

**Name:**

**Students will be able to:**

- Compare the percentage of people in different credit score bands
- Explain what a credit score is and how one is calculated
- Analyze the different methods available to view their credit score
- Critique different credit score scenarios and formulate a plan on how to improve credit scores

**NOTE:** Vocabulary for this unit can be found in the [NGPF Personal Finance Dictionary](#)

 **INTRO**

**DATA CRUNCH:** [What Is The Most Common Credit Score By Age?](#)

Analyze the image on the worksheet to answer the questions on this Data Crunch.

 **LEARN IT**

**VIDEO:** [What Is A Credit Score?](#)

It's important to know what information impacts your credit score. Watch the video on how FICO scores are calculated. Then, answer the questions.

- 1. What is the scale for minimum to maximum possible credit score?**
  
  
  
  
  
  
  
  
  
  
- 2. Why is it better to have a high credit score than a low one?**
  
  
  
  
  
  
  
  
  
  
- 3. Explain how your payment history is used as a measure of your creditworthiness.**

#### 4. Does the method for calculating credit scores seem fair to you? Why or why not?

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##### **VIDEO:** [What is Credit Utilization?](#)

The previous video showed that credit history has the largest impact on your credit score and late payments should be avoided whenever possible. Just behind credit history in terms of impact on your credit score is your credit utilization. Watch the video to learn more. Then answer the questions.

- 1. Imagine your only available credit is a credit card with a limit of \$2,000. If you have a balance of \$750, what is your credit utilization percentage?**
- 2. What value does the video recommend keeping your credit utilization percentage below?**
- 3. Imagine you've just paid a credit card bill in full and don't plan on using that credit card again. You remember learning that closing a credit card account means that card's spending limit will be subtracted from your available credit. If your goal is to improve your credit utilization percentage, why might it be a good idea to keep that account open, even though you don't plan on using it?**

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##### **ARTICLE:** [Where Can I Get My Credit Score?](#)

In the past, the only way to get your credit score was to pay FICO for it, but options have expanded significantly. Skim this article to learn more about the different ways to view your credit score. Then, answer the questions.

- 1. What are the four main ways to view your credit score?**

2. Which of the four options do you think you would be most likely to use? Explain why.



**DO IT**

**ACTIVITY:** [INTERACTIVE: FICO Credit Scores](#)

Now that you know about what goes into calculating a credit score and where you can find yours, let's take a look at a few hypothetical scenarios to see how a person's financial decisions can positively or negatively impact their credit score. Follow the directions on the worksheet to complete this activity.



**EXIT TICKET**

Follow your teacher's directions to complete the Exit Ticket.