

Name:

Students will be able to:

- Explain how long it takes to establish a credit score
- Analyze reasons why it's important to establish credit early in life
- Identify strategies to start building credit
- Compare the impact of different credit scores when taking out different types of loans

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



INTRO

QUESTION OF THE DAY: How long does it take to establish your first credit score?

Answer the question on the first slide in the space below. Then, compare your answer to the answer on the second slide. Finally, follow your teacher's directions on how to answer the follow-up questions on the last slide.

1. How long does it take to establish your first credit score?



LEARN IT

ARTICLE: Why It Is Important To Establish Credit While You're Young

Your credit report can have a significant impact on what happens when you make various financial decisions. Read the section titled "Why should young people care about their credit score?" Then, answer the questions.

1. Do you think you would be more likely to lease an apartment or buy a house when you decide to live on your own? In either case, why is it important to have a good credit report?

2. **Do you think your credit report is a good indicator for whether or not you're a good candidate for the things listed in the article? If so, explain why. If not, explain what other things you think should be considered.**
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VIDEO: [How to Start Building Credit from Scratch](#)

You need experience with credit in order to build your score, but in many cases you need a good score to access credit. So how do you get started? Watch the video to learn more. Then, answer the questions.

1. **How does opening a checking account with a bank help you build credit even though it doesn't directly impact your credit score?**

2. **How does a secured credit card benefit someone new to using credit while also reducing the risk taken by the card issuer?**

3. **If you take out a loan with a co-signer, what is your responsibility and how is the co-signer impacted?**



ACTIVITY: [CALCULATE: Impact of Credit Score on Loans](#)

Your credit score can have a significant impact on the total amount of money you will have to pay back over the life of a loan. Let's take a look at how three different credit scores affect the payback terms when applied to the same loan. Follow the directions on the worksheet to complete this activity.



EXIT TICKET

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