


Good Credit – Credit Reporting for Students

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Credit Reports




AnnualCreditReport.com

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What is AnnualCreditReport.com?

This central site allows you to request a free [credit file disclosure](#), commonly called a credit report, once every 12 months from each of the nationwide consumer credit reporting companies: Equifax, Experian and TransUnion.

AnnualCreditReport.com is the official site to help consumers to obtain their free credit report.

We guard your privacy.
Please be aware of how you arrived at this site. To ensure that you are visiting the legitimate site, type <https://www.annualcreditreport.com> directly into the address bar on your browser. You will never receive an email directly from the Annual Credit Report Request Service. For further information please read the Security Policy.



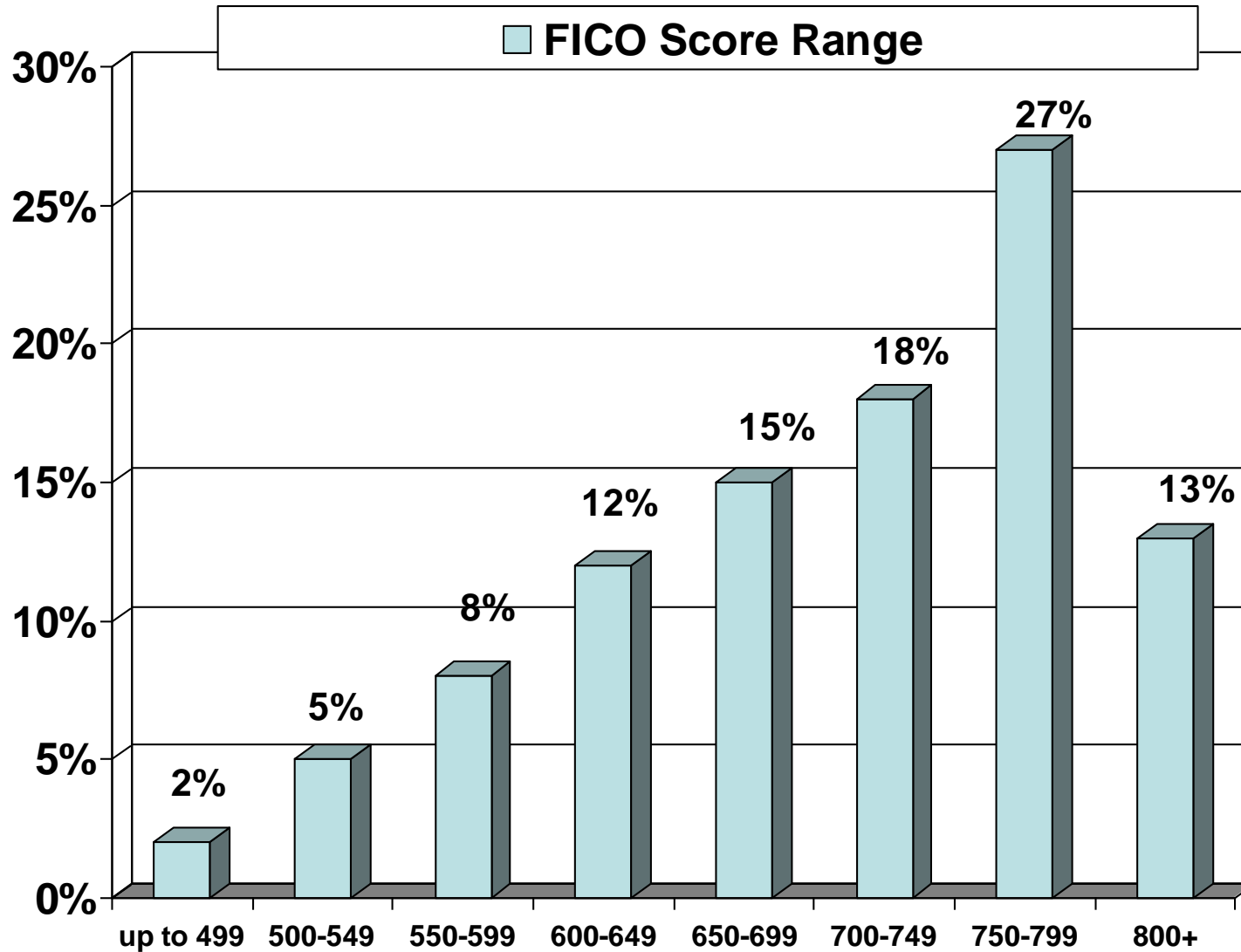
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What is a FICO Score?

- Barometer or “grade” of a person’s credit and their repayment behavior.
- Automated credit evaluation instrument used by lenders to determine what kind of risk they may assume should they offer someone credit.
- FICO score more likely to go down than up during school.

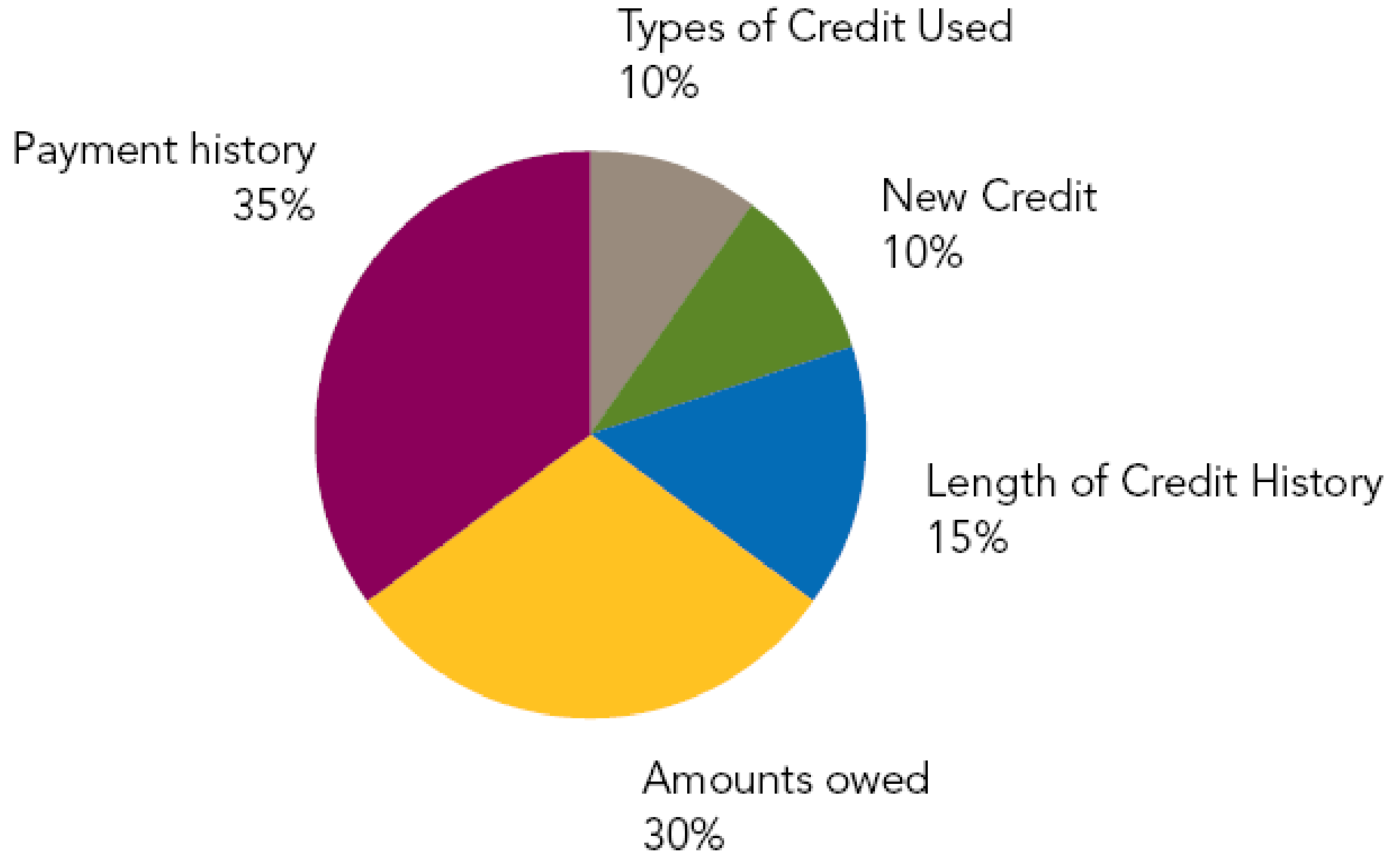
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Median FICO is 723, Mean is 692



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Factors Influencing Credit Scores



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Factors Influencing Credit Reports

Payment history – 35%

- Delinquent payments can have a *major* impact on scoring.
- First time delinquency can drop a score 100 points.
- A delinquency from more than 4 years ago will not have an adverse impact.

Amounts owed – 30%

- Higher credit utilization will negatively impact credit score.

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Factors Influencing Credit Reports

Length of credit history – 15%

- The longer the history, the higher the score.
- On average, individuals with the highest credit scores opened their oldest account 19 years ago. Most have an average age of accounts between 6 and 12 years.
- Most students have a “thin” file.

New credit – 10%

- High number of inquiries in 12 months is negative.

Type of credit used – 10%

- Higher percentage of secured (versus unsecured) credit is better.

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Credit Card Monthly Payments

Avoid Minimum Monthly Payments

Example: If you have \$2,000 financed at 19.8% and only make the minimum monthly payment of \$50, what happens?

- Over 17 years to pay off
- Pay more than \$5,100 total (approx. \$3,100 in interest)
- What could possibly be worth paying so much more than originally financed?

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Keep Good Records - To Do List

- Get all your loan papers together: keep them on file!
 - promissory notes
 - award letters
 - disclosure statements
 - exit interview information
- Open and READ your student loan mail.
- Bookmark your loan servicers' websites.
- Notify your loan servicer of name & address changes.
- Document calls to servicer: date/time of call, obtain the name of the person with whom you speak.
- Keep important numbers available.

Resources

Federal Student Aid Ombudsman

- Intended to be neutral
- Independent viewpoint to assist in resolving student loan disputes
- Remember: good records are **essential** when you contact the ombudsman

U.S. Department of Education - FSA Ombudsman

830 First Street, NE

Fourth Floor

Washington, DC 20202-5144

www.ombudsman.ed.gov

Telephone: (877) 557-2575

Resources

- Your school's financial aid office
- Your lender/servicer
- U.S. Department of Education
- Your family
- *www.SallieMae.com/BeDebtSavvy*

Questions?