



# Putting Healthy Credit and Budgeting *into Practice!*

With Cyndi Ruppert and Monica Van Arsdale

Virginia Credit Union   
Financial Success for Women  
**SUMMIT**





**WELCOME!**

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**WELCOME!**

**Cyndi Ruppert**

Consumer Lending Underwriting Director

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## What Is Credit?

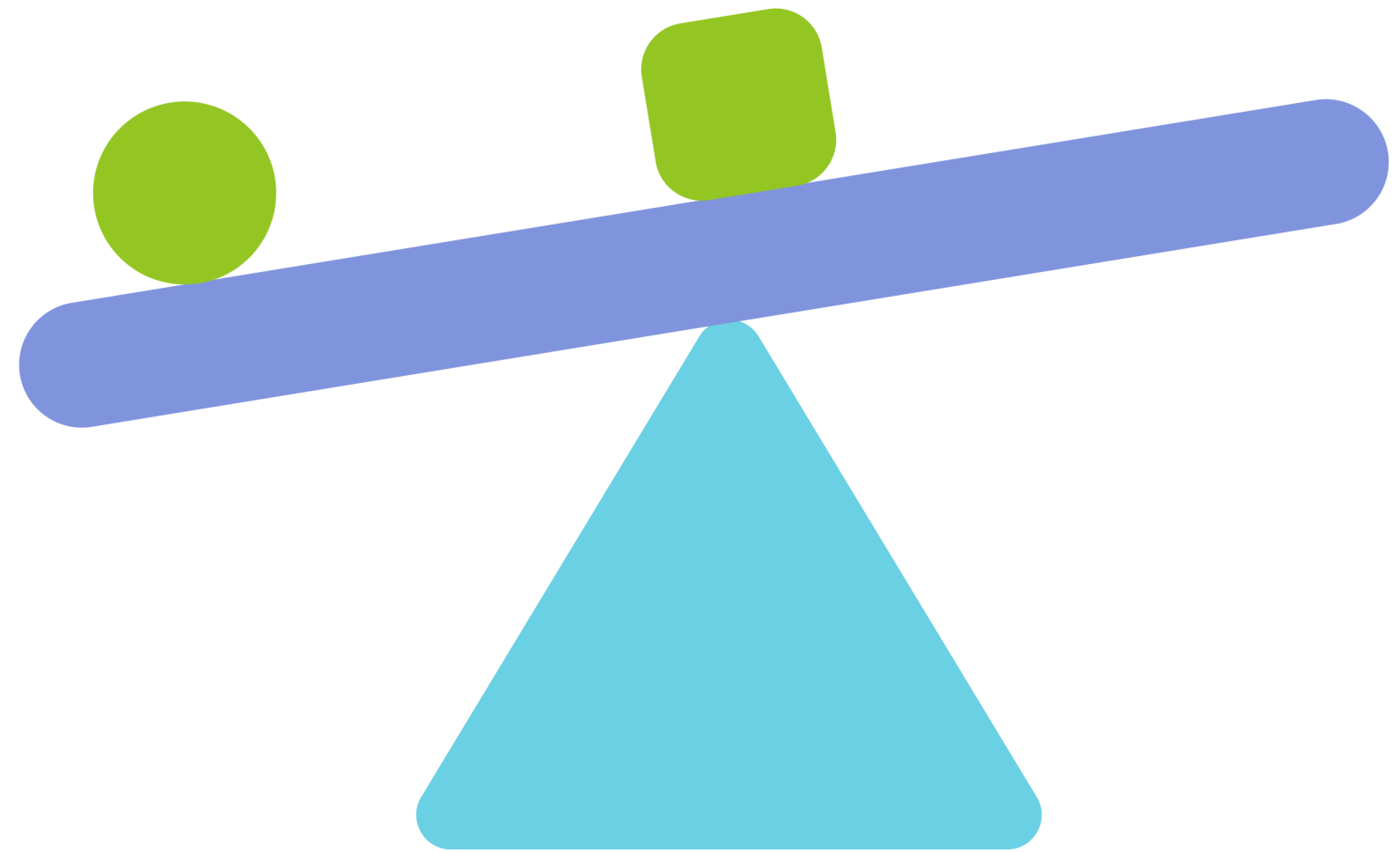
Your financial reputation!

- Your ability to access certain goods and services such as utilities and insurance
- Determines your borrowing capability to lenders
- Can be a deciding factor for employment
- Demonstrates your ability to manage debt



# DEBT CONSIDERATIONS

Can some  
debt be  
considered  
“good”?





# PRODUCTIVE DEBT

- Auto loans
- Mortgages
- Student loans
- Home Equity loans

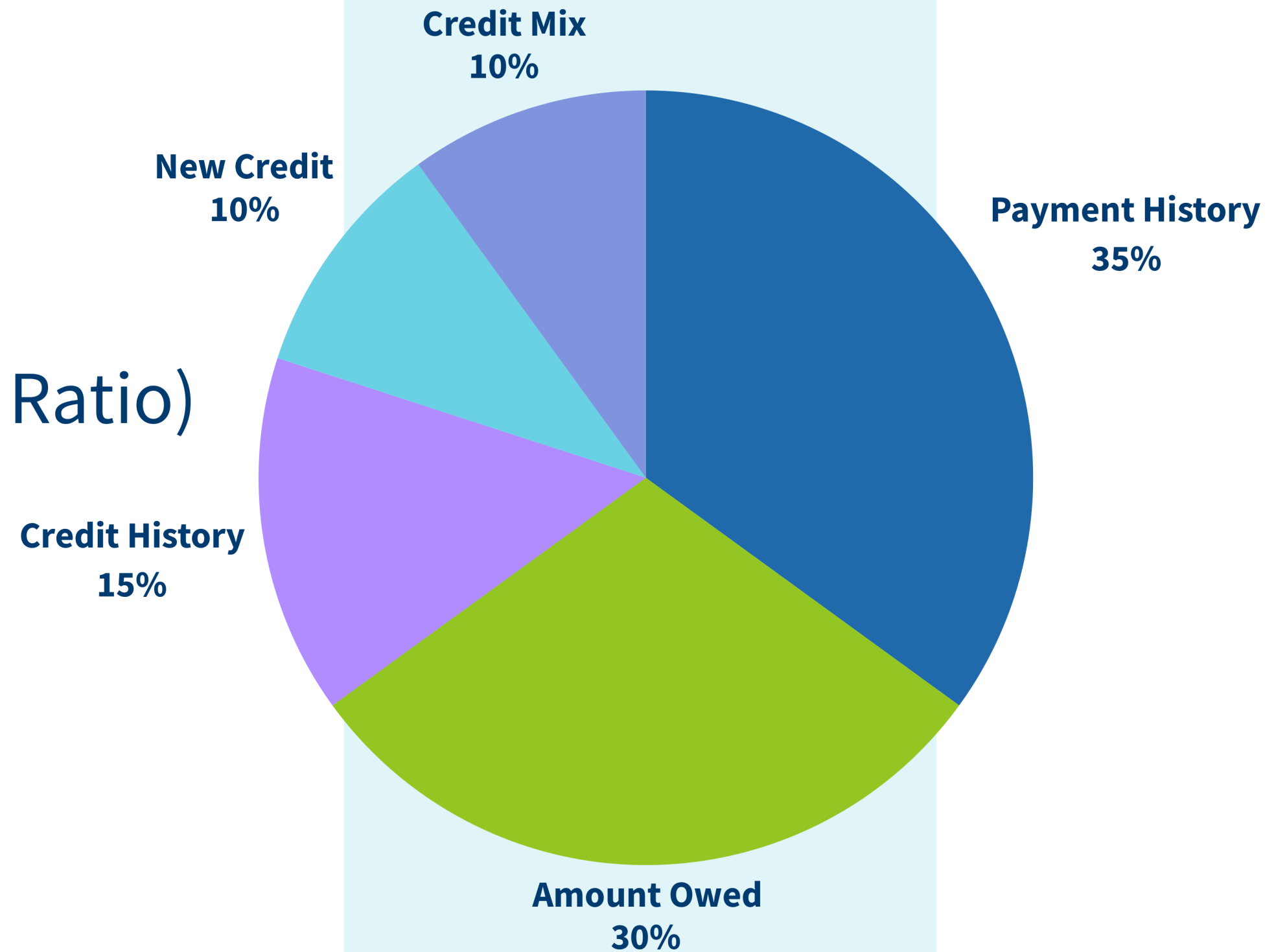
# COUNTERPRODUCTIVE DEBT

- High interest debt
- Carrying credit card debt
- Excessive loans
- Predatory loans



# FICO credit score components

- Payment History
- Amount Owed (Utilization Ratio)
- Credit History
- New Credit
- Credit Mix

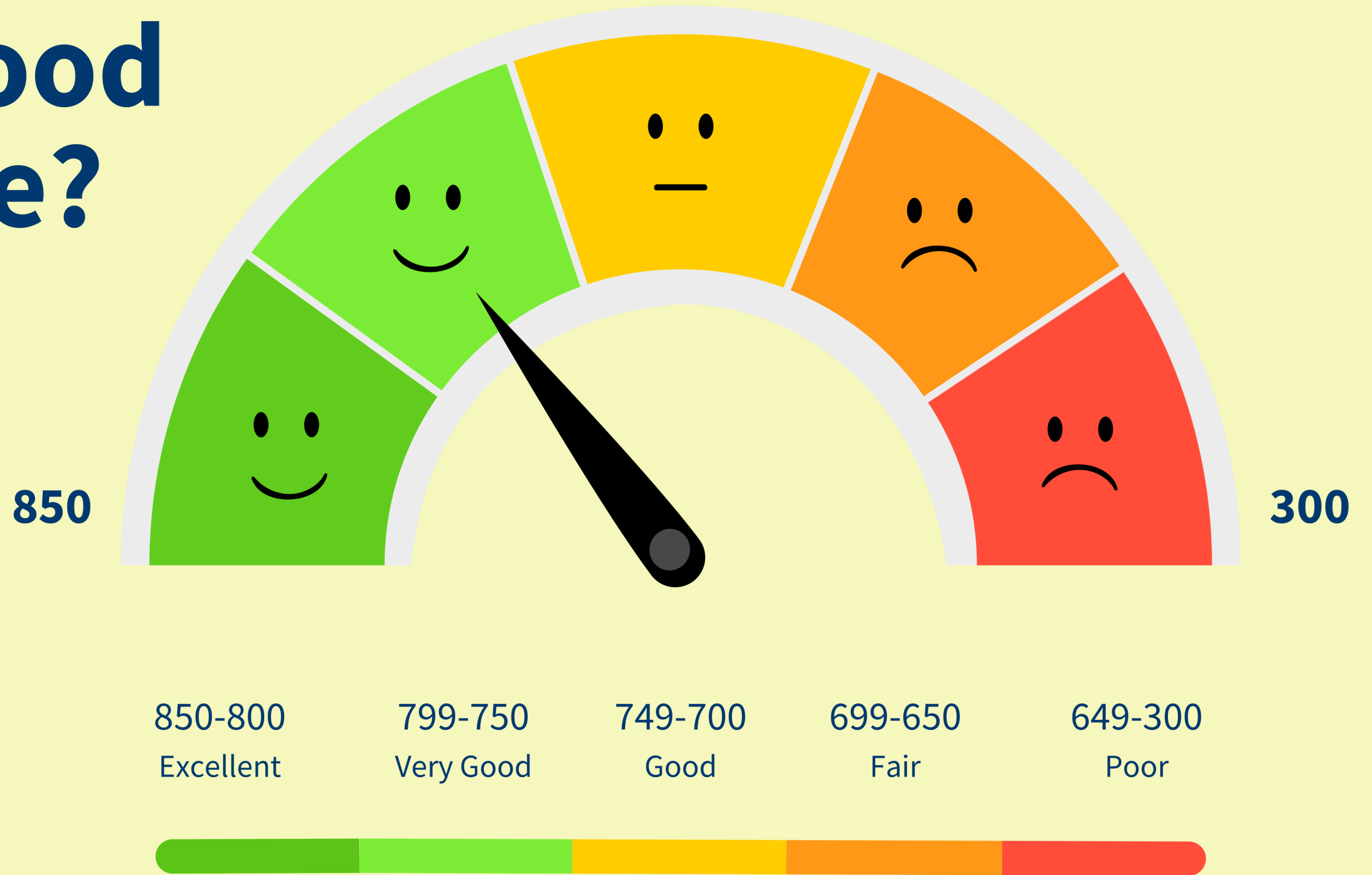




# What's a good credit score?



Remember, credit scores are based on your financial behaviors!





**Congratulations!**



**Your finance  
has been approved!**

*Your application for finance has been conditionally approved. Please touch the button below to finalise your application.*

**Release funds**

**Your credit score is a  
pricing tool for financing!**

[www.vacu.org/coaching](http://www.vacu.org/coaching)



# Credit Score vs. Interest Rate

*Comparison for \$30,000, 5-year Car loan*

## Rate Factors

- Product
- Amount
- Term
- Score
- Repayment
- Relationship
- Collateral

Your FICO Score	Your Interest Rate*	Cost of Loan/ Interest	Monthly Payment
781-850 Superprime	3.61%	\$5,415	\$590.25
661-780 Prime	5.38%	\$8,070	\$634.50
601-660 Nonprime	9.8%	\$14,700	\$745.00
501-600 Subprime	15.96%	\$23,940	\$899.00
300-500 Deep Subprime	19.87%	\$29,805	\$996.75

***Beware  
of Teaser  
Rates!***

\*The above interest rates are for educational purposes only and do not reflect any product offerings from Virginia Credit Union.

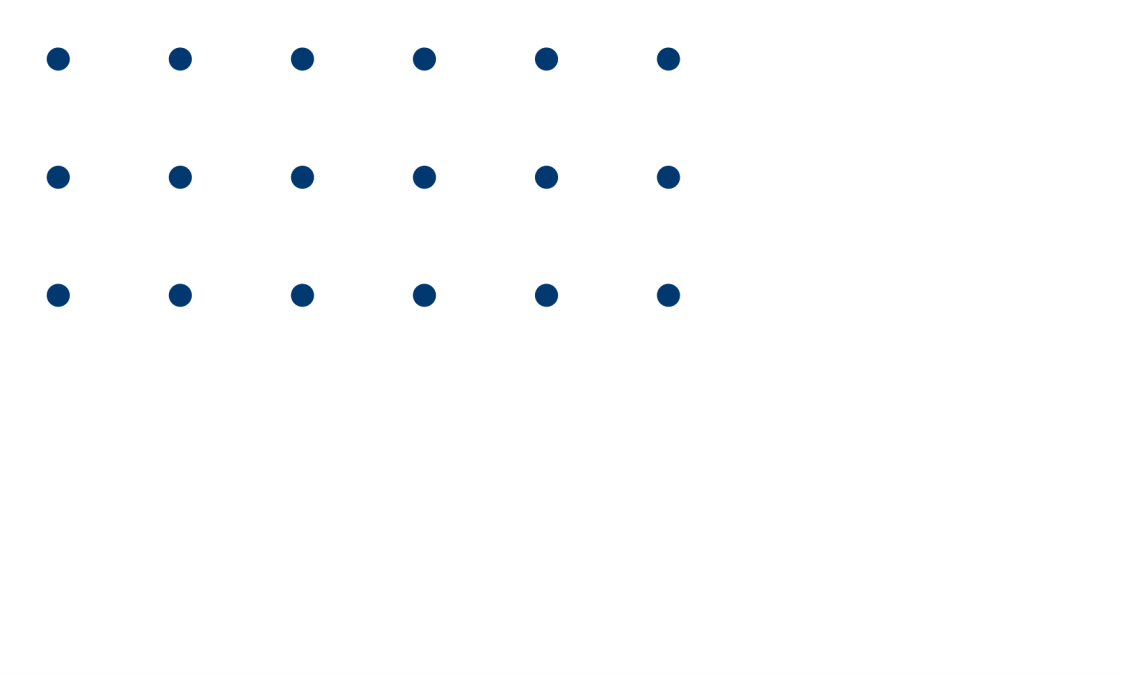
# BUILDING CREDIT

**Being informed  
of credit can  
lead to more  
confident money  
decisions!**

- Secured credit cards
- Secured loan
- Paying your bills on time
- Be mindful of DTI (debt-to-income)
- Smart borrowing- only borrow what you need
- Monitor for errors







# Where to get your free credit report

The Fair Credit Reporting Act (FCRA) states that you are allowed to get a free copy of your credit report from each credit bureau once every 12 months.

[Visit annualcreditreport.com](https://annualcreditreport.com)

Pulling your own credit report will not affect your score negatively.

***You can freeze your credit!***

**VIRGINIA**  
Credit Union 



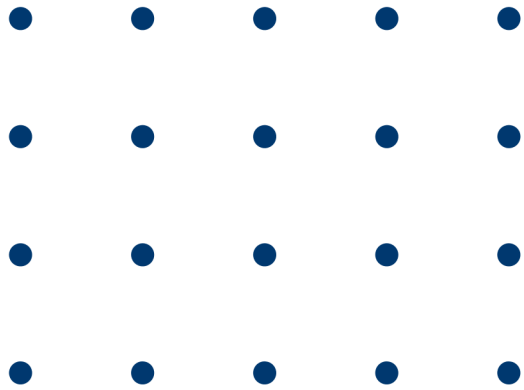


# Credit Reporting Agencies

**EQUIFAX  
EXPERIAN  
TRANSUNION**



Let's look at an example!



# 1. Identifying information

Personal Information				
Name(s) associated with your credit				
Name	Name identification number			
JON CONSUMER	3055			<a href="#">+ Dispute</a>
JONATHAN CONSUMER	25152			<a href="#">+ Dispute</a>
J CONSUMER	20726			<a href="#">+ Dispute</a>
Address(es) associated with your credit				
Address	Address identification number	Residence type	Geographical code	
1475 MAIN ST ANYTOWN USA 12345-1475	0122937323	Single family	0-70010-17-2520	<a href="#">+ Dispute</a>
1036 MAIN ST APT143 ANYTOWN USA 12345-3043	0122868660	Apartment complex	0-1020410-17-2520	<a href="#">+ Dispute</a>
Other personal information associated with your credit				
Social Security number variation(s)				
XXX-XX-2538				<a href="#">+ Dispute</a>
XXX-XX-1680				<a href="#">+ Dispute</a>
Year of birth				
1991				<a href="#">+ Dispute</a>
Spouse or co-applicant				
JANE				<a href="#">+ Dispute</a>
Notices				
Your date of birth indicates that credit may have been established before age 18.				



# 2. Creditors and payment history

Accounts in good standing																																																																																												
-	<b>Account name</b> HOMETOWN AUTO					<b>Account number</b> 1032911005...					<b>Recent balance</b> \$11,616					<b>Date opened</b> 03/2013					<b>Status</b> Current.					<a href="#">+ Dispute</a>																																																																		
	15520 E ELM ST STE 300 ANYTOWN, USA 12345 866 555 5555 <b>Address identification number</b> 0122868651					<b>Type</b> Auto <b>Terms</b> 60 Months					<b>Credit limit or original amount</b> \$19,118 <b>High balance</b> \$19,118 <b>Monthly payment</b> \$350 <b>Recent payment amount</b> \$350					<b>Date of status</b> 05/2015 <b>First reported</b> 04/2013 <b>Responsibility</b> Individual																																																																												
<b>Account history</b>																																																																																												
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-	<b>Account name</b> AMERICAN APARTMENTS					<b>Account number</b> 48886031311....					<b>Recent balance</b> \$4,000					<b>Date opened</b> 10/2014					<b>Status</b> Inactive/Never late.					<a href="#">+ Dispute</a>																																																																		
	PO BOX 981400 ANYTOWN, USA 54321 800 555 5555 <b>Address identification number</b> 0122868651					<b>Type</b> Rental <b>Terms</b> 12 months					<b>Credit limit or original amount</b> \$12,000 <b>High balance</b> \$12,000 <b>Monthly payment</b> \$1,000 <b>Recent payment amount</b> \$1,000					<b>Date of status</b> 05/2015 <b>First reported</b> 11/2014 <b>Responsibility</b> Individual																																																																												
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# 3. Negative information

## Fair Credit Reporting Act

- Right to Report
- Right to Dispute
- Right to be notified if file is used against you
- Must have legitimate need

Potentially negative items																							
No Public Records appear on your report.																							
-	<b>Account name</b> 123 CREDIT CARDS					<b>Account number</b> 40034424804....					<b>Recent balance</b> \$273 as of 06/03/2015					<b>Date opened</b> 11/2013			<b>Status</b> <b>Open.</b>			<b>+ Dispute</b>	
	2000 MAIN ST ANYTOWN, USA 12345 <i>No phone number available</i> <b>Address identification number</b> 0122868651					<b>Type</b> Credit card <b>Terms</b> Revolving					<b>Credit limit or original amount</b> Not reported <b>High balance</b> \$14,219 <b>Monthly payment</b> \$10 <b>Recent payment amount</b> \$0 <b>Past due amount</b> \$20					<b>Date of status</b> 06/2015 <b>First reported</b> 12/2013 <b>Responsibility</b> Individual							
<b>Account history</b>																							
2015 May 30 OK																							
<b>Payment history guide</b> 30 days past due as of Jun 2015																							



# 4. Inquiry information

### Credit inquiries

We make your credit history available to your current and prospective creditors and employers as allowed by law. Personal data about you may be made available to companies whose products and services may interest you. As required by the Fair Credit Reporting Act, we display these requests for your credit history as a record of fact.

Inquiries shared with others [?](#)

None

Inquiries shared only with you [?](#)

	Account name	Date of request(s)	+ Options
<a href="#">-</a>	EXPERIAN	08/06/2013	

# HARD VS SOFT INQUIRIES

## Hard Inquiry

Authorized by you to creditor

Impacts score-12 months

Not penalized for rate shopping  
(Bundling)

On file for 24 months

## Soft Inquiry

Your own request

No impact on score

Promotions

On file for 12 months



# Know your budget!

## Write down all income and expenses

- Track your spending each month
- Avoid lifestyle creep
- Pay yourself first

[vacu.org/women](http://vacu.org/women)

# Create a budget

When building a budget its important to write down all your income and expenses. Use this fillable worksheet to see how much you spend each month.

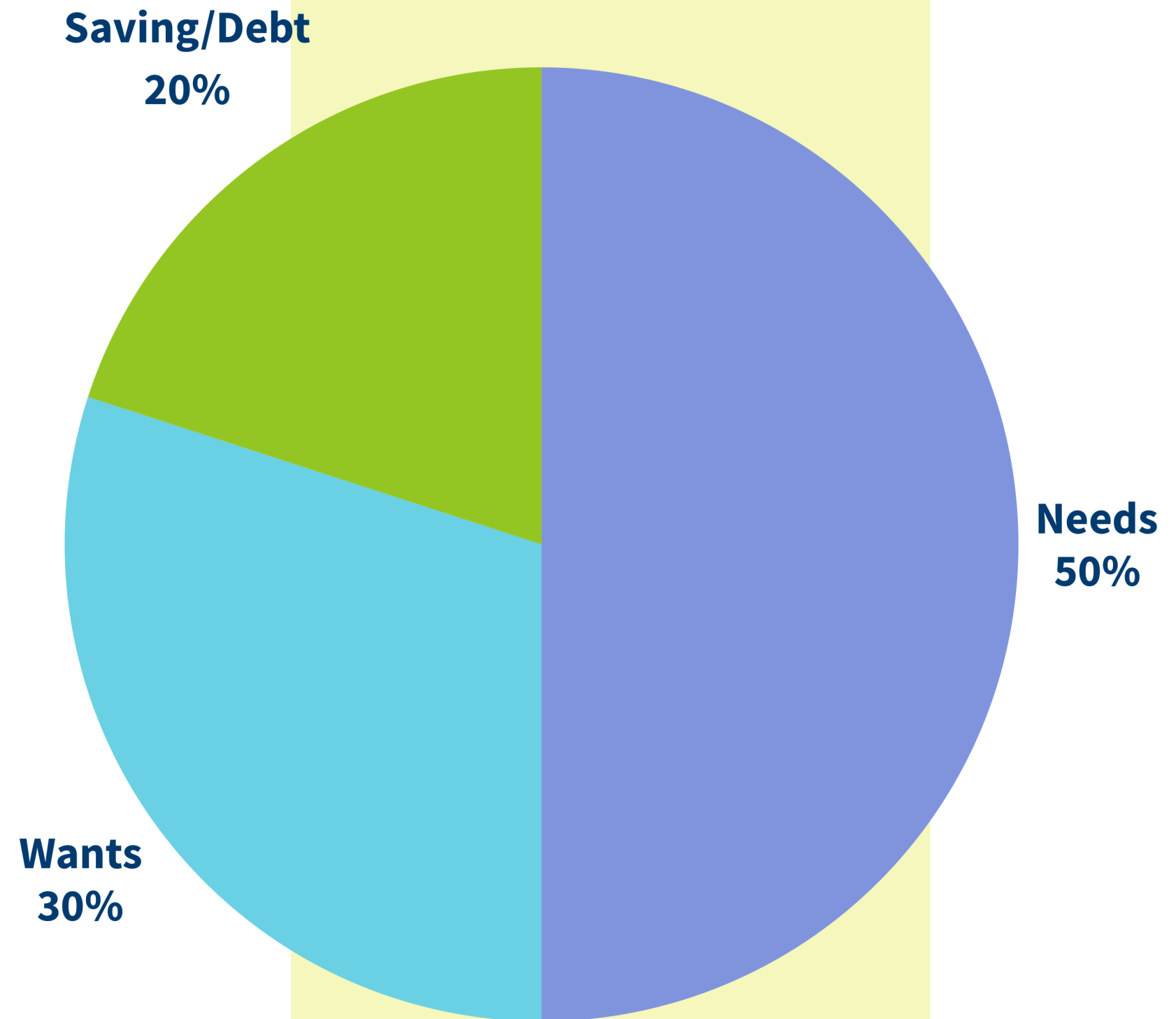
Income	Monthly Total	Expenses (continued)	Monthly Total
Paychecks (salary after taxes & benefits)		Personal / Family / School expenses	
Other income		Child care / babysitting	
Other income		Child support / alimony	
<b>Total Monthly Income</b>		Money sent to family members	
		Clothing & shoes	
		Toiletries	
		Haircuts / manicures	
		Gifts	
		Pets	
		Laundry / dry cleaning	
		School loans / school tuition / fees	
		Charitable donations	
		Other	
		<b>Health expenses</b>	
		Medication (OTC and prescription)	
		Health insurance	
		Doctor's visits	
		Life insurance	
		Other	
		<b>Other loans / credit</b>	
		Credit cards	
		Personal loans	
		Other debts	
		<b>Entertainment expenses</b>	
		Cable / streaming services	
		Movies / concerts	
		Sports fees	
		Vacation	
		Alcohol / tobacco / lottery	
		<b>Total Monthly Expenses</b>	

$$\begin{array}{r} \$ \\ \text{Monthly Income} \end{array} - \begin{array}{r} \$ \\ \text{Monthly Expenses} \end{array} = \begin{array}{r} \$ \\ \text{Disposable Income} \\ \text{or (Deficit)} \end{array}$$

If your income is greater than your expenses, you have money left to save or spend. If your expenses are more than your income, look at your budget to find expenses you can reduce.

# THE 50/30/20 Rule

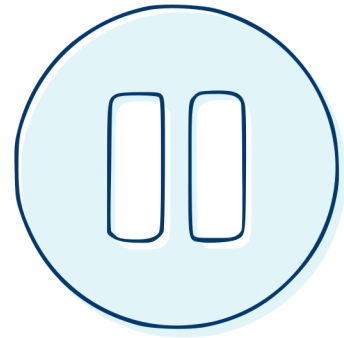
- 50% should go to needs
- 30% should go toward wants
- 20% should go toward savings and/or paying down any debt.







**Watch out**  
**for Budget**  
**Pitfalls!**



# Take a Money Pause

**BEFORE SPENDING, ASK YOURSELF:**

- Does it meet a basic need like food or safety?**
- Will it be something I need in five years or would I rather save the money for something else?**
- Does the item make me happy and will it continue to do so?**
- What would happen if I didn't buy this?**
- What would happen if I bought a cheaper version instead?**
- Do I need it right now? Can I afford this?**





# Any Questions?

*Thank You!*

Email us at:

[cyndi.ruppert@vacu.org](mailto:cyndi.ruppert@vacu.org)

[monica.vanarsdale@vacu.org](mailto:monica.vanarsdale@vacu.org)

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