



Credit Toolkit

Pathfinders is a 501(c)(3) non-profit organization that assists families on their way to economic self-sufficiency. As a partner in The United Way of Tarrant County's Financial Stability Initiative, **Pathfinders** provides financial coaching to low and moderate income people who are trying to improve their financial outlook.

Financial coaching goes beyond financial education to focus on individual financial practices that will lead to financial stability. This is your opportunity to work with a trained financial coach to identify changes you can make to attain your goals.

Know the Benefits of Good Credit: Lower costs of borrowing and insurance; better opportunities for employment; and lower security deposits for apartments and utilities.

Access and understand your Credit Reports

- Credit Reports detail your history of repaying debts for the past seven years.
- Each of the nationwide consumer reporting companies – Equifax, Experian, and TransUnion – is required to provide you with a free copy of your credit report once every 12 months. To order call 1-877-322-8228 or visit annualcreditreport.com
- **Check them to be sure they are accurate and error free.**

Obtain Your Credit Score (from www.creditkarma.com or other free sites)

- Credit scores are the primary method lenders use to evaluate your credit worthiness.
- The higher the score, the lower the costs of borrowing.
- No score says whether a specific individual will be a “good” or “bad” customer.
- FICO scores range from 300-850. A score in the mid-700s is considered a good score. The average credit score in the U.S. is around 689. There is no “score cutoff” used by lenders.
- What goes into your credit score?
 - ◆ 35% is based on your “on time” payment history. (Late payments may lower your score.)
 - ◆ 30% is based on the amount of debt you owe.
 - ◆ 15% is based on the length of your credit history. (Longer history is better.)
 - ◆ 10% is based on recent applications for new credit cards or loans (also called “inquiries”). (Too many hard inquiries will lower your score.)
 - ◆ 10% is based on whether you have a variety of types of credit (i.e., auto loan, credit card, line of credit, and mortgage).

Manage Your Credit Score

- Make payments on time - the most impactful (positive/negative) factor to your score.
- Keep low balances. Credit bureaus like to see you borrowing no more than 10 - 30% of your credit limit.
- Pay more than the the minimum payment required. This saves you interest costs.
- Keep your credit accounts open after paying them off to both extend the length of your positive credit track record and have a higher level of available unused credit.



- A closed account doesn't make it go away. It will still show up on your credit report.
- Having several types of credit may increase your credit score. But, do not apply for too many lines of credit in a short time span (24 months)
- Checking your credit report/score does not lower your score.

Build Your Credit Score

- Pay your bills on time.
- Become an authorized user on someone else's credit account and stay in good standing.
- Apply for at least a 6-month savings-secured loans and secured credit cards using savings as collateral. If possible, apply in person at the bank branch you frequent because they are more aware of how you manage your money.
- Keep your credit card account balances below 30% of your available credit limits.
- Borrow/charge only what you can afford to repay when the bill comes due.
- Give yourself time – it takes time to improve your score.
- Review your credit report and dispute any errors or transactions that are not yours.
- Avoid excessive hard inquiries. Signals financial difficulties or over extending yourself.
- Last resort, get a line of credit at a department store or clothing store – It can be easier to obtain a charge account from a department store or clothing store than it is to obtain a loan or credit card from a bank. Establish credit with an individual store by buying only the items you need and can pay off when the bill comes due.



Identity Theft Toolkit

Protect Your Identity

- Reduce the possibility of identity theft by protecting your personal information
 - ◆ Don't carry your Social Security number (SSN) with you and provide it to others only when absolutely necessary.
 - ◆ Shred documents that contain your SSN or financial information when you are ready to dispose of them.
 - ◆ Keep all your payment tools (credit card, checks, debit cards, and account information) in a safe place.
 - ◆ Don't send your SSN information in emails. (Try to avoid sending credit card information and banking information in emails as well.)
- Social Media – don't overshare personal information on social networking websites
- Maintain anti-virus and anti-malware software and decline every time you're asked to save your password when you're logging on to a financial site.
- Create strong passwords
- Don't respond to unsolicited requests for personal information (your name, birthdate, social security number, or bank account number) by phone, mail, or online.
- Pay attention to your billing cycles. If bills or financial statements are late, contact the sender.
- Review your receipts. Promptly compare receipts with account statements. Watch for unauthorized transactions.
- **If your identity has been stolen, take these steps:**
 - ◆ Call one of the nationwide credit reporting companies and ask for a fraud alert on your credit report. The company you call must contact the other two so they can put fraud alerts on your file. **An initial fraud alert is good for 90 days.**
 - Equifax 1-800-525-6285
 - Experian 1-888-397-3742
 - TransUnion 1-800-680-7289
 - ◆ Check your credit reports and report any signs of fraud.
 - ◆ Create an Identity Theft Report to help get fraudulent information removed from your credit report, stop a company from collecting debts caused by identity theft, and get information about accounts a thief opened in your name.
 - File a complaint with the FTC at ftc.gov/complaint or 1-877-438-4338. Your completed complaint is called an FTC Affidavit.
 - Take your FTC Affidavit to your local police, or to the police where the theft occurred, and file a police report. Get a copy of the police report.
 - **The FTC Affidavit and local police report comprise an Identity Theft Report.**