



BUILDING CREDIT SCORE IN COLLEGE

**START A DOWN
PAYMENT ON YOUR
FUTURE**

09/09/2021



SOLEDAD TANNER, MIB

Founder & CEO, STC Consulting

Senior Financial Executive and Speaker with +30 years of experience in Business & Financial Management in the global logistics and banking industry.

- Bachelor's in Business Administration with an emphasis in Management, *Universidad Catolica de Guayaquil - Ecuador (1995)*
- Master in International Business, *University of St. Thomas (2002)*
- Certificate of Organizational Leadership, *Rice University (2007)*
- Recipient of multiple recognitions:
 - “Trailblazer of the year award, 2020” at the “4th Women to watch International”
 - “Emergent Entrepreneur, 2020” by “Solo Mujeres Magazine”
 - “Women on the Move, 2019 class” by Texas Executive Women
 - “Outstanding International Consultant, 2019” by HIDTC
- **Board Member:** Director at Large for non-profit “Texas Executive Women”,
- **Board Treasurer** for “International Entertainment Partnership” (IEP).
Finance Committee Chair for “Houston Entertainment Industry Task Force” (HEITF)
- **CFO** for non-profit: “Beautiful Purpose”





Solutions for Corporations

- CFO On-Demand
- Controller On-Demand
- Financial Speaker

Solutions for Business Owners & Start-Ups

- Financial Management
- Financial Coaching & Training
- Business Consulting

PROFIT + PRODUCTIVITY

BUILDING CREDIT SCORE ON COLLEGE

Top 10 questions:

1. What is credit & interest rates?
2. Who reports credit information?
3. What information is included in the credit report?
4. What are your rights under FCRA?
5. Can your credit report be corrected?
6. How will credit scores impact your future?
7. What is a FICO score?
8. What does a FICO score mean?
9. How is a FICO score calculated?
10. How to start building your credit while in college?

WHAT IS CREDIT & INTEREST RATES?

- Credit is: the money that a bank gives an individual with the understanding they will repay the amount, plus interest.
- A person's history of having and repaying loans.
 - How many loans and credit cards a person has?
 - How much money they have borrowed?
 - Were payments made on time?
 - Were payments made in accordance with the terms of their loan or credit card?



WHAT IS CREDIT & INTEREST RATES?

▶ When borrowing money, there are two interest rate types:

1. **Fixed Rate Interest:** interest rate charged on the loan will remain fixed for that loan's entire term.
2. **Variable Rate Interest:** Interest rates fluctuate over time. Because they can go up or down, variable rates entail more risk than fixed ones.

▶ How do interest rates work on credit cards?

1. Credit card interest is what you are charged when you don't pay your credit card bill in full each month.
2. It works as a **daily rate calculated by dividing your annual percentage rate by 365, and then multiplying your current balance by the daily rate.** That amount is then added to your bill.



WHAT IS CREDIT & INTEREST RATES?

- ▶ **SAMPLE:** How do you calculate 19.99% interest on \$ 1,000 credit card balance?
1. Find your Daily Interest Charge.
 - $19.99\% \text{ interest rate} / 365 \text{ days in the year} = 0.055\% \text{ daily interest charged.}$
 2. Find out the Daily interest \$ Charged.
 - $0.055\% \text{ daily interest charge} * \$1,000 \text{ credit card balance} = \$0.55 \text{ daily charge.}$
 3. Find out your monthly interest \$ Charged.
 - $\$0.55 * 30 \text{ days} = \$ 16.50 \text{ monthly interest}$



WHAT IS CREDIT & INTEREST RATES? EXERCISE

CREDIT CARD & LOANS SUMMARY REPORT (as of 9/9/21)

	Credit Card Bank	Last 4 digits	Interest rate	Balance	Credit limit	Credit Balance	Min Payment	Actual Payment	Due date	Auto pay (Y/N)	Payment Order
1	Visa	(1234)	19.99%	\$1,250.00	\$2,000.00	\$750.00	\$ 75.00	\$100.00	9/15/2021	Y	1
2	Mastercard	(5678)	14.99%	\$ 850.00	\$1,000.00	\$150.00	\$ 50.00	\$ 75.00	9/18/2021	N	2
3											
4											
	TOTAL			\$2,100.00	\$3,000.00	\$900.00	\$125.00				

WHO REPORTS CREDIT INFORMATION?

- ✓ The banks & credit cards report information about your payment history.
- ✓ There are 3 credit report agencies.
- ✓ Each agency collects information individually



EQUIFAX



experian.



TransUnion.

WHAT INFORMATION IS INCLUDED IN THE CREDIT REPORT?

1. Your name and previous names
2. Current and previous addresses
3. Social Security number
4. Current debts and credit accounts
5. Payment history (on time, delay payments, others)
6. Public records about you, such as whether you have been sued or have filed for bankruptcy
7. Names of companies or lenders who have recently made inquiries or looked at your credit report



WHAT ARE YOUR RIGHTS UNDER THE FCRA?

Under the Fair Credit Reporting Act (FCRA), you have a right to:

- ✓ Check and review your credit to verify the information is accurate and error-free.
- ✓ Review your report from each of the three agencies without charge, once per year: www.annualcreditreport.com
- ✓ Others who might review your credit **potential employers** and potential landlords.

Annual Credit Report.com

The only source for your free credit reports. Authorized by Federal law.

CAN YOUR CREDIT REPORT BE CORRECTED?

- ✓ You can dispute credit report errors.
- ✓ All three credit bureaus, Equifax, Experian and TransUnion, have an online dispute process.

Steps to follow:

1. Gather documentation about the error.
2. Send a letter to the credit bureau that created the report.
3. Determine if you should contact the data provider as well.
4. Wait up to 45 days for investigation and response.
5. Review the results of the investigation.
6. Check for updates to your credit report.



HOW WILL CREDIT REPORT IMPACT YOUR FUTURE?

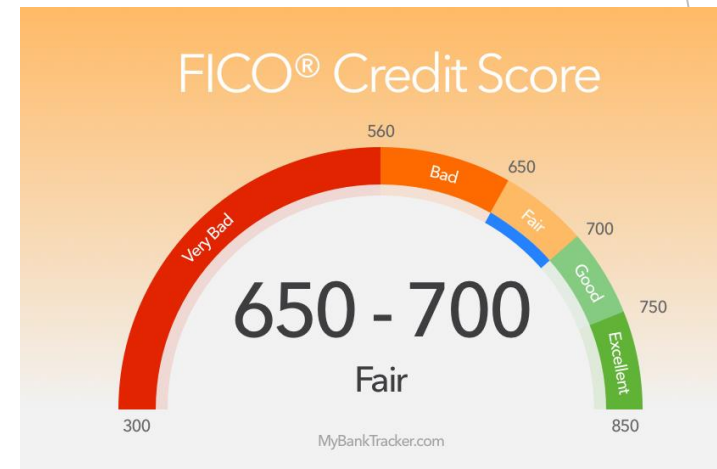
Your ability to:

1. Get a job
2. Rent an apartment
3. Open utility accounts
4. Get lower interest rates or good loan terms
5. And more



WHAT IS A FICO SCORE?

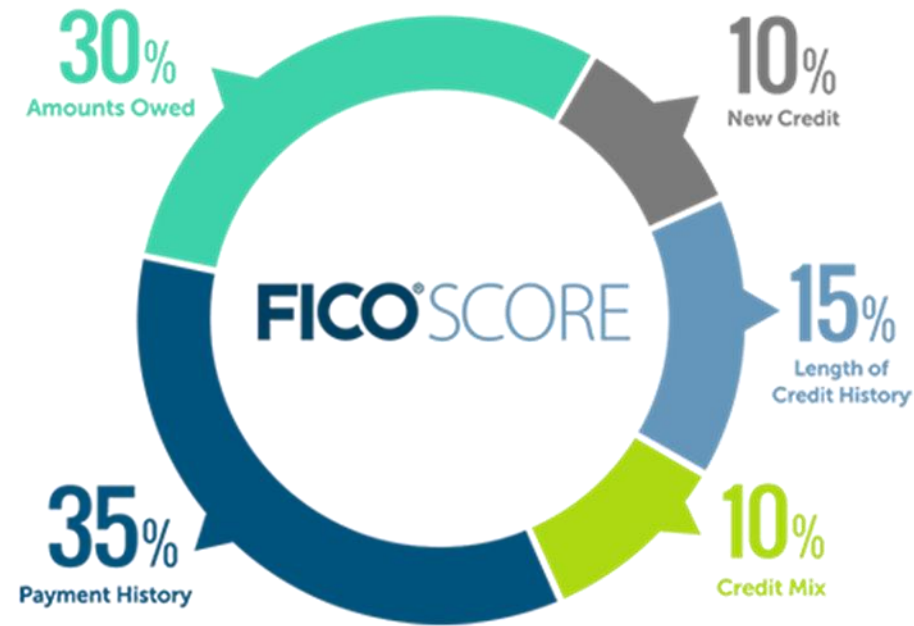
- ✓ FICO score is a credit score created by the Fair Isaac Corporation (FICO)
- ✓ A credit score is a number between 300–850 that depicts a consumer's creditworthiness. (how likely you are to repay a loan)
- ✓ It is based on the information in your credit reports.
- ✓ More than **90% of top lenders** use FICO Scores to make lending decisions.
- ✓ Your score affects how much you can borrow, how many months you have to repay, and how much it will cost (**the interest rate**).



WHAT DOES A FICO SCORE MEAN?

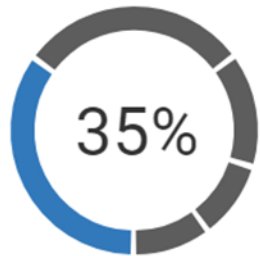
FICO Score	Rating	What the Score Means
< 580	Poor	<ul style="list-style-type: none"> • Well below average • Demonstrates to lenders that you're a risky borrower
580 – 669	Fair	<ul style="list-style-type: none"> • Below average • Many lenders will approve loans
670 – 739	Good	<ul style="list-style-type: none"> • Near or slightly above average • Most lenders consider this a good score
740 – 799	Very Good	<ul style="list-style-type: none"> • Above average • Demonstrates to lenders you're a very dependable borrower
800+	Exceptional	<ul style="list-style-type: none"> • Well above average • Demonstrates to lenders you're an exceptional borrower

HOW IS A FICO SCORE CALCULATED?



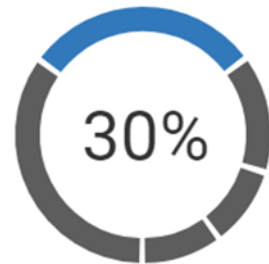
HOW IS A FICO SCORE CALCULATED?

About payment history



How you've paid your bills in the past—whether you've paid on time or late, or missed payments—is a very important category of credit data for the FICO® Score. The more severe, recent and frequent the late payment information, the greater the impact on a FICO® Score.

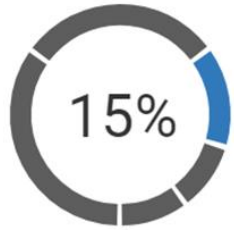
About amount of debt



The amount of credit you're using is a very important category of credit data for the FICO® Score. FICO® Scores consider the total balance owed, how many accounts have balances and how much of your available credit you're using.

HOW IS A FICO SCORE CALCULATED?

About length of credit history



FICO® Scores take into account how long your credit accounts have been established, including the age of your oldest account, the age of your newest account and the average age of all your accounts.

About amount of new credit



When considering your amount of new credit, FICO® Scores take into account how many new accounts you've recently opened and whether you've been rate shopping for a single loan or applying for multiple new credit lines. Opening several new credit accounts in a short period of time indicates greater credit risk.

About credit mix



FICO® Scores consider the different types of credit accounts being used or reported, including credit cards, retail accounts, installment loans and mortgage loans. Your credit mix will be more important if your credit report doesn't have a lot of other information to base a FICO® Score on.

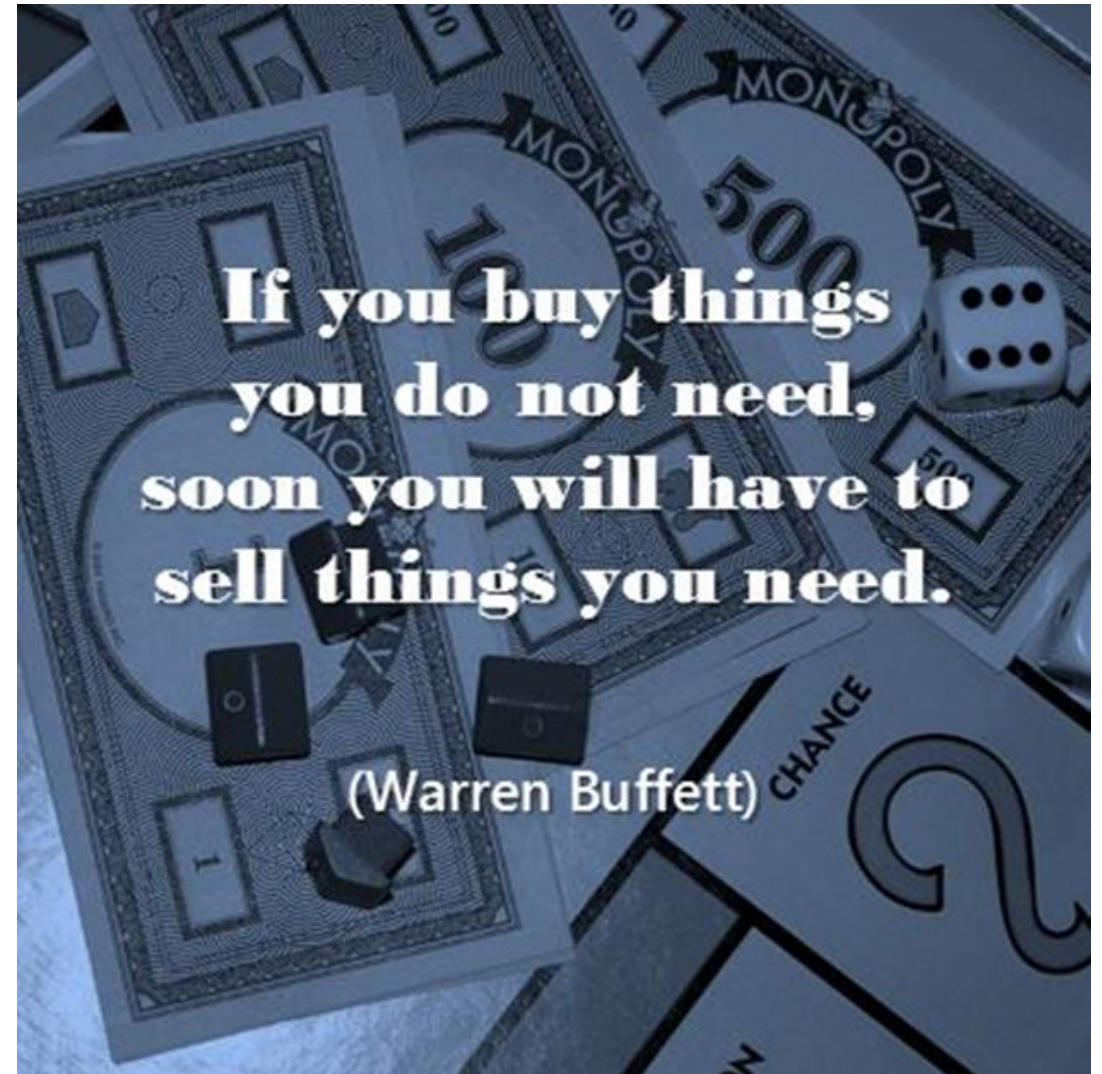
HOW TO START BUILDING YOUR CREDIT SCORE WHILE IN COLLEGE?

- ✓ Get a student credit card
- ✓ Become an authorized user on someone else 'card
- ✓ Start making payments on your student loans
- ✓ See if your rent payments can be reported
- ✓ Always pay on time
- ✓ Practice good credit habits
- ✓ Monitor your credit score
- ✓ Spend wiser. Think twice before spending
- ✓ Make sure you really need it!!





Financial knowledge
Gives You Freedom;
Know your numbers!



**If you buy things
you do not need,
soon you will have to
sell things you need.**

(Warren Buffett)

10 Steps to Start A Business

Open to the public



**Power at Your
Fingertips, Literally!**

Soledad Tanner



LAREDO
COLLEGE
EST. 1947

- Founder & CEO of STC Consulting, a financial & business consulting firm that helps improve the profit & productivity of businesses.
- Ms. Tanner is an Outstanding International Consultant Award winner and global financial business consultant & speaker.
- She has 30+ years of extensive international experience in finance & controlling, strategy & consulting, performance and metrics in the global logistics and banking industries.

Sponsored by the Office of Student Life

Thursday, September 30, 2021 • 2 p.m.

Registration link: www.laredo.edu/cms/business



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Thank you!

Q&A & Prizes