

Credit Score Impact Calculator

Chapter 7.3: Understanding Credit Scores

Instructions

This worksheet demonstrates how credit scores affect the cost of borrowing money. Use it to calculate and compare the financial impact of different credit score ranges on various types of loans.

1. Select a loan type, amount, and term
2. Review the calculated interest rates for different credit score ranges
3. Compare monthly payments and total costs
4. Calculate the potential lifetime savings from having excellent credit
5. Complete the reflection questions

Credit Score Impact Calculator

Loan Type:

Auto Loan

Loan Amount (\$):

25000

Loan Term (months):

60

Auto Loan: \$25,000 for 60 months

| Credit Score Range | Credit Rating | Interest Rate | Monthly Payment | Total Interest Paid | Total Cost |
|--------------------|---------------|---------------|-----------------|---------------------|-------------|
| 760-850 | Excellent | 3.9% | \$460.59 | \$2,635.40 | \$27,635.40 |
| 700-759 | Good | 5.2% | \$474.77 | \$3,486.20 | \$28,486.20 |
| 660-699 | Fair | 7.4% | \$498.75 | \$4,925.00 | \$29,925.00 |
| 560-659 | Poor | 11.9% | \$553.12 | \$8,187.20 | \$33,187.20 |
| 300-559 | Very Poor | 15.2% | \$595.25 | \$10,715.00 | \$35,715.00 |

Note: These figures are approximations based on average interest rates as of 2025. Actual rates may vary by lender, location, and specific financial circumstances.

Potential Lifetime Savings

If you maintain excellent credit (760-850) instead of poor credit (560-659), you would save:

- On this auto loan: **\$5,551.80** in interest
- On a **\$250,000 30-year mortgage**: **\$96,820** in interest
- On **\$15,000 in credit card debt**: **\$8,705** in interest (assuming minimum payments)

Total potential lifetime savings: \$111,076.80

Compare Another Common Scenario

| Loan Type | Loan Amount | Term | Excellent Credit (760+) | Poor Credit (580) | Difference |
|---------------|-------------|-----------|--|--|----------------------|
| Mortgage | \$350,000 | 30 years | \$1,650/month @ 4.8% Total: \$594,000 | \$2,187/month @ 7.2% Total: \$787,320 | \$193,320 |
| Car Loan | \$35,000 | 72 months | \$562/month @ 4.1% Total: \$40,464 | \$754/month @ 12.9% Total: \$54,288 | \$13,824 |
| Personal Loan | \$10,000 | 36 months | \$299/month @ 7.5% Total: \$10,764 | \$370/month @ 18.0% Total: \$13,320 | \$2,556 |
| Credit Card | \$5,000 | Revolving | APR: 14.9% | APR: 24.9% | 10% lower APR |

Reflection Questions

1. What surprises you most about the financial impact of different credit scores?

2. How might these potential savings affect your financial decisions in the future?

3. In addition to loan costs, what other financial impacts might your credit score have?

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