Our Focus

1. Managing your credit score.
2. Managing your spending.
3. Managing your saving.

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Why does your credit score matter?

- Your **credit score matters** because the lower it goes, the more likely you are to default on debt in the eyes of creditors and lenders, and the more likely you are to receive higher interest rates on **credit** and loans.
- Question 18: Are you in debt so as to embarrass you in your work?
- A borrower is a slave to a lender. (Proverbs 22:7b, CEB)

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Credit Score

- FICO score of 640 required by the Board of Ordained Ministry
- Poor: 300 to low-600s
- Fair to good: Low-600s to mid-700s
- Very good and excellent: Above mid-700s

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How is my FICO credit score determined?

- Payment history – 35%
- Amount of debt – 30%
- Length of credit history – 15%
- Amount of new credit – 10%
- Credit mix – 10%

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Payment History

- How you've paid your bills in the past – whether 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.
- Not all monthly payments are on your credit report, but any bill can potentially wind up on your credit report if you become delinquent and the account is sent to a 3rd party collection agency.
- Paying all bills on time every time is crucial to growing your scores. Nothing counts more.

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Debt Utilization

- Scores consider the total balance owed, how many accounts have balances and how much of your available credit you're using.
- Light, but regular use of your credit accounts is important.
- Knowing your credit limit on each card and keeping your balance below 30% of your credit limit is best for building good credit.
- Prioritize paying down balances to get your utilization down.
- Your credit score also suffers when you run up big credit card balances and don't pay them off.

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Length of Credit History

- FICO scores consider 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.
- Avoid closing accounts if you're trying to improve your credit. Keep old accounts open and active as credit card companies can close accounts without telling you.

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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.
- Creditors may want to see that you can handle various types of credit well.

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Amount of New Credit

- FICO scores consider 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.
- Applying for credit can trigger a hard inquiry, which can lower your scores.

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Monitor your Credit Score

- www.annualcreditreport.com
- Can get a free credit report from each of the credit agencies every year. Spread it out and get your report every four months.
- Review your report for inaccuracies.

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Building Your Credit Score

- Pay all bills on time, every time.
- Keep credit card balances low.
- Don't max out credit cards.
- NEVER pay someone to build your credit. These are scams. Do the hard work to change your habits.

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You Need a Budget

- 70% of people live paycheck to paycheck REGARDLESS of their income.
- To gain control over spending and begin working towards your financial goals, you need a budget

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You Need a Budget

- Start with a goal.
- Gather all your financial information – bank statements, credit card statements, etc.
- Record all your sources of income.

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You Need a Budget

- Give every dollar a job.
- Record all your expenses
  - Fixed expenses – rent/mortgage, insurance, utilities, tithes
  - Variable expenses – groceries, dining out, etc.
  - Normalize large expenses
  - Record a line item to pay down debt
- Work on your budget until your bottom line is $0.

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You Need a Budget

- Monitor your spending.
- If you overspend in one area, don't give up. Just adjust your sails and get back on track.
- Life always expands into the money that you have.

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Save All You Can

- Starting saving now will pay off in the future.
- Emergency funds
- Conference Benefits
  - UMPIP
  - EY Financial
  - Revitup! Conference

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