

I want to welcome you to improving your credit. I am your moderator. I would like to turn this over to our guest speaker Andrew Hall. >> Thank you. Welcome everyone. Like Melanie said, we're gonna talk about improving your credit overall. It should be a good session. Keep it simple. Keep it simple as possible. Hopefully will clear up misconceptions about credit and give you some good tips to start thinking about your life. We work with your AP a bit. I represent them and founding member of in organization called Institute for financial education. It's based in St. Louis Missouri. We offer financial education on any topic. Getting added that to homebuying we offer education for. If you want to check us out online there are websites. WWW.IFE online.org. If you need to drop me an email you have a very specific question feel free to do that. It's pretty responsive. There's quite a bit of people on this call. If I get a ton of emails give me a couple days. We will talk about improving credit. Without any further ado let's get into it. Were gonna talk about why our credit is so important, understanding what makes up a fight go score and how to restore your credit. Explain debt rebalancing and repairing your credit after major life event. One of the key things we will go over today is a better understanding of what credit is, how it works, the misconceptions we hear about it. A lot of people sit on the sidelines from trying to open up a credit card or something like that or wait on buying a home or do any number of things because there's a lack of understanding. We are here to clear that up. Let's keep it simple. What is credit? All credit is is someone allowing you to purchase something what without having the money. Someone is fronting you money. Whether you get from your brother or sister or of bank or license company or your 401(k) or any of these other places your lending money. All credit is is the ability to have money without having money. Unfortunately, it's not free money. It's not money someone's can give you. The deal with credit is you have to pay it back. The pros are you can purchase more things. You can build credit worthiness. You can have it available in case of an emergency. The cons of having credit are temptation. I don't have the money to buy this. Overextending. Maxing out your credit card. An interest. Most people aren't giving you credit for free. If you say I need \$100 as a business person the bankers going to say I'll give you \$100. Until you pay back you've to give me 10 percent interest. By give you \$100 any payback you can pay me hundred and \$10. That always happens. Very often it's not free. It's really important when you take on credit what happens. What the cost of interest is. These are the four C's. Collateral, capacity, character. We will talk about those in more depth about what's in a credit report. How goes into your credit score. It comes down to credit worthiness. How willing is somebody to extend you credit. That's all it is. The more credit you have extended to you less credit you'll be able to get. I want to caution you. People are always looking for rate of return. How can I invest my money to get the best rate of return possible if I told you I the magic investment and you will have an 18 percent rate of return what would you say? It would be crazy not to take that. If someone told me I can get 18 percent I would take that in a heartbeat. The one guaranteed way you can do that is pay off your credit card. Somewhere around 15 to 20 percent depending on where you're at. Paying 15 percent interest is the same as earning interest. It's the same economic situation. Often times are trying to chase rate of return but in front of us we have the opportunity to get those rates of recurrence by approving our credit and getting in a better

position. At the end of the day all credit is someone willing to let you buy something without having the physical cash to do it. It's going to be important for us to keep our credit score up so people will give us more money so we can rent a house. One of the first things to do before we can understand improving credit is understanding credit and where to go, understanding where to read your credit. The credit Bible is in your credit report. Your report is held by a couple different agency's. Over on the right-hand side and took a drink of water and it went down the wrong pipe. I didn't work often on your guys year. The credit report is measured by three different companies. Your credit worthiness, Trans Union, experience, and aqua fax. These three companies rate you on how worthy you are to have credit. In your credit report you can see annual credit report.com. You are entitled to three reports every year. Sorry guys. Still struggling with the water. Think I'm good. You're entitled to a credit report once a year from each of the credit bureaus. This includes your personal information, your account information is is everything happening with your credit information like what your balances, what your monthly payment is, how much you owe, etc. It shows you who's been looking at your credit report. And looks at if you've ever been in collection if you have a public record and has all the contact information ever want to send you credit. If you have a credit card situation going on here and I don't know how to contact them it's going to be on your credit report. It's very important to look at this. I pull mine once every three or four months. I get one free one year. I get one from Trans Union, Experian, Equifax. I look at it and it's not uncommon that your credit score is low and you might have a situation where you have 75 dollars cable bill 15 years ago that's in collection. You don't know it exists. That's sitting on your credit report. Look at it. Want to know about them sooner than later. The longer you let one sit the longer it is. I was sitting with somebody not too long ago and they want to re-finance their house and pulled her credit report and that exact examples on their. They hadn't paid a charter bill when they moved and it was in collections. They were able to get the credit information, pay that in the credit score 2 months later skyrocketed. They had no money in collections. We will talk about what makes of the credit card score and all these other things. That's important. The question came across to if credit goes down. That's not true. Inquiries are if somebody inquires about your credit card report. One second. >> Sorry everyone. I gave the wrong email address.

I want to take care of that.

I will just broadcast it to everyone. Go to this one or that I provided you. That will not go to me. You will not see that. Anyway, back to the inquiry. For something called the hard inquiry in the soft inquiry. It's like somebody is holding your credit report for the purposes of extending you new credit. If you're buying a new car and they pull your credit information to see if you're worthy to get that that will affect your credit score negatively. It's not the end of the world. If you are pulling your credit to look at your report that does nothing. Doesn't help it, doesn't hundred. Also, what you will see is you might see credit card companies hitting your credit all the time. That doesn't affect you. What they're doing is they're extending a credit were looking at your credit card score just to see what you got going and to see if they

should send you a pre-offer. As long as you are not signing up for something any paying does not count. That's really important to note. Don't be scared to look at the credit and how long those inquiries. These three, Trans Union, Experian, Equifax. All have information reported fees. You can pull one credit report a year. That's the number. I highly recommend you do. Let's talk about whatever he wants to know. How is your credit measured? There's a bunch of complicated formulas. Each credit bureau has a different score because a lot has to do with timing. When you pull your credit report one report may or may not have the information or may not have fallen out. These are the more important things that make up your FICO score. You will see 35 percent of your credit is to pay off or make on-time payment's. There's nothing more important than on time payment. You can hit your credit a hard inquiry and it's not not affect your score. That doesn't mean you have to pay the full thing. It just has to be considered in on time payment. On time payment is important. I saw question talk about student loans. When we think about credit report we think of credit card. Also is all of your accounts including your student loans. Including your mortgage. Including any personal loans. Including your credit card. There's very few things that don't gone credit. If you take a 401(k) loan they will be on their. Sorry, it will not be on their. It does not go on your credit report. Anything from a financial institution will be on their. That's important to know. On-time payment history is the most important thing. If you miss a student loan payment that's ahead. If you're late that's a problem. Some companies have grace periods. What they are are periods of which they won't report it to your credit bureau as a late payment. That's the most important thing. The second most important thing is the amount you owe. Credit utilization. Basically if you take out a credit card and it does limit is \$10,000 you have \$10,000 of credit available. If you swipe that card and max it out you have no more credit available. Your utilization is bad. Give a \$10,000 credit limit and you're using 100 percent that extended to you. On the flipside if you have \$1000 balance you are only utilizing \$10,000 a month -- sorry. If you have a \$1000 balance you're only using 10 percent of your overall credit limit. That is good. You want to keep that utilization to 30 percent are lower to get your credit score boosted up. It does not hurt what so ever having a credit card open and having zero balance on it. The biggest myth I can dispel here today and one of the most common things people think about is I have to keep a balance on my credit card because that's going to keep my credit score higher. That is unequivocally false. It's better to carry no balance to improve your credit score. You are amount owed, your credit utilization would be better if you paid the card off. That's the most important thing. It's the most common misconception after the balance. Not so. You have to have credit extended to you. My very first credit card I still have. I use it once a month like a tank of gas on it. Just to keep it active to make sure it's not being used. The key thing is that's important to note. You have any balance. The third thing length of credit history is important. That's why I keep that first credit card. It's been open for 15 years. I don't use it that doesn't give me a lot of points but the length of the credit history is good. Couple of things like taking out a new loan order credit mix is all the credit extended your credit card or is only credit you have a mortgage or a car loan? That kind of matters but not that much. Honestly, the most important thing you can have is on time payments, the credit utilization, and the

length of credit history. Do those three things you're gonna see your score improve. Taking out new credit might affect your score negatively briefly but in the long run by having more credit extended to you that's going to affect your score positively. On time payments, credit utilization, length of history. Focus on those things. That's what makes up your credit score. That goes into computer. If you pull your credit report from these three agencies and your score for Trans Union is 700 and Experian is 700, and Equifax is 500 something's wrong. You will see some variance. Depending on when you pulled report the timing of what gets reported can be different. If you pull credit score one day and pay it off the next day it's the timing. If you see a huge difference one of these credit bureaus has something wrong. Not all credit scores are FICO. FICO is the biggest most important one. FICO is what were the focus on. But there are other credit scores out there. On the right-hand side it 800 is excellence. Good a seven 4799. Good is 677 39. That 670 is the mark you want to get to. That's the last breakpoint where you can get good rates on refinancing of housing, mortgages, cars, etc. When he gets a 740 get really good rates. Once you get to 800 the difference between 800 on rates doesn't have a huge effect. The difference between good and very good is substantial. Different bureaus might have different information. You need to get 640 or above to not be a subprime borrower. Right now money is cheap. You can get a car loan or mortgage or anything like that and interest rates are low. You want to take advantage of that now. We have good questions coming in here. I will finish this up with time to get questions. You want to get above the subprime. It helps to get better interest rate. I don't know if you're renting or cable company the amount of line of credit, if you need a credit card you can only get a \$500 limit. If you have a good credit card credit you could get \$10,000. Your score is important. Keep an eye on it. The best way to get your score is to go through the bureaus themselves. There's places like credit karma that people use and other for-profit companies. They have unreliable information. That was my credit card app on my phone I can see this is my FICO score. It's probably fairly accurate but I would not rely on it to buy a house. It gives me an idea of what's going on. I went to the Bureau directly. Checking your score is not going to affect your rating. It's a soft inquiry. It does not do anything as far as extending credit. How do we improve? Watch the credit card balance. 30 percent or that better. Optimum is zero percent. Like I said I've a couple credit cards. Every single day. Hundred percent of my purchases. I don't carry any balance. It helps boost my current score. I'm paying money on it it's a really good thing. Here's a situation. If you have a credit card and you swipe it and put five dollars a month that's good. If you put \$2000 a month and pay that off it looks the same. It doesn't matter. You can buy a stick of gum for dollar pay that off and it gets report your credit bureau as a balance and on time payment. You want to keep those balances utilization. Eliminate your bounds as much as you can. It's a typical thing. People will pay off a credit card and then they want to get removed and fight tooth and nail to get removed. If it's in good standing that's good. If you went to school and got straight A's why would you go to register office and say at least two days but can you take them off my record. You wouldn't do that. Same thing with leaving debt on your report. It's okay as long as paid off. It looks really good have a bunch of accounts paid off pay timely and on time. If you are buying a new car or buying a new home or anything like that a hard inquiries going to

come. If you're looking for mortgage and they all poured credit card bribe see it. This guy got his credit reporting multiple times and it was for the purpose of buying a home. They're not correcting you for five times. They're gonna say he's looking for a new house and is considered one inquiry. Pay bills on time. That's important. This is interesting. Don't hit risk. What the credit folks say is the type of credit does typically count. If you're taking payday loans or paying a gambling website or gambling debt the credit bureaus look at that less favorably and even though you're paying on time payments because it's with they consider high risk item that can affect. Don't obsess. This is not overly as complicated as it seems. Keep good credit on your credit. The longer you can do that the better. We can do these things to improve our credit. After bankruptcy what happens is was your dad are just charts. After bankruptcy it's important to check your report regularly. It's probably worth the money to pay a credit subscription service that allows you pull your credit report. Those aren't that expensive. You may pay 40 bucks year. To pull a credit report and everyone. You need to make sure all accounts are properly discharged. After a bankruptcy that's important to make sure those errors are figured out early on. Building a credit backup. They say I can't get a credit card discovers not to limit credit card. There's different things to do. A couple things is a secured credit card or retail card. If you go to Macy's their cards are more generous. They want anyone to sign up. Go to Cabela's. That's the hardest on credit card. You walk in that store and the hound you. Those are easier to get. Secure credit card is something good to. It's a debit card. It's your money. I want to deposit hundred dollars into the count and then use the secured credit card. Collateral for that card is your own money. You can never spend more than what you have. It gets report to the credit bureau. A debit card is not reported. A secured credit card is. That's a good way to build credit. There's also credit builder loans for banks will give you a loan that you pay back and that gets reported to the credit bureau. You can have in some instances you can report your rent. If your landlord can talk to the credit bureau and report that as an on-time payment if you pay your rent every month on time that can be reported to the credit bureau. Become an authorized user on someone else's credit card. If your mom or sister or brother has a decent credit rating and you don't have good credit card rating come in authorized user on the card. It won't affect you as positively but it will help you. I got lucky. My mother has never had a late payment and I've been in authorized user on her credit card. Early on when I was 20 years old I had a good dose my credit report was decent. There's a couple things you can do to get credit extended to you. At the corner my I saw question. Is it beneficial to pursue increased. Yes. Every time I have an opportunity to increase my credit I pay my card every week I work on a debt-free situation. Every time I have an opportunity to open my credit report it looks better for my utilization. Good score. Why is credit important? We kind of talked about that throughout today. You get better rates. You better rates every year where. The ability to buy a home or car, the ability get a student loan. All this stuff comes down to the importance of credit. A lot of folks do is you can be a worn buffet and have all the money in the world and is your credit score. If you don't have any credit cards open and you have no debt your credit score will be nonexistent. When you get a card even if you have all the money in the world you will be able to get a loan. You don't have that stuff. It's important to keep a couple cards open and

utilized. Let's talk about some other things. Disputing incorrect information. Obviously you want to dispute it on your credit report. This can be a pain in the neck. Your dispute something that's a-year-old. In for the credit reporting company. Include copies. This was incorrect information. The name of the game is documentation. You want to document everyone you talk to exactly what they said, what you sent in, etc. Basically, right the credit card company. Say this information is inaccurate and these are the documents as to why. Again, requested be removed and corrected. In close a copy of the report the items you talked about and send it by certified mail with a return receipt requested. Documentation. I sent the same. Keep copies of your dispute letter. Again, I can't say enough. Document when you want to dispute the situation in the things on your credit report. Again, pull that credit report. Dispute was inaccurate and keep good documentation. Rebuilding your credit. This slide is confusing. This number on here is the real money helpline. It's the credit counseling service which is an organization consumer backed organization that's there to help you with your credit counseling service. Basically there's can be a lot of people trying to scam you into helping improve your credit. It's something you can do on your own. I can think of a lot of better ways to send hundred 50 thousand dollars year then to have somebody help me my credit. We can erase your bad credit. Just be careful. A lot of these debt consolidation organizations do is they talk to you and say we will help your credit. Don't pay any credit cards and though keep calling you and don't pay and then eventually what you settle for a lot less. You can do that. Be aware that's going to be a long process that's going to destroy your credit in the meantime. That's can take multiple years to build it back up. Sometimes it's a way to avoid bankruptcy. The type of guys and gals in the industry I know a lot of them. Summer great. Be careful. If someone says don't pay your credit card my red flag goes up. Has to be part of a specific plan. Those plans destroy your credit before building a backup. Self-help. Dispute your heirs. Create a budget. Created payment plan. Understand this chart. Increase your credit card limits. Keep good debt open. That's can help improve your score. Maybe there's different bits and pieces of information we can figure out like a cashback refinance to pay off credit card debt and have our cash flow up. We can take a 401(k) loan to pay off debt over here. There's other things you can do. Exhaust all options before looking at this debt refi company. That's all I'm saying. Be careful. Rip off the Band-Aid. A lot of us say I don't know my credit card is. If I ask you right now what you're interested in your credit card do you know off the top of your head? Some people will say I was six or seven percent. Rip off the Band-Aid. Do an assessment. Create a budget. Call your creditors and talk to them. Maybe you can get on a payment plan that better. How to choose what to pay first. The key thing is what we want to do. Take out whole equity lines of credit. All those different things are really important. It's important to have an emergency fund. Basically what happens is make a list of your debts lay them out by the debt of the lowest balance owed an interest rate. The interest rate is the highest to lowest. Here's the name of the game. Number five. Role that money into your other debts. You will pay the minimum on all other debts. Will eventually start snowballing. If you're throwing money here and there it's wildly inefficient. Pick one debt. The highest credit card were interest rate focus all your energy on that particular one. At the end of a switch and move over . Once it's paid off

you can move the rest over. It's always an argument. Do I do the smaller debt the higher interest rate. It's a big emotional when. It's emotional more than economical. That way of paying that off can be a huge psychological when that helps the next one of the next the next. Don't discount the emotional side of things. The key here's to pay everything off and focus on hearing the debt. There's a lot of things to do. Other concepts can help you pay off these debts. Creating these bad habits in the plan can be far more outweighing the economic benefit. I would get to some questions here. Again, there's no revamping this. Know your credit score. Pay your bills on time. I'll answer questions in a second. If you are talk about this?

You may have benefits through your EAP. Some have financial legal benefits. If you do, feel free to call your 800-number. Call your HR department. You can look on the web. If you don't know your particular website reach out to your human resources department and ask for your EAP phone number and website. We're going through a stressful time. Want to make be here to help you. The EAP is for professionals to help you confidentially. Please call us if need be. Anders company is another good option. With that, I'm going to turn it over to year. It was a questions here.

I see people blowing up my email. Let me start hammering these out one by one. Was first one off the bat is there a way to decrease your credit limit. It will negatively affect your score because of utilization ratio. We see a lot of marketing or debt consolidation agencies. Will affect your credit score negatively. Yes, no. How to rephrase this. There's debt consolidation companies that say we will settle your debt and consolidate it and get down. That is doing is not paying your credit card or other debt and ultimately settling with the card company. That's different than consolidating that. That's sing one company or organization will pay off all your dad and give you a new loan. That doesn't affect your credit card that negatively. Maybe it does for brief couple months because of a lot of cards been closed new debt been paying two. Once you have that new one consolidated debt your school come up pretty rapidly. There's a lot of questions sprinkled out here about length of time. There's this active law called the fair credit reporting act. And negative information can remain on your credit report. Most of it is seven years. I had one payment in 2015 how I get rid of it? It's gonna hang on. At the end of seven years it falls off. There's a few random stuff that stays on but for most part things fall off after seven years. The other thing is first timing is those hard inquiries. Hard inquiries on mortgage, applications those type of things stay on for two years. Most negative stuff is seven years and hard inquiries stay on for two years. There's a couple things like a bankruptcy might stay on for up to 10 years. That's mostly the things that stay on your credit report for that length of time. This is student loans affecting your score. It's the same as anything else. It's a new line of credit. You will get there. It will be an amount you owe. It affects your utilization. Again, on time payments are important. I will say a big student loan, a big mortgage like collateralized debt are not as negatively looked at as like a maxed out credit card. I might have a house in a oh \$200,000 they figure that into it. That would not be good. If you pay off your credit cards and then you close your credit cards it could hurt your score. If you close the card your utilization

can go down. I had \$10,000 and I only have 8000 available. My utilization is higher. That's important. Know it's not true. Will have two minutes left. I will wrap this up. It does not affect your credit score. Also, how does divorce affect credit? Your credit is your credit. What your spouse is doing doesn't have any bearing in less you are on a joint card. Is the last thing I'll say. You can get back onto jobs. The key here is if you ever sign up for joint card or joint loan or anything like that be aware that anything you do jointly can go on your credit card. If you cosign a loan and the person responsible for payment loan doesn't pay it it's on your card. Your spouse, friend, family member, be aware of that. Melanie, do you have anything?

Inc. you so much. I know you wish you could answer more questions. Thank you everyone for participating. Want you to answer the poll question. Rate your overall satisfaction. Your answered are very satisfied customers sidecut to satisfy, or very satisfied. Click the button next to response. It will not broadcaster answer to everyone. There will be a.next training. I want to thank everyone for joining. Remember to reach out your EAP through the toll-free number. If you don't know what that is call your HR. You have information. >> My pleasure. This answer webinar. I hope everyone has a wonderful rest the day. [event concluded] [Event Concluded]