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## Keys to Credit

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### ASSESSMENT ONE:

- **Knowledge**
  - T / F Using credit is usually free.
  - T / F The most important thing you can do to establish good credit is to pay your bills on time.
  - T / F Being responsible with a checking and savings account can help build credit.
  
- **Comprehension**
  - Explain the four different types of information in a credit report are.
  
- **Application**
  - Sketch and illustration which shows the keys to building credit.
  
- **Analysis**
  - Compare and contrast the differences between installment credit and non-installment credit.
  
- **Synthesis**
  - Design an information flyer explaining how to contact the 3 different credit reporting agencies.
  
- **Evaluation**
  - Do you feel credit is or will be a necessity in your life? Why or why not?



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## ANSWER KEY FOR ASSESSMENT ONE:

- **Knowledge**

- o FALSE Using credit will usually cost money.
- o TRUE The most important thing you can do to establish good credit is to pay your bills on time.
- o TRUE Being responsible with a checking and savings account can help build credit.

- **Comprehension**

- o Does the teen discuss all four types of information on a credit report? Use the following information to assess the answer.
  - ◆ The four kinds of information included in a credit report are:
    - ✦ **Identification & Employment Data** – Name(s), birth date, address, social security number, employer, and spouse’s name are included. Sometimes it includes: employment history, home ownership, income, and previous addresses.
    - ✦ **Payment History** – An account record of payments to various creditors is listed, as well as the past amount of credit that has been extended and how it has been repaid. There also will be information on repossessions, defaults, and bankruptcies.
    - ✦ **Inquiries** – When creditors, potential employers, insurance companies, or landlords make inquiries, these are recorded or listed on the credit report. While inquiries remain on your credit report for two years, only the last 12 months are considered in the score. Too many inquiries can be viewed negatively by potential lenders. However, according to Fair Isaac, multiple inquiries that result from rate-shopping for a loan within a 14 day period are counted as one inquiry only.
    - ✦ **Public Record Information** – Events that relate to creditworthiness will usually appear on a report. This information may include: deaths, divorces, births, marriages, tax liens, foreclosures, and other legal information.



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- **Application**

- o The teen's illustration incorporates the following steps:
  - ◆ Open a checking or savings account to learn responsibility and prove your ability to pay bills.
  - ◆ Buy something on time from a major store.
  - ◆ Borrow against money you have in a savings account.
  - ◆ Apply for a secured credit card with your bank.

- **Analysis**

- o Does the teen provide logical reasons and explanations for their response?
  - ◆ **Installment Credit**
    - ✦ Traditional loans that require making payments in fixed installments (interest is included) until the loan is paid in full. Interest rates on loans are generally lower than those for credit cards, although vary by the type of loan.
  - ◆ **Non-Installment Credit**
    - ✦ Single payment loans or revolving credit.

- **Synthesis**

- o Does the teen include information about all 3 credit reporting agencies?
  - ◆ **Equifax:** PO Box 105873, Atlanta, GA 30348 (800) 685-1111  
www.equifax.com
  - ◆ **Experian:** PO Box 20002, Allen, TX 75013 (888) 397-3742  
www.experian.com
  - ◆ **Trans Union:** PO Box 390, Springfield, PA 19064-0390 (800) 888-4213  
www.transunion.com

- **Evaluation**

- o Does the teen provide logical reasons and explanations for their response?

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## ASSESSMENT TWO:

Things I picked up:	Before doing the <i>Keys to Credit</i> Unit			After doing the <i>Keys to Credit</i> Unit		
	Not at All	A Little	Pretty Well	Not at All	A Little	Pretty Well
I am aware of the cost of buying on credit						
I know the questions to ask when shopping for a loan						
I know how to establish credit in my own name						

Fact or Fiction?	Before doing the <i>Keys to Credit</i> Unit			After doing the <i>Keys to Credit</i> Unit		
	Fact	Fiction	Not Sure	Fact	Fiction	Not Sure
All financial institutions charge the same interest and offer the same types of credit						
FICO scores are a credit rating that tells lenders how risky it is to loan money to me						
I can obtain credit in my own name if I am younger than 18						
It is illegal to be denied credit because of my sex or race						
By maintaining a good credit history, I will be able to get money when I really need it						



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**1. These are some things I liked most about this Teen Guide and Activities:**

**2. The most important things I learned are:**

**3. I will use what I learned by...**

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## ANSWER KEY FOR ASSESSMENT TWO:

**Fact or Fiction?**

	<b>Fact</b>	<b>Fiction</b>
All financial institutions charge the same interest and offer the same types of credit		X
FICO scores are a credit rating that tells lenders how risky it is to loan money to me	X	
I can obtain credit in my own name if I am younger than 18		X
It is illegal to be denied credit because of my sex or race	X	
By maintaining a good credit history, I will be able to get money when I really need it	X	