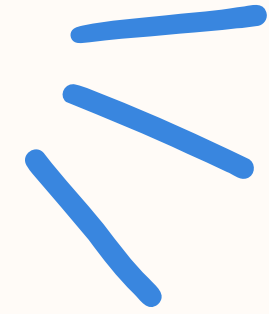


Leawood YIS

# WHAT IS A CREDIT SCORE



IT IS A THREE-DIGIT  
NUMBER LIKE THIS  
AND USUALLY  
RANGES FROM 300-  
850

# WHY IS CREDIT SCORE IMPORTANT

It is a number that represents your financial  
trustworthiness

**Will a lender lend you money?**

**How much will they lend?**

**What interest rate will they charge you?**

# HOW DID CREDIT BEFORE SCORING SYSTEMS WORK

If you went to a lender, how did the lender decide how much money was safe to give to you?

Trust

Reputation

Relationships



# HOW DID CREDIT SCORES COME ALONG?

As credit became more common, credit bureaus popped up across the U.S.

Bill Fair and Earl Isaac had the principle that data can improve financial decisions and wanted to create an objective method—a system that used data—rather than opinions—to assess credit risk. They founded the Fair, Isaac, and Company, later becoming FICO.

**Fun fact: Bill Fair was an engineer and Earl Isaac was a mathematician**



**FORMULA THAT  
USES 5  
COMPONENTS**

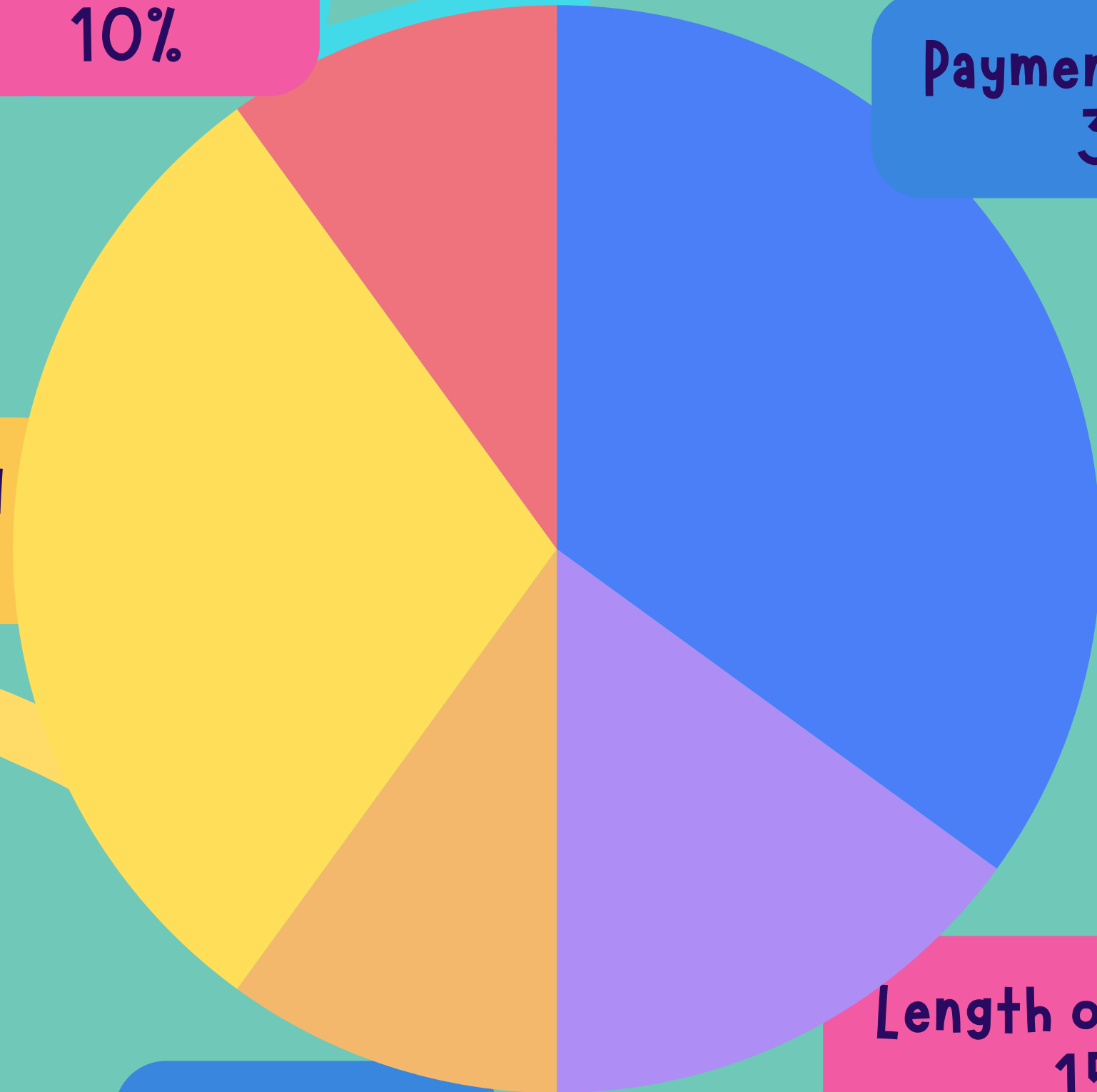
**Payment history  
35%**

**Length of history  
15%**

**Credit mix  
10%**

**New credit  
10%**

**Amount owed  
30%**



# WHAT DO THOSE COMPONENTS MEAN?

## Payment history

- If you pay your bills on time
- Have any bankruptcies or accounts sent to collections
- How often you miss payments

## Amount owed

Total debt: credit utilization

## Credit mix

Types of credit accounts you have  
(e.g., credit cards, loans, mortgages)

## Length of history

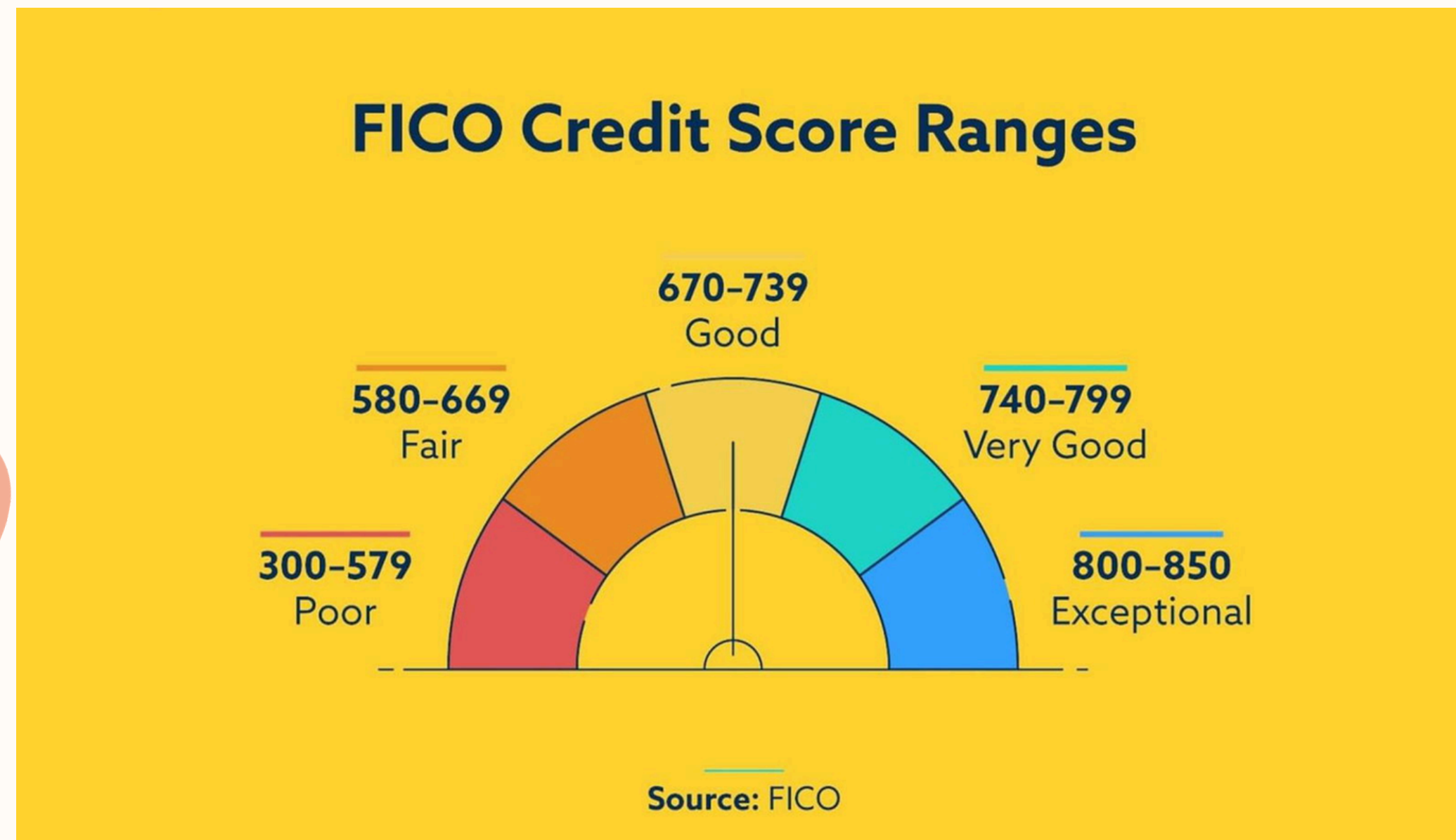
Length of time you've had credit accounts open

## New credit

How often you've applied for new credit



# WHAT IS A GOOD CREDIT SCORE



# HOW TO CHECK YOUR CREDIT SCORE

You're entitled to a free copy of your credit reports every 12 months from each of the three nationwide credit bureaus  
[www.annualcreditreport.com](http://www.annualcreditreport.com)

You can also create a [myEquifax account](#) to get [six free Equifax credit reports](#) each year.

Check your credit card, financial institution or loan statement

Purchase credit scores directly from one of the three major credit bureaus or another provider, such as FICO  
Visit a Free Credit Score Website





# WHAT CREDIT SCORES DON'T CONSIDER

**Income, employer, employment status**

**Age, gender, race, ethnicity,  
disabilities**

**Religious or political affiliations**

**Marital status**

# Things That Boost Your Credit Score

