

### **Teaching:**

Welcome back the participants. Take attendance. Go over the Community Agreements and the day's agenda.

### **Discussion:**

Begin sharing with one facilitator going first. Sharing should include how the week has gone relating to money and finances and how the money saving ideas are going. If there have been any savings as a result of using the ideas, this should be shared, with an estimated dollar amount. Ask participants to share how their budgets are going. Give each participant, and the facilitators, 2-3 minutes to share.

## **Understanding Credit**

### **Facilitator:**

**Suggested time:** 10 minutes

**Materials:** PowerPoint slides; Student Guide p. 99-102; Workshop 6 Handouts 1-3; whiteboard

### **Teaching:**

Facilitators should reference the Student Guide to explain the basics of how credit works and encourage participants to offer examples of each step of the credit process. Write these examples on the whiteboard. Provide participants with the “How Does Credit Work?” and “Debunking Smart Credit Myths” handouts.

Discuss what credit reports and credit scores are and how they are calculated. A credit report is an accumulation of information about how you pay your credit bills and repay loans, how much credit you have available, and what your monthly debts are. Your credit report is used to calculate your credit score, which is a three-digit numerical representation indicating how risky a borrower you are from a lender’s perspective. Your credit score number reflects your credit risk level, with a higher number indicating lower risk.

Emphasize that the best way to have “healthy” credit is to have a few credit cards that you pay on time every month. Being on top of your bill payments, including credit card payments, can improve your credit score over time.