

## Five Keys to Credit for Today Notes for PowerPoint

**Slide 2** - There are many reasons to know what's in your wallet. We all carry many records, cards, identification, health cards and more in our wallets. Many times we have received replacements but continue to carry the old with the current. Look to see what is in your wallet – gift cards, debit card, credit cards, insurance cards,

**Slide 3** - When you get a new credit card, activate and sign your card.

Only carry cards that you will be using. Some of you might travel – only take the cards you need – it will lighten your load too. Tell your spouse to do that too.

Memorize PIN numbers

Cancel unnecessary cards – if you haven't used the card in 2 years – you may be receiving a notice from your credit card company that they are going to charge you an annual fee or inactivity fee –

Think about the cards that you using and revisit whether you need them or not. If you were a new user to credit – canceling the card could hurt your credit score but many of you have had credit for 20+ years and canceling one or two will not have that much impact to your credit score.

**Slide 4** - Many people can't remember all of their "numbers" but keeping a list of them in your wallet of your grandchildren's social security numbers can be very harmful to them and others. Put it somewhere else in your purse but not in your wallet or if you can memorize the numbers – that is better yet.

We all know this – but treat your Social security number, bank account numbers will respect and don't share over the phone, Internet and mail!!!! If you initiate the call, that is a different story.

**Slide 5** - Make sure you annually look at what is in your wallet. Be sure to activate and sign new cards and take out the old ones. Also take out expired cards, gift cards,

Make a list of the contents of your wallet. Put that information in your permanent file in case you would ever need it.

If something happens – you are a victim of identity theft – do this:

1. Contact the police department and get a copy of the police report – (you will need this for the next two steps)
2. Contact credit card companies and close your accounts
3. Notify your bank and close accounts - checking and savings and ATM/Debit card
4. Next slide – contact the Credit Reporting Agencies and place a fraud alert on your accounts. These are good for 90 days and you may want to extend for a longer period of time.

**Slide 6 – 8** - text on the slide

**Slide 9** - Your credit history/report, follow you the rest of your life. Many people tell me they don't have credit cards, but they have credit – utilities, loans and it's all credit

**Slide 10** – text on slide – also matches – Credit Card Smarts – sheet – back side left hand column

**Slide 11** - There are many reasons for looking at your credit history.

1. 70% of credit reports contain errors – some minor but many are major and you may be denied credit.
2. Look at your credit history – look for inaccurate information
3. If you find errors – contact the credit reporting agency the report is from
4. Ask for an investigation – provide documentation and explain your situation (Always keep the originals) Takes 30-60 days.
5. Consumer Statement – allows you to indicate a certain situation – loss of job, divorce where you might have gotten behind on payments – Mortgage lenders look at this statement – only 100 words.

**Slide 12** – text on screen

**Slide 13** - Because the credit card companies are changing the terms of your contract – READ the FINE PRINT. Also make sure to look at your statements to make sure the charges are yours.

**Slide 14** - text on screen

**Slide 15** Cartoon

**Slide 16** -.How many of you receives credit card offers in your mail? Do you want it to stop? Then sign up for Opt Out - use the e-mail address or phone number – You can sign up for 5 years or do a permanent Opt Out – This one really works – Susan Taylor did it almost 3 years ago and the offers have almost completely stopped. It works with all three Credit Reporting Bureaus.

**Slide 17** - Do any of you receive credit card offers in the mail? Opt Out is a program that you can either call or go online to sign up for – and you will eliminate majority of the credit card offers that come via your mailbox. You can opt out for 5 years or permanently. Watch the credit card offers stop!!!!

**Slide 18** - Credit score is based on your credit history - it used to set the price of your loan

Paying your bills on time = 35% of the score

What are your outstanding debt = 30%

How long you have had credit = 15%

Inquiries on your credit = 10% There are three types – Regular Inquiry, Promotional, &Account Review.

Types of credit = 10% Loans, credit card, mortgage, revolving credit, student loans, etc.

Your credit score is a predicting indicator of ability to pay. Each of the three Credit Reporting Agencies – Trans Union, Equifax and Experian use their own measuring system. So when you hear someone's score is 720 it might not be 720 using the other two credit reporting agencies.

Individually – you have your own credit score. The stapled sheet – from Fair Isaac explains the process and why there are three different credit scores.

**Slide 19** – New Credit Card Reform – CARD Act slide (This information can be followed on the What You Need to Know –New Credit Card Rules)

**Slide 20** –Interest Rates - If you have a new account, the credit card issuer cannot raise the APR during the first year of the account.

Increased rates apply only to new charges – if you have a balance – the old interest rate will apply

You must be more than 60 days late on a payment before the rate can be raised on an existing balance.

If the rate is increase and you pay on-time then next 6 months – it must be lowered.

**Slide 21** - Your APR can not be raised based on how you pay other creditors – formerly known as universal default.

Also double cycling billing has been banned – (they would use last month’s bill and this month’s bill and charge an extra interest fee)

**Slide 22** – Payments - You just paid the credit bill and another one is in the mail. In the past there was only about 14 days from the time you received the bill and the due date. Now you are to have 21 days before the due date. Many people had trouble paying the bill because there was little notice.

Your payment will always be on the same date – So if it’s the 20<sup>th</sup> this month – it will be due the 20<sup>th</sup> next month. If the payment is due on a weekend or holiday – you have until the following business day to pay.

The cut-off time is 5:00 p.m. local time on the due date. (not 2 p.m. Eastern time –when you live in Central time) Sears use to use this as their practice

**Slide 23** - The credit card company must notify you when you are getting close to your credit limit

Account with different interest rates – the following slide explains this one.

**Slide 24** - Example: You have three accounts with a company –

1. You withdraw cash at the ATM as a cash advance – \$100 @ Prime + 23.99% (most expensive)
2. You bought a computer for \$1,000 @ Prime + 14.99%
3. You transferred a balance of \$1,400 @ Prime + 3.99%
4. You send a payment for \$2,500 this month to pay for the three balances.

**Slide 25** – Disclosure –The example is on the next slide

**Slide 26** - Example of disclosure about terms on your credit card – found online.

**Slide 27** - The next slide explains this in more detail. Example is on front sheet of the handout mentioned above.

**Slide 28** - This example is on the Credit Card Rules bottom of the first page.

Now the credit card/loan companies must explain how long it will take to pay off the bill using minimum balance. The balance here is \$1,784.53                      Minimum payment due is \$53.00

Payment due date is 4/20/12 (payment due date will be 20<sup>th</sup> each month)

Warnings about late payment - If you don't pay the minimum payment; there will be \$35 late fee and your APR may be increased up to the Penalty APR of 28.99%

Minimum Payment Warning – if you only pay the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance

Minimum payment will take 10 years to pay off the balance you would pay \$3,284

If you paid \$62 3 years paid off \$2,232 savings of \$1,052

This is only \$9 more with lots of savings and less time.

**Slide 29** – Fees - High-fee or subprime is also known as predatory lending – usually targets lower income individuals.

In the past here was an example – the person was offered from \$250 to \$1,000 in credit but had to pay in excess of \$281 in fees before they might be approved for credit.

**Slide 30** – Students - Yes – if you are a student under 21 years of age, there will need to be a co-signer or proof that the individual can repay their debt (have income). In the past many students were graduating from college with \$5,000 – 15,000 of just credit card debt – not including student loans. The students credit score may have hamper them in getting a job (the credit score factor that employers use)

In the past if you attended an athletic event there were tables wanting people to sign up for credit cards – now the offers have to be the length of 3 football fields from where the student campus is located.

**Slide 31** – Yes we know gift cards are not credit cards but the legislature included it in the CARD Act. Now cards are good for 5 years and the value of the card can't decrease or contain hidden fees as it had in the past. Former Treasurer Judy Barr Topinka and Attorney General Lisa Madigan were very key in helping this law to be added nationwide.

**Slide 32** – Bonus thoughts

**Slide 33** - We need to communicate to our creditors when we will not be paying our debts. Things happen but keeping the creditor abreast of what is going on can save you lots of trouble. Illness, accident, not working – the creditor usually doesn't want your item that you are paying overtime back – they want payment – even if it's lower than they anticipated but talk to them – don't assume you can send them less.

**Slide 34** text on the slide

**Slide 35** – Credit Card Smarts – website Credit Card Smarts has been updated 2010 and has added six more to the set. Only available via the web. Information on Credit scores, Credit Card Reform (CARD Act), and other credit topics are there.

**Slide 36** – More For Your Money website – section on credit More For Your Money is an interactive website that has two sections on Credit – What is Credit? And Use Credit Wisely – also section on debt management and spending plans. It is suggested that if you plan to use it – to register and then log in – also only on the web.

Slide 37 - questions