

# Credit

Credit is the ability to borrow money with the promise to pay it back with interest. Borrowing with credit can be done through loans and credit cards. A credit score is a foundational building block that is determined by your ability to pay back your creditor and helps potential lenders know how much to lend you and at what interest rate.

1. List some benefits to using credit:

Large purchases become possible, Credit score can increase, You can earn rewards

---

---

---

2. List some risks to using credit:

Interest is expensive, Credit score can decrease, Debt is dangerous

---

---

---

3. Determine what scenarios positively or negatively impact your credit score by writing a (+) next to anything that positively impacts your score and a (-) next to anything that negatively impacts it.

\_\_\_ - Missed Payment

\_\_\_ - A High Credit Utilization

\_\_\_ + Age of Credit

\_\_\_ - Applying for Several Credit Cards Within a Short Period of Time

\_\_\_ - Loans in Collections

\_\_\_ + Making Payments On-Time

\_\_\_ + Multiple Lines of Credit

4. A credit score ranges between what two numbers?

\_\_\_ 300 \_\_\_ - \_\_\_ 850 \_\_\_

5. A good credit score is generally considered to be \_\_\_ 680 \_\_\_ or higher.

6. What's your biggest takeaway?

Answers will vary.

---

---