

Basic Money Management Toolkit: Credit Score Activity

Theme: Credit & Debt

Intended Audience: General public – Adults

This activity is for individuals that need an introduction to what a *credit score* is and how it works. It can also be an informative activity for individuals with intermediate credit score experience as an enhancement on their current knowledge.

Timeframe of Activities: This activity is approximate 20 minutes in length depending on the amount of individuals participating and the amount of discussion following the activity.

5 minutes to introduce the activity, hand out the materials and provide directions.

10 minutes for participants working alone or in their group to complete the activity.

5 minutes to discuss the activity with participants sharing thoughts and observations (such as...it takes approximately three positive acts to make up for one negative act).

Materials Needed For Activity: Copies of the four versions of the Credit Score Activity worksheets (Group A, B, C, and D) – one worksheet per two person team, sets of Credit Score Impact slips – one 15 slip set per team (copy these pages, cut these into slips, and place slips in envelopes prior to class). These slips can be used multiple times. Pencils, and Calculators.

Alternative Uses For Activity: This activity can be used alone as an introduction to Credit Scores or it can be used once a lesson on Credit Scoring is reviewed.

Directions For Implementing Activity: 1). Ideally, complete this activity in pairs. 2). Using the Credit Score Impact slips in your envelope, add or subtract from your starting credit score on your group worksheet. 3). Start with the first slip and go through them in order. 4). Notice what actions make your score go UP, go DOWN and those that have no effect.

For more information on this activity:

The following link is related content from the original authors <http://idaresources.acf.hhs.gov/servlet/servlet.FileDownload?file=01570000001aqYjAAI>

Authors Name: Materials created for the Assets for Independence (AFI) Resource Center Financial Literacy Enhancement Initiative By Inger Giuffrida, Jacqueline Cooper and Kimberly Zimmerman Rand



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Credit Score Activity – Group A

Your Starting Credit Score - 590		
Action	Amount Score Goes Up or Down	Balance
Ending Credit		

The Credit Score Impact numbers are merely estimates of how actions can change a credit score. Your credit score is configured by a mathematical formula which uses the information from your credit report. Scoring systems can differ from one reporting agency to another leading to different credit scores even though the same credit report is used.

Credit Score Activity – Group D

Your Starting Credit Score - 650		
Action	Amount Score Goes Up or Down	Balance
Ending Credit Score		

The Credit Score Impact numbers are merely estimates of how actions can change a credit score. Your credit score is configured by a mathematical formula which uses the information from your credit report. Scoring systems can differ from one reporting agency to another leading to different credit scores even though the same credit report is used.

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Roger Rennekamp, Associate Dean and Director, Ohio State University Extension

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Because of the loss of a job, you have run your two credit cards up to their credit limits during the past two months.

Credit Score Impact: - 80
(These are estimated credit score impacts.)

You decide it is time to get a new car. You go auto loan shopping over the next few weeks resulting in several inquiries to your credit reports.

Credit Score Impact: 0 during the time you are shopping. -8 the following reporting period. (These are estimated credit score impacts.)

You continue to struggle to make ends meet. You miss payments on your credit cards, and they are still nearly maxed out. You are also late with your mortgage payment.

Credit Score Impact: - 100
(These are estimated credit score impacts.)

While purchasing groceries at Super Target, you are offered 15% off of your total if you apply for a Target credit card today. You do!

Credit Score Impact: - 8
(These are estimated credit score impacts.)

You find another job. You start making payments on your credit cards and bring your mortgage current. You bring the balances down to 50% of the available credit limit within three months.

Credit Score Impact: + 40
(These are estimated credit score impacts.)

You just had a birthday. You're now 25 years old.

Credit Score Impact: 0
(These are estimated credit score impacts.)

Your car breaks down. With no emergency savings, you max out one of your credit cards again.

Credit Score Impact: - 60
(These are estimated credit score impacts.)

You want to make sure you are not overlooking any debts, so you pull your credit reports.

Credit Score Impact: 0
(These are estimated credit score impacts.)

You steadily pay down your credit card balances while staying current on all of your other accounts (mortgage, auto loan payment, student loans).

Credit Score Impact: + 40
(These are estimated credit score impacts.)

After reviewing your credit report, you decide to close the first credit card you opened since you don't use it any more.

Credit Score Impact: - 15
(These are estimated credit score impacts.)

You continue to steadily pay down your credit card balances while staying current on all of your other accounts (mortgage, auto loan payment, student loans).

Credit Score Impact: + 40
(These are estimated credit score impacts.)

You take on another job to help pay down your debts. With the new schedule, you miss payment on your student loan for two months.

Credit Score Impact: - 50
(These are estimated credit score impacts.)

Realizing your error, you immediately pay the two months you missed and pay all of your other bills on time.

Credit Score Impact: + 20
(These are estimated credit score impacts.)

You co-signed for your best friend's automobile loan. She is 60 days late with her payment.

Credit Score Impact: - 60
(These are estimated credit score impacts.)

Your friend catches up on her auto loan payment and you continue to steadily pay down your credit card balances while staying current on all of your other accounts (mortgage, auto loan payment, student loans).

Credit Score Impact: + 30
(These are estimated credit score impacts.)