**TEACHER KEY**

**Improving your FICO credit score**

Using a website to improve your FICO score, complete the following questions:

1. It is important to know that improving a credit score takes \_\_\_time\_\_\_\_\_\_ and there is no \_quick\_\_\_\_\_\_ \_\_\_fix\_\_\_\_\_\_\_\_ (Fair Isaac Corporation, 2010).
2. The best solution to improving a credit score is to manage credit \_\_responsibly\_\_\_\_\_\_\_\_\_\_\_\_ over \_\_\_time\_\_\_\_\_\_\_\_ (Fair Isaac Corporation, 2010).
3. What kind of impact would a delinquent payment have on a credit score? \_\_\_\_Negative\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Fair Isaac Corporation, 2010).
4. How long does a collection account stay on your report? \_\_Seven years\_\_\_\_\_\_\_\_\_\_\_ (Fair Isaac Corporation, 2010).
5. Susan and John just got credit cards with limits of $2,500 to use on their SAE pork production projects. Susan has used all the extra money that she doesn’t need for her pork production on stuff that she wanted from the mall, her current balance is $2,300 that she owes. John has used his credit card only for feed and medicine expenses and his debt is only $650. Since neither Susan nor John has maxed out their credit cards, will this affect each of their credit scores the same?

A higher outstanding debt will affect a credit score negatively more so than a lower debt. Susan’s credit score will most likely be lower than Johns.

1. Phil owes $3,000 on a credit card. He decides to take out another credit card to pay off the first one. Is this a good or bad strategy? Why or Why Not?

Opening new credit cards could actually lower your credit score. The paid off credit card will still show up on Phil’s report for seven years. The most effective way for Phil to improve his score would be to pay off his debt as soon as possible.

1. Fran decides she wants to build up some credit so she can eventually get a large enough loan for a house. She has never had a credit card before and needs advice on what to do. She has heard that the more credit cards she has, the better her credit will be. What advice can you give her?

Taking out many new credit cards will actually lower her credit score. She should start by just taking out one credit card, and managing it responsibly. She should only take out multiple credit cards it’s absolutely necessary for larger purchases if she knows she can pay them off without late payments.

1. Which one of these items will help raise your credit score? (Fair Isaac Corporation, 2010)
	1. Opening new accounts responsibly and paying them off
	2. Pay down your revolving credit
	3. Always pay your bills on time
	4. All of the above