

THE POWER OF YOUR CREDIT SCORE

See the real-dollar impact of your credit score on the total cost of a loan. Using the Auto Loan Calculator at banzai.org/wellness/resources/auto-loan-calculator, follow along with the workshop facilitator and fill in the blanks below.

The Scenario

Two people, Morgan and Bailey, are buying the exact same car.

- Loan Amount: \$20,000
- Loan Term: 60 months (5 years)

Part 1: Morgan's Loan

Morgan has a good credit score (740) and qualifies for a lower interest rate.

- Interest Rate: 6.5%

Record the results from the calculator:

- Morgan's Monthly Payment: \$_____
- Total Interest Morgan Pays: \$_____

Part 2: Bailey's Loan

Bailey has a lower credit score (620) and is offered a higher interest rate.

Interest Rate: 13.5%

Record the results from the calculator:

- Bailey's Monthly Payment: \$_____
- Total Interest Bailey Pays: \$_____

Continued on the next page

Part 3: The Bottom Line: How Much Does Good Credit Save?

Calculate the difference in the total interest paid.

Total Savings with Good Credit: (Total Interest Bailey Pays) - (Total Interest Morgan Pays) = \$_____

Part 4: Reflection & Discussion

Use the space below to answer the following questions.

1. Which number was more surprising to you: the difference in the monthly payment, or the thousands of dollars in extra interest paid over the life of the loan? Why?
2. Thinking about the difference in total interest—over \$4,000 in our example—what could you or your family do with that extra money?
3. How does seeing this direct financial consequence motivate you to take steps like paying bills on time or keeping credit card balances low?
4. Before today, did you think more about your credit score in terms of simply *getting approved* for a loan, or did you also consider how it would affect the *total cost*?

My Credit Building Game Plan

To turn the rules of good credit into a personalized action plan. Building good credit is about developing consistent, positive habits over time. Use this worksheet to assess your current habits and decide on your next steps.

Rule #1: Pay Every Bill on Time, Every Time

This is the most important habit for a healthy credit score.

- My Self-Assessment: How am I doing with on-time payments?
 - ☐ Excellent: I never miss a payment.
 - ☐ Good: I rarely miss a payment, but it has happened.
 - ☐ Needs Improvement: I have missed payments recently.
 - My Action Step: One thing I will do this week to ensure all my payments are on time is: *(Example: Set up auto-pay for my main credit card; create a calendar reminder for my loan payment.)*
-

Rule #2: Keep Credit Card Balances Low

A good rule of thumb is to use less than 30% of your available credit.

- My Self-Assessment: Do I know my current credit utilization?
 - ☐ Yes: I check it regularly and keep it low.
 - ☐ Sometimes: I am aware of it but don't track it closely.
 - ☐ No: I am not sure what my utilization is right now.
 - My Action Step: One thing I will do this month to manage my credit utilization is: *(Example: Check my current utilization on my banking app; make an extra payment to lower my balance.)*
-

Continued on the next page

Rule #3: Don't Close Old Accounts

A longer credit history is a better credit history.

- My Self-Assessment: Do I have old, unused credit cards?
 - ☐ Yes: I have one or more that I could keep active.
 - ☐ No: All my accounts are relatively new or used regularly.
 - ☐ Unsure: I need to check the open dates on my credit report.
 - My Action Step: My plan for my oldest credit account is: *(Example: Use my oldest card for a small monthly subscription; check my credit report to see which account is my oldest.)*
-

Rule #4: Apply for New Credit Sparingly.

Too many applications in a short time can be a red flag for lenders.

- My Self-Assessment: How do I approach applying for new credit?
 - ☐ Strategic: I only apply when I have a specific need and have done my research.
 - ☐ Impulsive: I sometimes apply for store cards or offers without much thought.
 - ☐ Cautious: I rarely apply for any new credit.
 - My Action Step: My personal rule for applying for new credit will be: *(Example: To wait at least 6 months between applications; to always ask myself "Do I truly need this?" first.)*
-

Reflection & Empowerment

Which of these rules feels the most empowering to you? Does knowing that simple actions like setting up auto-pay can have such a big impact make the idea of 'building credit' feel more achievable?