

# ACTIVITY A ANSWER KEY

## Understanding Credit Scores

### CREDIT SCORE MATCH

**Directions:** Go through the 'Positive Impact' and 'Negative Impact' piles of game cards and confirm the cards that are in the correct pile while correcting the cards that are placed in the wrong pile.

CARD	POSITIVE OR NEGATIVE	REASON
01	POSITIVE	<i>Regular on-time bill payment will raise your credit score more than any other action</i>
02	NEGATIVE	<i>While having a good amount of available credit helps with your utilization ratio, zero use is seen to indicate higher future risk</i>
03	POSITIVE	<i>Having a low utilization ratio is a plus, especially when it is maintained with constant use</i>
04	POSITIVE	<i>A long credit history is a plus, assuming it isn't a history of late or missed payments</i>
05	POSITIVE	<i>Using less than 30% of total available credit helps your score</i>
06	POSITIVE	<i>A mix of credit types helps your score—just don't lose track</i>
07	POSITIVE	<i>Constant use of a card, while paying the balance in full and on time, will build up good credit</i>
08	POSITIVE	<i>Incorrect info can hurt your credit score, so get rid of it</i>
09	NEGATIVE	<i>Even when paid eventually, skipped and late payments hurt your credit score</i>
10	POSITIVE	<i>Paying bills on time only helps your credit score if you do it consistently</i>
11	NEGATIVE	<i>Many accounts with high utilization will hurt your credit score and can create compounding trouble with repayment</i>
12	NEGATIVE	<i>Too much credit utilization will hurt your credit score</i>
13	NEGATIVE	<i>Having no credit history means you have zero average credit length and haven't built up good credit through good behavior</i>
14	NEGATIVE	<i>Using more than 30% of total available credit hurts your score</i>
15	NEGATIVE	<i>A variety of credit helps your score more than using a single source</i>
16	NEGATIVE	<i>Using credit for items you can't normally afford can hurt your score through high utilization and late or missed payments</i>
17	NEGATIVE	<i>Too many 'hard inquiry' credit checks will negatively impact your credit score</i>

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CARD	POSITIVE OR NEGATIVE	REASON
18	POSITIVE	<i>Lower utilization rate and more money free for future expenses will help your credit score</i>
19	NEGATIVE	<i>Low balance with a low limit can still create a high utilization ratio</i>
20	POSITIVE	<i>30% or less is a good ratio, but any more and you may hurt your credit score</i>
21	POSITIVE	<i>Low credit use and developing credit history will help your credit score</i>
22	NEGATIVE	<i>Late payments are never good, but the overall trend is much more important</i>
23	NEGATIVE	<i>Reduces overall available credit, which influences utilization ratio; however, it can help you get back in control of credit use</i>
24	NEGATIVE	<i>Higher interest rates are only worth it if you don't carry a balance, and use the card rewards</i>
25	NEGATIVE	<i>Bankruptcy hurts your credit score for 7 to 10 years</i>
26	NEGATIVE	<i>Using more than 30% of total available credit hurts your score</i>
27	NEGATIVE	<i>Shortens average credit length and adds hard inquiries</i>
28	POSITIVE	<i>Paying a balance in full is good for your score, especially if the new credit card has a lower interest rate</i>
29	NEGATIVE	<i>Using more than 30% of total available credit hurts your score</i>
30	NEGATIVE	<i>This is a recipe for late or missed payments—only use credit that you have the funds to pay back promptly</i>
31	NEGATIVE	<i>Too much credit utilization will hurt your credit score</i>
32	NEGATIVE	<i>Using more than 30% of total available credit hurts your score</i>
33	NEGATIVE	<i>Too much credit utilization will hurt your credit score—many accounts will be even harder to keep under control</i>

# ACTIVITY B ANSWER KEY

## Understanding Credit Scores

### SPOT THE BAD CREDIT CHOICES

Directions: Go over the example credit card statement and have students provide the bad credit choices they've spotted. Explain the reasoning behind each provided bad credit choice, then point out and explain any examples that students missed.

#### ACCOUNT SUMMARY

01	PREVIOUS BALANCE	\$755.36
	PAYMENTS AND CREDITS	\$160.20
02	PURCHASES	\$329.33
	BALANCE TRANSFERS	\$0.00
03	CASH ADVANCES	\$40.00
04	FEES CHARGED	\$17.00
05	INTEREST CHARGED	\$7.52

#### PAYMENT INFORMATION

06	<b>NEW BALANCE</b>	<b>\$989.01</b>
	Total Credit Available	\$1,000.00
	Minimum Payment Due	\$15.00
	Payment Due Date	August 5
07	⚠️ Last payment overdue, please pay now	

#### Transactions

	Date	Transaction details	Amount
08	JUNE 16	BLING KING EXPENSIVE FAKE JEWELS	\$160.20
09	JUNE 18	CASH ADVANCE	\$40.00
	JUNE 21	*CASH ADVANCE FEE	\$5.00
	JUNE 27	MOONBUCKS COFFEE, DOWNTOWN	\$9.90
	JULY 01	CAT MART FELINE WAREHOUSE	\$55.30
10	JULY 04	*OVER LIMIT FEE	\$12.00
	JULY 06	FINANCE CHARGE—INTEREST	\$7.52
11	JULY 07	REFUND—BLING KING RETURNS DEPT.	– \$160.20
	JULY 10	MONDO MART	\$22.04
	JULY 11	FARMER'S MARKET—CARL'S RUTABAGAS	\$9.50
	JULY 14	WHATMASHOP ONLINE DOODADS	\$35.99
12	JULY 11	DELICATE TRUFFLE EMPORIUM	\$21.40
	JULY 14	FIVE DOLLAR PIZZA SLICE	\$15.00

13 ⚠️ YOU ARE NEARING YOUR CREDIT LIMIT

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ITEM	WHY IT'S A BAD CREDIT CHOICE
01	<i>Previous balance is near the credit limit, showing a continued high credit utilization rate</i>
02	<i>Large amount of purchases relative to credit limit—points to a habit of overspending</i>
03	<i>Cash advance shows the cardholder isn't keeping up with debt</i>
04	<i>Fees charged, and the compounding effect they create, could be avoided with better spending habits</i>
05	<i>Interest can be avoided by making sure to pay in full on time</i>
06	<i>New balance shows continued high credit utilization rate, and points to card staying near limit constantly</i>
07	<i>Last payment overdue hurts credit and creates more debt through late fees and interest</i>
08	<i>Bling King Expensive Fake Jewels is a bad spending decision</i>
09	<i>Cash advance creates extra fees and interest, lowering chances of paying in full on time</i>
10	<i>Over limit fee caused by using more credit than available—this can have a direct effect on credit score</i>
11	<i>Refund indicates spending beyond ability to pay</i>
12	<i>Delicate Truffle Emporium and Five Dollar Pizza Slice; bad spending decisions at the end of a billing cycle</i>
13	<i>Nearing credit limit shows high utilization rate</i>

# QUIZ ANSWER KEY

## Understanding Credit Scores

### MULTIPLE CHOICE

Directions: CIRCLE the best possible answer to each question.

- A credit score of 720 or more is considered:
  - Poor
  - Average
  - Good
  - Prime (Excellent)
- How can you improve your credit score?
  - Open a large amount of credit cards in a short time
  - Monitor your credit
  - Keep your utilization low
  - a & b
  - b & c
- What is the largest contributing factor to your credit score?
  - Mix of credit
  - New credit
  - Length of credit
  - Payment history
  - Capacity
- To ensure that your credit report is accurate, you should:
  - Request your free credit report from each of the main credit bureaus
  - Review your personal information and make sure that it's up to date
  - Report any unauthorized activity to the issuing credit bureau
  - All of the above

/4 pts

### TRUE OR FALSE

Directions: CIRCLE either true or false.

5. TRUE or  FALSE      Checking your credit report will negatively affect your credit score.

/1 pt