

CREDIT

{YOUR NAME &
LOGO HERE}

Credit is the ability to borrow money with the promise to pay it back with interest. Borrowing with credit can be done through loans and credit cards. A credit score is a foundational building block that is determined by your ability to pay back your creditor and helps potential lenders know how much to lend you and at what interest rate.

List some benefits to using credit:

Large purchases become possible

Credit score can increase

You can earn rewards

List some risks to using credit:

Interest is expensive

Credit score can decrease

Debt is dangerous

Determine what scenarios positively or negatively impact your credit score by writing a (+) next to anything that positively impacts your score and a (-) next to anything that negatively impacts it.

Missed Payment -

Loans in Collections -

High Credit Utilization -

Making Payments On-Time +

Age of Credit +

Multiple Lines of Credit +

Applying for Several Credit Cards Within a Short Period of Time -

A credit score ranges between what two numbers?

300 - 850

A good credit score is generally considered to be 680 or higher.

Borrowing & Credit Resources:

- Best Practices for Using a Credit Card Article
- How Do I Build Credit? Coach
- Credit Scores Article
- Debt Payoff Calculator
- Using Credit Article

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Vocabulary Terms:

Principal: the amount of money originally borrowed

Interest Rate: the percentage of the principal that must be paid in addition to the borrowed amount.

Simple Interest: interest that builds only on the principal.

Complex Interest: interest that builds on the total principal and interest.

Term: amount of time until principal & interest needs to be repaid.

Minimum Payment: the lowest amount you'll need to pay each month.

My biggest takeaway:

