

CREDIT EXTRA CREDIT WORKSHEET

Directions: Fill out the "Why Does Her Action Affect Her Score?" column in Part 1. Discuss with friends and/or an adult why each of Krystal's behaviors had an impact on her credit score. Calculate how much the credit score fell as a result of the behaviors. Then complete the grid for Part 2 on the back, filling in the "Follow-up Action" and "Score" columns. Once you've filled this out, discuss with friends and/or an adult the different ways a person can improve a credit score. Calculate how much the credit score rose with these behaviors.

Part 1: Krystal just started college, and has been provided with a number of credit card offers. She applies for and is granted two credit cards. However, Krystal doesn't realize what is necessary for responsible credit management. She starts out with a credit score of 750. See what happens to her score when she mismanages her credit.

Action:	Score Impact:	Why does her action affect her score?
Krystal enjoys going to concerts, buying clothes, and going out to eat. She runs up the balance on her two new credit cards almost to their limits.	-80	
Krystal is very busy with college and a part-time job. Without realizing it, she misses monthly payments on both cards.	-100	
Krystal continues to spend as she needs textbooks for second semester. With this expense, she spends the limit of one of the two cards.	-80	
Krystal decides she needs to earn more money to pay off her credit cards, but needs to drive to get to her new job. She takes out a loan to buy a new car.	-20	
Busy with school and the new job, Krystal misses a loan payment on her new car.	-75	

Starting Score: 750. Krystal's New Credit Score: _____

Part 2: Krystal realizes that she hasn't acted as responsibly as she could have with her credit cards. What can she do now to improve her credit score? Use the Credit Score Key below to find follow-up actions for Krystal, and compute how much impact each one will improve her score.

Action:	Score Impact:	Follow-up Action:	Score Impact:
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Krystal's New Credit Score with Follow-up Actions: _____

CREDIT SCORE KEY -Specific Actions to Raise a Credit Score:

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| 1. Pay off accounts, +80 | 5. Pay all overdue payments and keep loan current, +20 |
| 2. Build history of paying on time, +40 | 6. Six months of on-time payments, +30 |
| 3. Pay down credit balance, +40 | |
| 4. Pay down further and no new accounts, +50 | |

Source: <http://www.myfico.com>