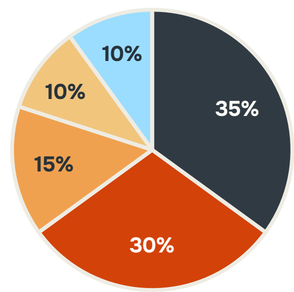
740 - 799 VERY GOOD

670 - 739 GOOD

580 - 669 FAIR

300 - 579 POOR

Percentage Breakdown of a Credit Score



35% Payment History

30% Debt Owed

15% Credit History

10% New Credit

10% Type of Credit

What Goes Into a Credit Score?

- Your bill-paying history.
- The number and type of loan accounts you have.
- Your current unpaid debt.
- How long you've had your loan accounts open.
- New applications for credit.
- How much of your available credit you're using.
- Whether you've had a debt sent to collection, a foreclosure, or a bankruptcy, and how long ago it was.

Building and Protecting Your Credit Health

AUTOMATION

- Setting up automatic bill pay builds consistent, on-time payments to help borrowers establish and maintain a positive credit history.
- Autopay can help borrowers avoid late fees.

STRATEGIC DEBT MANAGEMENT

- Prioritize paying off high-interest debt to free up cash flow.

STARTER CREDIT CARDS

- Plan ahead and only charge what you can pay off each month.
- Keep credit usage below 30% of your total credit limit.

CREDIT REPAIR

- Use free resources like AnnualCreditReport.com to dispute errors and improve scores.

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Why Credit Matters When Paying For College

- Federal loans often don’t cover the full cost of attendance.
- Changes to federal loan limits means families may need to evaluate other options.
- Credit now plays a bigger role in access and cost of borrowing.
- Private Student Loans use credit to assess risk in order to help students borrow only what they can reasonably repay.

Credit Tips For College Students

Explore credit cards designed for students.

They’re designed for limited credit history, often come with no annual fee, and some offer cash back on categories like dining and groceries.

Always pay your balance each month.

Even a small unpaid balance can lead to high interest charges or late fees, and hurt your credit score over time.

Don’t close your first credit card.

Length of credit history matters, so keep that first account open even after you upgrade to a more advantageous card.

Avoid opening too many accounts.

Each application triggers a hard inquiry that can temporarily lower your score, so be selective.