



SMART MONEY CHOICES

CREDIT & DEBT

Brought to you by:
State Treasurer
Josh Mandel



SECTION I: BASICS OF CREDIT

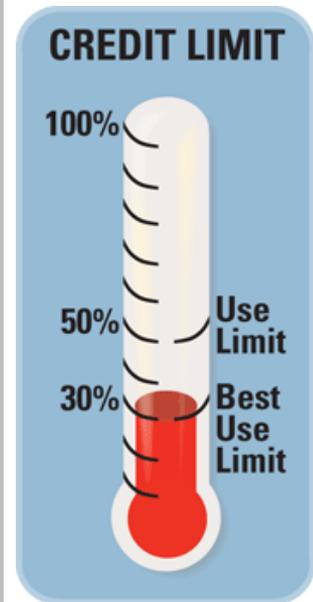
Types of Credit:

- Mortgages
- Car Loan
- Business Loan
- Credit Cards
- Line of Credit



Takeaway Tips: Credit and Debt

1. Pay your credit accounts on time.
2. Keep credit card balances under 30% of credit limit.
3. Make sure that any negative information over 7 years old is removed from your credit report.
4. Monitor your credit report to ensure that all information is accurate.
5. Every little bit counts. Paying twice or more than your minimum can drastically cut down the time it takes to pay off your balance. This will lead to paying less in interest charges.





Alternatives to Credit Cards:



VS.



- Money from Checking Acct.
- Provides Instant Purchase Record
- No Need to Carry Cash/Check

- Pre-Deposited Money/ Reloadable
- Helps Budget with Purchase Limit
- Can Help Re-build Credit
- Fees

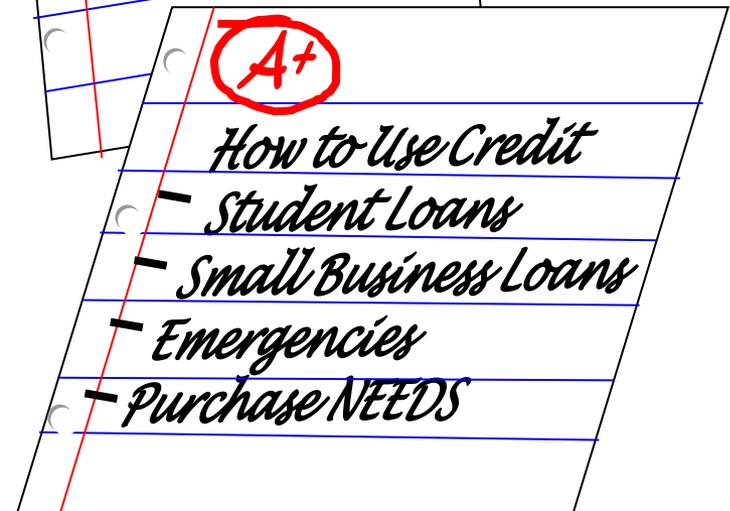


SECTION II: USING CREDIT WISELY

Why do I use credit?

Can I control my spending?

Do I feel Comfortable with my debt?





WARNING

SIGNS YOU MAY BE IN A DEBT CRISIS

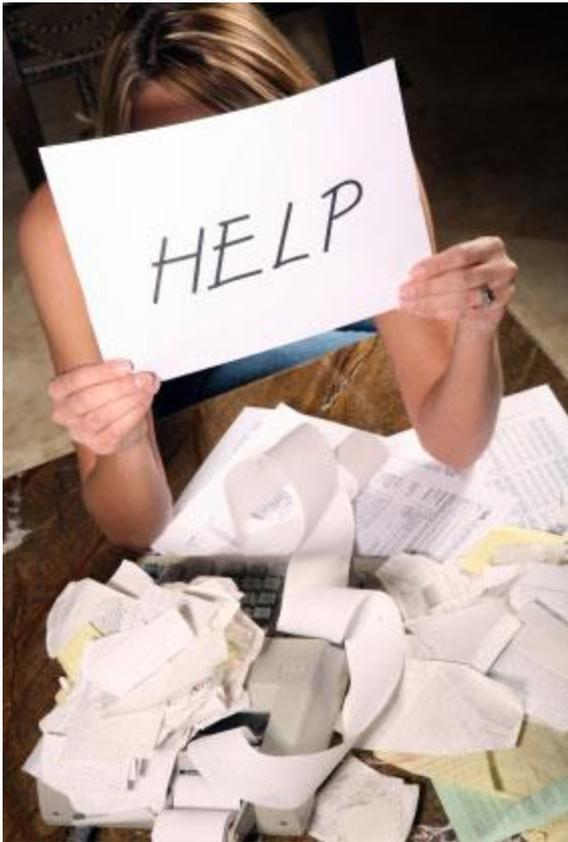
EARLY WARNING SIGNS:

- Receiving new loans to pay old debts
- Multiple late fees on monthly payments
- Multiple overdraft charges
- Using savings account to pay monthly bills
- Borrowing from friends and family to pay debts

LATE WARNING SIGNS:

- Cashing out retirement savings
- Using cash advances from credit cards for expenses
- Taking out payday loans
- Receiving loans from Pawnshops
- Paying one card with another

SECTION III: REDUCING YOUR DEBT



No quick-fixes:

- ✓ Debt Consolidation
- ✓ NFCC.org (National Foundation for Credit Counseling)
- ✓ Credit Counseling Agency
- ✓ Personal Debt Reduction Plans
 - Low Balance Priority
 - Highest APR Priority

NFCC.org (National Foundation for Credit Counseling)

Get free and low-cost help from a trained, certified counselor who will assist you in determining the best options to meet your individual needs. NFCC Certified Consumer Credit Counselors will:



- Advise you on managing your money;
- Offer solutions to your current financial problems;
- Develop a personalized plan to help you prevent future difficulties.
- If you have severe debt, you may be eligible to enroll in a [Debt Management Plan](#) (DMP).

Source: NFCC.org

How to Begin Creating a Plan:

1. Make a List of Creditors / Debt
2. Budget Minimum Payments
3. Increase Minimum Payment to Priority Creditor
4. Once Paid; add Payment to the Next Creditor on the List



Debt Reduction- Personal Debt Reduction Plans:

- Increase Minimum Payment
- Low Balance Priority Plan
- Highest APR Priority Plan

SECTION IV: PROTECTING YOUR GOOD CREDIT

What is the purpose of my Credit Report?

What's included in a Credit Report?

Where can I get my Credit Report?





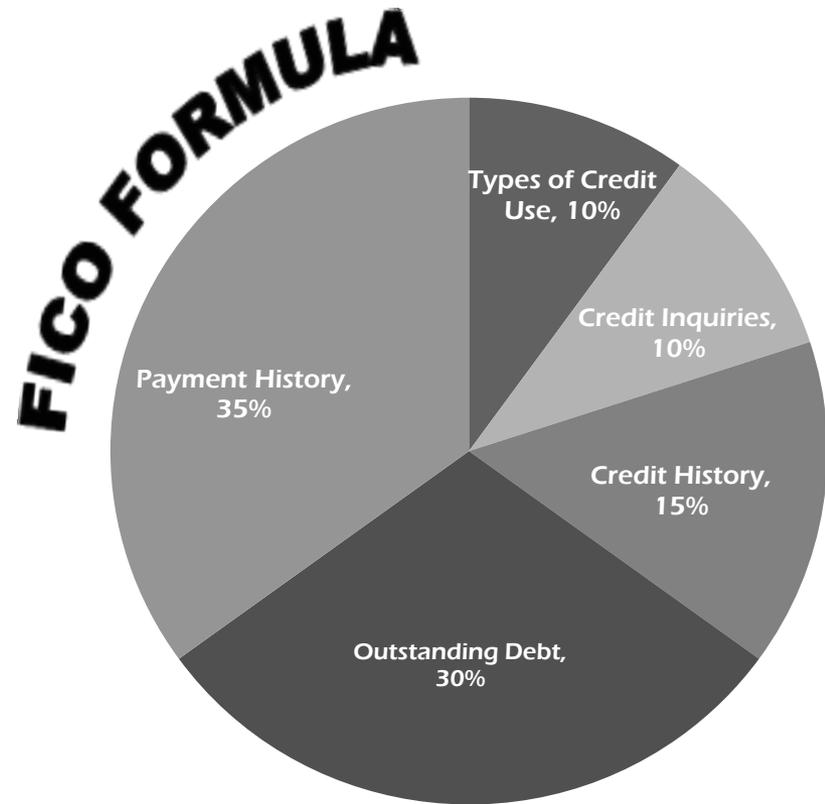
Get Your **FREE** Credit Report





What is the Consumer Credit Score?

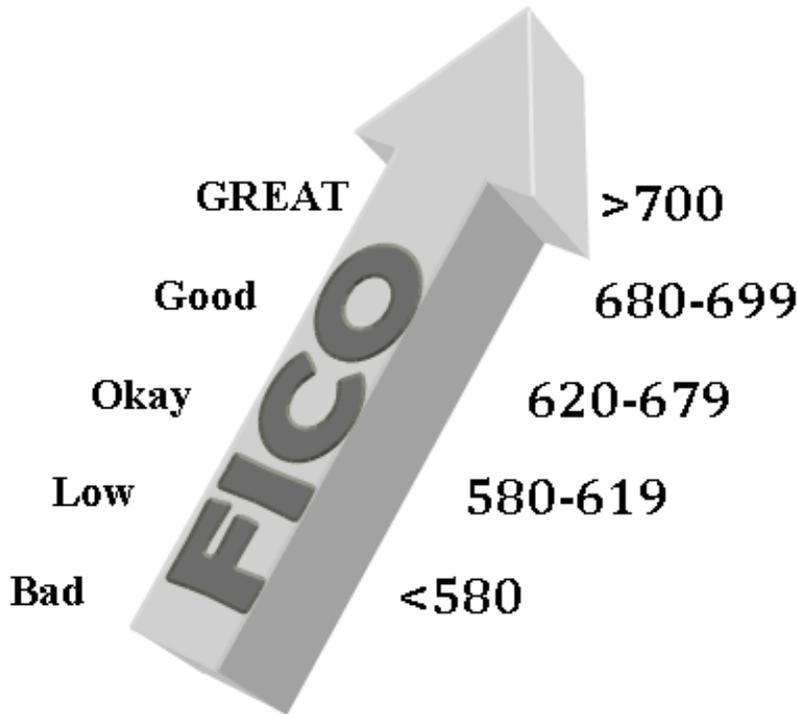
- Three digit number that evaluates your overall credit health.
- Used by lenders to estimate the risk of approving a loan or other financial service product at a particular price or interest rate.
- The score is produced by a complex FICO formula that analyzes the information reported in your credit report/file.



How do I improve my score?



Credit Score Range



<u>Credit Bureau</u>	<u>Score Name</u>	<u>Score Range</u>
Equifax	FICO	300-850
Experian	Vantage Score	501-990
TransUnion	Vantage Score	501-990



How Your Credit Score Effects Your Annual Percentage Rate

- This example is a 30 year fixed mortgage for a \$216,000 house, based on the national average
- A person with a score of 760+ will pay \$215 less a month or \$2,580 per year than someone with a score of 620

760-850	4.74%	\$1,126
700-759	4.97%	\$1,155
680-699	5.14%	\$1,178
660-679	5.36%	\$1,207
640-659	5.79%	\$1,265
620-639	6.33%	\$1,341

SECTION V: KNOW YOUR CREDIT CARD RIGHTS

- The CARD Act
- FCRA
- FCBA
- FDCPA



Rate Increase:
Cannot occur
within the first
12 months
unless you have a
variable rate or
are past due.

NOTICE

CREDIT CARD COMPANIES MUST NOTIFY YOU OF:

- RATE or FEE INCREASE
- BALANCE RE-PAYMENT
SCHEDULE
- MINIMUM PAYMENT WARNING
- LATE PAYMENT WARNING



Your Bill:

- Receipt 21 days
before due
- Same due date each
month
- Payments applied to
highest interest
balance first

SECTION IV: PROTECTING CONSUMER RIGHTS

IDENTITY THEFT STRATEGY

Deter: Take immediate steps to reduce your risk of ID theft.

Detect: Monitor your financial information on a frequent basis.

Defend:

1. Act quickly and do not hesitate to report the problem!
2. Call fraud department of each credit issuer.
3. Place a fraud alert on all of your credit reports.
4. Freeze any new applications for credit or loans at:
www.OhioAttorneyGeneral.gov.
5. Call each reporting agency for an initial alert: Equifax: 800-525-6285 / Experian: 800-397-3742 / TransUnion: 800-680-7289