

# Financial Empowerment Curriculum

## Moving Ahead Through Financial Management



## Module Three:

## Mastering Credit Basics

Reviewing, Understanding and  
Improving Your Credit



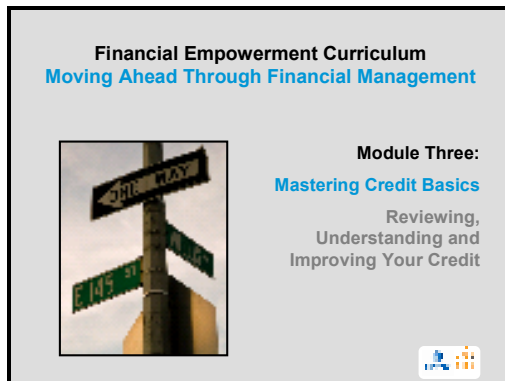
## Module 3: Mastering Credit Basics

**Time Clock: 11:00-12:00**

### Module Objectives:

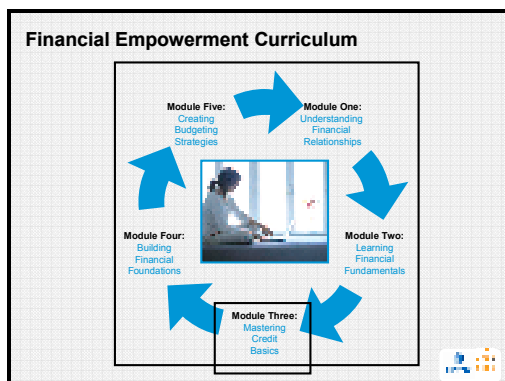
- (1) Explain how to access and review your credit report.
- (2) Identify the factors that control your credit report and credit score.
- (3) Recall strategies that will help you increase your credit score.
- (4) Describe the impact of bankruptcy.

## Module Overview



Slide 1

**Explain** that the purpose of this module is to help individuals review, understand and improve their credit.



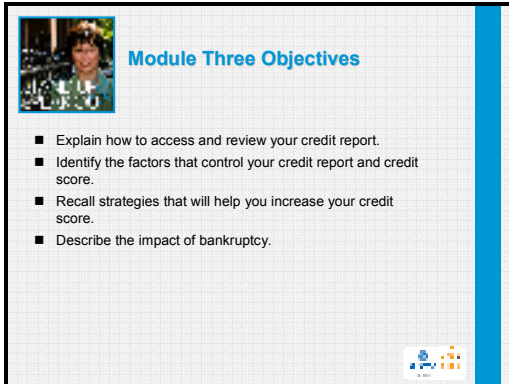
Slide 2

**Say** “As you may know, the *Financial Empowerment Curriculum* was developed through the partnership of *The Allstate Foundation* and the *National Network to End Domestic Violence*. As you can see, the curriculum consists of five separate learning modules that can be delivered in a group or one-on-one setting, and can be delivered together during a five hour course or independently with each module lasting about one hour.”

### TRANSITION

**“Today, we are going to review module three as part of a <insert time allocated> session. There is quite of information that we’ll be covering, so please ask questions and share your personal experiences. After all, that is how we all learn!”**

## Module Overview (continued)



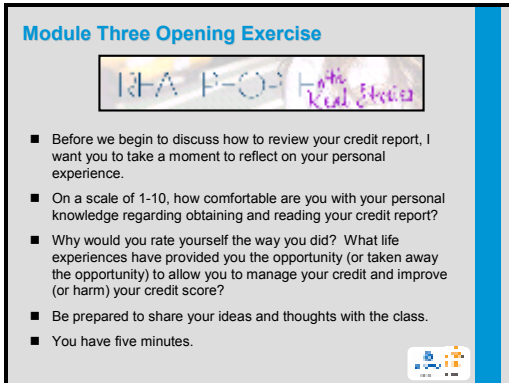
**Module Three Objectives**

- Explain how to access and review your credit report.
- Identify the factors that control your credit report and credit score.
- Recall strategies that will help you increase your credit score.
- Describe the impact of bankruptcy.

**Slide 3**

**Display** the slide “Module Three Objectives.”

**Read** the bulleted items on the slide that reviews the module objectives.



**Module Three Opening Exercise**

- Before we begin to discuss how to review your credit report, I want you to take a moment to reflect on your personal experience.
- On a scale of 1-10, how comfortable are you with your personal knowledge regarding obtaining and reading your credit report?
- Why would you rate yourself the way you did? What life experiences have provided you the opportunity (or taken away the opportunity) to allow you to manage your credit and improve (or harm) your credit score?
- Be prepared to share your ideas and thoughts with the class.
- You have five minutes.

**Slide 4**

**Display** the slide “Module Three Opening Exercise.”

**Read** the bulleted items on the corresponding slide which provide an overview of the discussion activity.

**Allow** five to ten minutes for participants to gather their thoughts.

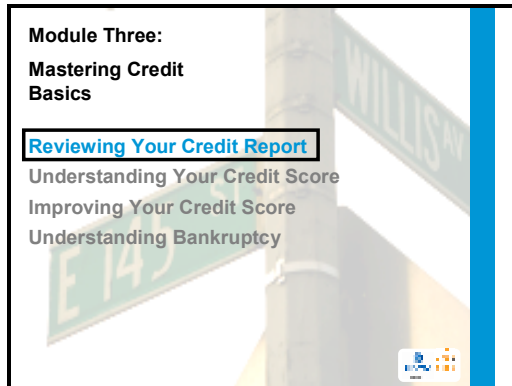
**Ask** for someone to share how comfortable they feel on obtaining and reading their own credit report, using a scale 1-10. After they answer, ask why they believe they rated themselves that number? What caused it to be high or low?

**Allow** participants to share stories and thoughts. Although you don’t want to move too quickly during this segment of the course, you also want to manage the discussion.

### **TRANSITION**

**“Thank you for sharing your experience in regard to your credit report as it helps us understand why this module is so important. In fact, understanding your credit report and having a good credit score is one of the most critical factors to becoming financially independent.”**

## Topic 1: Reviewing Your Credit Report



Slide 5

**Display** the slide “Module Three-Mastering Credit Basics.”

**Say** “*Module Three of the Financial Empowerment Curriculum: Moving Ahead Through Financial Management has a total of four topics.*”

**Read** topics shown on the corresponding slide.

**Say** “*The first topic we are going to be discussing is Reviewing Your Credit Report.*”

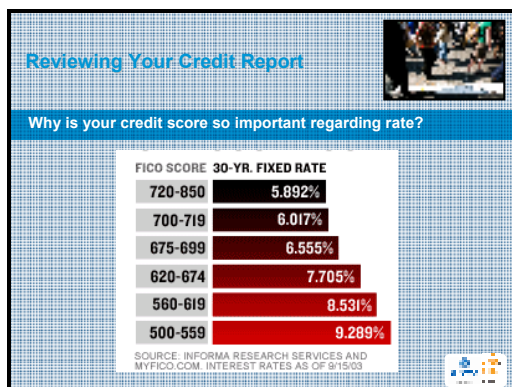


Slide 6

**Display** the slide “Reviewing Your Credit Report.”

**Say** “*So, we just shared our personal experience with credit reports. Now, let’s take a moment to discuss how you would obtain a copy of your credit report.*”

**Ask** for a volunteer from the audience to read the bullet points on the corresponding slide.



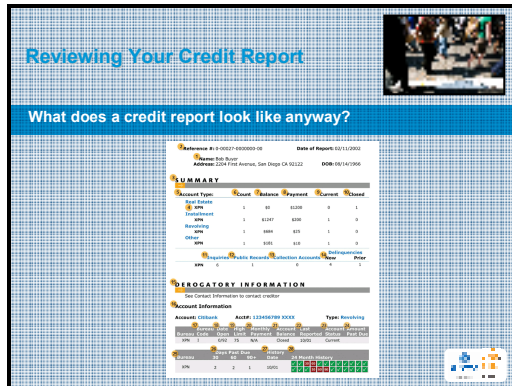
Slide 7

**Display** the slide “Reviewing Your Credit Report.”

**Say** “*Great job! Thanks for your help in reviewing that slide. Now let’s learn why having a good credit score is so important.*”

**Read** and review the FICO chart on the corresponding slide.

## Topic 1: Reviewing Your Credit Report (continued)

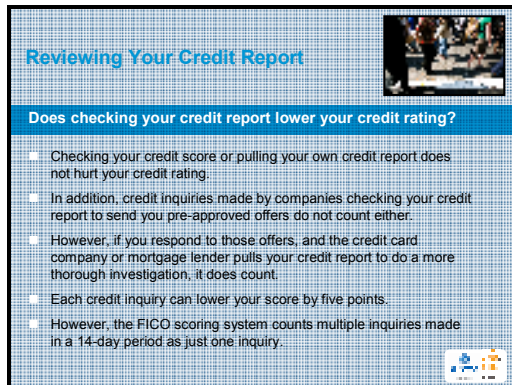


Slide 8

Display the slide “Reviewing Your Credit Report.”

Say **“Obviously, having a good credit score is very important as it allows you to obtain competitive interest rates. A lower interest rate will in turn provide you with lower loan payments and ultimately allow you to save more money long term.”**

Read and review the example of the credit report on the corresponding slide.



Slide 9

Display the slide “Reviewing Your Credit Report.”

Say **“Since credit inquiries impact your credit score, do you think your score will drop if you pull your own credit report?”**

Ask for a volunteer from the audience to read the bullet points that display on the corresponding slide.

### TRANSITION

**“Nice work! This first topic provided a brief overview on how to obtain and review your credit report. Now let’s move to our second topic of Module Three, which is to understand your credit score.”**

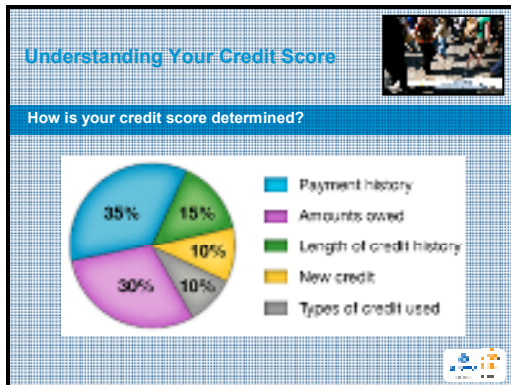
## Topic 2: Understanding Your Credit Score



Slide 10

**Display** the slide “Module Three-Mastering Credit Basics.”

**Say** “As you can see, our second topic of Module Three is Understanding Your Credit Score.”



Slide 11

**Display** the slide “Understanding Your Credit Report.”

**Say** “Now that you understand some credit report basics, let’s talk about how your credit score is calculated.”

**Read** and review the chart on the corresponding slide.

**Say** “Each of these five areas make up a percentage of your overall credit score.”

Understanding Your Credit Score

How do these five factors impact my credit score?

- Your credit score takes into consideration all these categories of information, not just one or two.
- The importance of any factor depends on the overall information in your credit report.
- The information in your credit report changes, so does the importance of any factor in determining your credit score.
- It’s impossible to say exactly how important any single factor is in determining your score since they are different for everyone.
- What’s important is the mix of information, which varies from person to person, and for any one person over time.

Slide 12

**Display** the slide “Understanding Your Credit Report.”

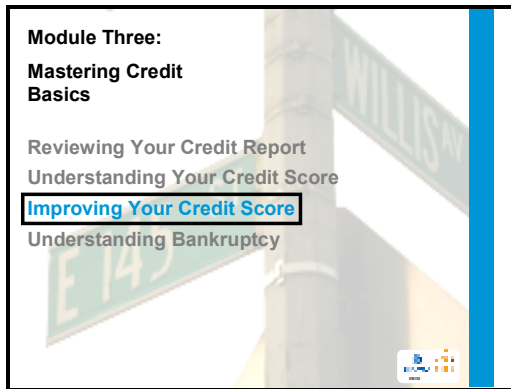
**Say** “How do you believe these five factors impact your score?”

**Ask** for a volunteer from the audience to read the bullet points that display on the corresponding slide.

**TRANSITION**

**“Again, thank you for sharing in the delivery of this presentation, I appreciate your help. Now let’s move to our third topic of Module Three.”**

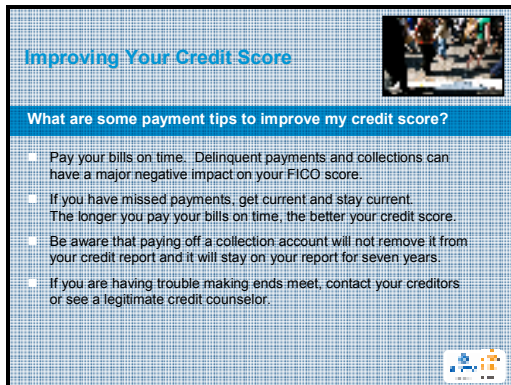
## Topic 3: Improving Your Credit Score



Slide 13

**Display** the slide “Module Three-Improving Your Credit Score.”

**Say** “As you can see, our third topic of Module Three is Improving Your Credit Score. Since we have already discussed how to obtain, review and read your credit score, let’s review how you can improve your credit score.”

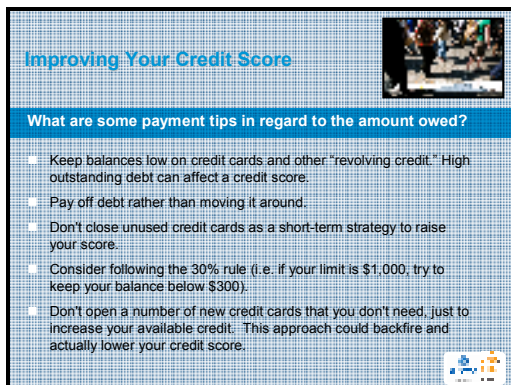


Slide 14

**Display** the slide “Improving Your Credit Score.”

**Say** “First, let’s review some payment tips that will help you improve your credit score.”

**Ask** for a volunteer from the audience to read the bullet points that are displayed on the corresponding slide.



Slide 15


**Display** the slide “Improving Your Credit Score.”

**Say** “What about payment tips in regard to the amount owed?”

**Ask** for a volunteer from the audience to read the bullet points that are displayed on the corresponding slide.

## Topic 3: Improving Your Credit Score (continued)

**Improving Your Credit Score**



**What are some payment tips in regard to new credit?**

- Rate shop for a loan within a focused period of time.
- Re-establish your credit history if you have had problems. Opening new accounts responsibly and paying them off on time will raise your credit score in the long-term.
- Apply for and open new credit accounts only as needed.
- Use credit cards but manage them responsibly.
- In general, having credit cards and loans (and paying timely payments) will raise your credit score.
- Someone with no credit cards, for example, is at higher-risk than someone who has managed credit responsibly.


Slide 16

**Display** the slide “Improving Your Credit Score.”

**Say** “*How about some payment tips in regard to obtaining new credit?*”

**Read** the bullet points that display on the corresponding slide.

**Improving Your Credit Score**



**If you discover an error on your report, do the following:**

- Make a copy of your credit report and circle incorrect information.
- Write a letter to the agencies detailing the inaccurate information.
- Explain each dispute and request an investigation for resolution.
- Send a similar letter to the creditor reporting the incorrect information.
- Send all materials by certified mail with return receipt.
- The reporting agency will initiate an investigation by contacting creditors to verify the accuracy of the information.
- If an investigation doesn't resolve your dispute, ask that a 100-word statement of the dispute be included in your file.

Slide 17

**Display** the slide “Improving Your Credit Score.”

**Say** “*To end this topic, let's talk about what you should do if you discover an error on your credit report.*”

**Ask** for a volunteer from the audience to read the bullet points that display on the corresponding slide.

**TRANSITION**

**“Thanks for sharing everyone! Now let's move to our fourth topic and final topic of Module Three.”**

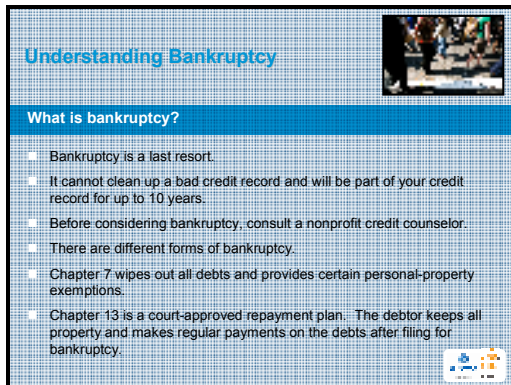
## Topic 4: Understanding Bankruptcy



Slide 18

**Display** the slide “Module Three-Mastering Credit Basics.”

**Say** “As you can see, our fourth topic of Module Three is Understanding Bankruptcy. Although we won’t spend a whole lot of time discussing this facet of credit, we will discuss the long-term effects of bankruptcy.”



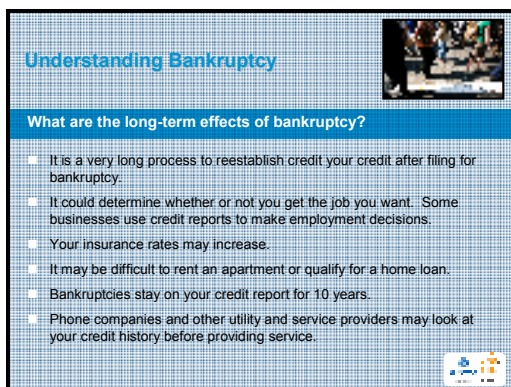
Slide 19

**Display** the slide “Understanding Bankruptcy.”

**Say** “First let’s define bankruptcy.”

**Ask** for a volunteer from the audience to read the bullet points that are displayed on the corresponding slide.

**Say** “Now that we know more about bankruptcy, let’s talk about its long-term effects.”



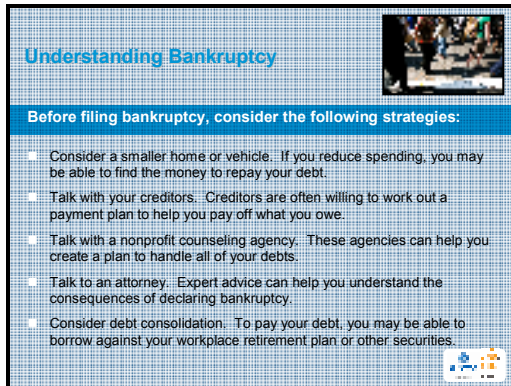
Slide 20

**Display** the slide “Understanding Bankruptcy.”

**Ask** for a volunteer from the audience to read the bullet points that display on the corresponding slide.

**Say** “Since we now know the impact of filing bankruptcy, let’s discuss strategies to avoid bankruptcy in the future.”

## Topic 4: Understanding Bankruptcy (continued)



**Understanding Bankruptcy**

Before filing bankruptcy, consider the following strategies:

- Consider a smaller home or vehicle. If you reduce spending, you may be able to find the money to repay your debt.
- Talk with your creditors. Creditors are often willing to work out a payment plan to help you pay off what you owe.
- Talk with a nonprofit counseling agency. These agencies can help you create a plan to handle all of your debts.
- Talk to an attorney. Expert advice can help you understand the consequences of declaring bankruptcy.
- Consider debt consolidation. To pay your debt, you may be able to borrow against your workplace retirement plan or other securities.

Slide 21

**Display** the slide “Understanding Bankruptcy.”

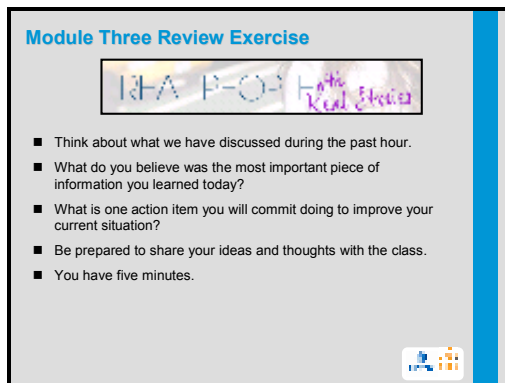
**Read** the bullet points on the corresponding slide and expand on each one of the topics.

### **TRANSITION**

**“Thanks for sharing everyone! Now let’s wrap-up this module with a short discussion activity. This forum will provide all of us a good summary of what we learned.”**

# Module Review

**Module Three Review Exercise**



- Think about what we have discussed during the past hour.
- What do you believe was the most important piece of information you learned today?
- What is one action item you will commit doing to improve your current situation?
- Be prepared to share your ideas and thoughts with the class.
- You have five minutes.

Slide 22

**Display** the slide “Module Three Review Exercise.”

**Read** the bulleted items on the corresponding slide to review the activity

**Allow** five to ten minutes for participants to gather their thoughts.

**Ask** for someone to share the most helpful or important information they learned today? When did the “light bulb” go off for them? Encourage others in the audience to also share their thoughts.

**Ask** for someone to share one action item they learned in this module that they intend to do within the next seven days. Encourage others in the audience to share their thoughts and advise them to transfer their “next steps” into their portfolio.

*Note: Remember, the most effective way to get someone to change their behavior is to: (1) tell them how to change, (2) have them tell you how they want to change and then (3) get them to write it down. The process of writing the behavior or action transfers accountability and ownership and increases the chances of the action actually taking place.*

## TRANSITION

**“Thank again for sharing your stories and experiences.”**

## Transition

Financial Empowerment Curriculum  
Moving Ahead Through Financial Management



**THANK YOU!**

**STAND UP SPEAK OUT**

Slide 23

**Ask** if anyone has any questions before closing the session or moving to Module Four.

## TRANSITION

*Note: How you close the session will be determine whether or not you are delivering this module as a stand-alone or in tandem with other module(s).*

**Say “Now let’s move to Module Four where we will cover Building Financial Foundations!”**

**Say “Thank you again for your sharing your insight. We look forward to continuing to support you and your family in the future as you achieve financial independence!”**