

PFP Worksheet 6 Credit Report Activity
Instructions (22 points)

*All worksheet answers **MUST be TYPED** or 2 points will be take off for each assignment turned in not typed (i.e., handwriting)

Your response should address the questions below (2 points each):

1. Why is it important to build credit?

It is important to build good credit in order to build a financial reputation for yourself which would determine the likelihood of you being approved for large purchases in the future, such as a car or a mortgage loan. A high credit score can also lead to better interest rates on credit cards, which is extremely valuable when making large-scale purchases. Ultimately, the way that a person builds their credit greatly impacts that person's quality of life, and thus it should be essential to build it properly.

2. How often should you check your credit report?

At the very least, you should check you're credit report once a year, while checking once every four months is most likely a better option. Knowing what your credit score is more frequently allows you to constantly make sure that you are making the right changes and improvements in order to increase the score

3. What types of things should you find on your credit report?

Because a credit report contains the status of payments made, it is vital to make sure that payments are verified to ensure that there are no irregularities that may negatively impact your credit score. A more logistical thing to check, however, is your personal information. Anything such as incorrectly spelled names, incomplete addresses, or missing employment information can cause issues when determining your credit report. Thus, it is essential to make sure that all personal information is correct and up to date

4. What should you do if you see something on your credit report that you don't believe is yours?

If there are any errors in your credit report, they should be immediately challenged by both the credit bureau and the associated lender. The FCRA protects account holders from these irregularities, as well as providing the necessary steps in resolving the issue.

5. Is the credit score the same thing as a credit report? Yes or No? If yes, please explain and if no, please explain.

A credit score is not the same thing as a credit report. Rather, a credit score is a value that is determined based on the information that exists on a credit report. For better or for worse, all of the details in a credit report which are obtained from information about your financial behavior are considered in the credit score.

6. What are the names of the three Credit Bureaus?

The three Credit Bureaus include: Equifax, Experian, and TransUnion.

7. What does a credit score really tell you?

Essentially, a credit score represents how likely you are to make payments to a lender. It is the measure of the risk a lender takes when they give you money, and thus having a larger score lets the lender know that you are financially responsible and of low-risk.

8. List two things you can do to build your credit score.

One thing you can do to build your credit score is establishing both a checking and savings account. This essentially starts the process of showing your financial history to credit bureaus. Another step is to apply for a bank credit card so that when you use those cards and promptly pay it off, you can have a history of ensuring that you typically don't accrue too much debt.

9. Have you ever checked your credit report? If so, did you find any surprises? Please explain. OR Please provide a response if you have not checked your credit report and why?

I have not currently checked my credit report since before this class, I was unsure of where to do so as well as, in all honesty, not realizing there was a difference between a credit report and a credit score. I have however frequently checked my score through FICO, and I will in fact check my report through there as well.

10. Have you ever checked your credit score? Were you surprised by the number? Please explain. Or Please provide a response on why you have not checked your credit score.

As previously mentioned, I have checked my credit score and was pleasantly surprised by where I was. I checked my score for the first time a long while ago and assumed that I would start off at a very low number since I hadn't had any real credit history

whatsoever. Another thing that also surprised me was how much it can fluctuate based on credit activity. Every couple months or so, I would check my score and find that even though I constantly made payments and never missed a date, my score would drop based on other factors that I wasn't fully aware of at that time.