

Five Keys to Credit for Today

Leader's Guide

Introduction

Today, everyone uses credit in some form – service credit to credit cards to loans. Unlike your grade point average, your credit score follows you during your lifetime. In 2010, credit card reform has changed some of the rules of using credit. Unfortunately, identity theft still affects people and knowing what to do if you are victim and how to prevent it will help you.

Objectives

Participants will:

- Learn ways to prevent identity theft and protect your wallet.
- Learn to check their credit report.
- Understand consumer's rights to credit care reform.

Lesson Materials

In addition to the handouts for this lesson, there are some other materials you may want to use to when you teach. You may want to bring other items to illustrate the lesson, as described under *Preparing to Teach*, below.

If some of your participants are Internet users, the resource list will provide websites to seek out additional materials to help you protect your credit.

Preparing to Teach

There are many things you can do to make this lesson a teachable moment. Use these ideas, or other ideas of your own:

- Secure your credit report if you not looked at in the last year. Use the Annual Credit Report – highlighted in the resource list.
- Inventory your wallet and explain reason to do it. (Prevent Identity theft)
- Bring a recent update from a credit card company or pull up the information online.

The lesson may be more interesting if you use some “props” and activities to illustrate the main points of the lesson.

Teaching the Lesson

To start the lesson, ask participants to share “What’s in Your Wallet?? Talk about items that contain your Social Security Number. What does that number open? (Hint: Bank accounts, employment records, investment accounts, Social Security benefits)

Also inventorying your wallet will help in the case you are a victim of identity theft. It is a starting place. Seniors have a higher incident of identity theft after 18-29 year olds. Federal Trade Commission – www.ftc.gov have some excellent resources.

To protect your credit history, check your credit report. Use the www.annualcreditreport.com **Call 877-322-8228**. Advertised are “free” sites but they have services that will cost you money. There may be errors on your report – some will cost you a loan or make the loan that more expensive. Before buying a big purchase – check your credit report about 6 months before making the purchase. If you find an error, you may need an investigation to resolve the error.

Many people receive offers for credit cards via the mail. Are you tired to receiving them? You can stop the offers if you either call **1-888-567-8688** or go online for www.optoutprescreen.com

With the changes on Credit Card Reform, it is important to read the fine print. Annual Percentage Rate, annual fees, and other terms have been changed. Read your monthly statements. When you receive an update, READ IT.

Credit Score – is determined on five factors plus the lenders factors. Paying your bills on time is 35%; Outstanding debt is 30%; Length of credit is 15%; Inquiries to your credit is 10%; and Types of credit is 10%. Fair Isaac has an excellent resource to Understand Your Credit Score - (resource list).

CARD Act – The Federal Reserve Board has an excellent resource to explain the new rules. Interest rates, payment, ways to find out your credit card terms (disclosure), fees, minimum payment and interest costs, gift cards and credit cards and students.

Bonus – Problems in paying credit payments happen, Resources about Credit Card Smarts fact sheets and website – More for Your Money can help individuals. (Resource list)

At the end of the lesson, wish each person good luck in protecting their credit history.

Written by Susan E. Taylor, Consumer and Family Economics Educator, University of Illinois Extension. Copyright University of Illinois Board of Trustees 2010.



UNIVERSITY OF ILLINOIS
EXTENSION

Helping You Put Knowledge to Work