



FINANCIAL LITERACY COMPONENTS:



Income

Expenses

Budgeting

CREDIT



TYPES OF CREDIT:

- ❖ Credit Cards (Store and Personal)
- ❖ Educational Loans (You Already Know About These)
- ❖ Auto Loans
- ❖ Personal Loans
- ❖ Mortgages

CREDIT CARDS:

- ❖ Observe Credit Limits (Remember this is not same as CASH)
- ❖ Look for LOWEST Interest Rate
- ❖ Pay Off Balance EVERY Month (You have a 25-day window to do so without Interest accrual)
- ❖ If You Pay in Full: Minimum PLUS Accrued Interest (at least – try minimum plus \$100 above interest) Quicker You Pay, the Less this Borrowing Will Cost You



CREDIT SCORE:

❖ Components:

- Total Amount Borrowed
- Types of Borrowing
- Total Available Credit
- Payment History
- Length of Time Each Account has been Active



HOW TO KEEP SCORE HIGH

❖ Remember: The Higher The Score The Cheaper It Is To Borrow
Money In The Future

- Pay Off Credit Cards Each Month
- Pay More Than the Minimum on Both Loans and Cards (if you cannot pay in full)
- Limit Your Number of Credit Applications (the more you apply for, the more desperate you seem)
- NO LATE PAYMENTS (30 days or more)



AVOIDING CREDIT CARD DEBT

- ❖ Remember: This is Not Real Money
- ❖ Pay Cash for Things You Want (SAVE for things until you can pay with cash)
- ❖ Only Use a Card When You Have No Choice (Airline Tickets, Car Rental, Emergencies)
- ❖ Then Pay Off In Full When You Get Bill



SEE:

❖ How To Improve Your Credit Score