

 **BUILDING BLOCKS STUDENT WORKSHEET**

Understanding credit scores

Understanding what credit scores are and how they work can help you learn how to earn good credit in the future.

Instructions

- 1 Read the "Credit scores: Exploring one example" handout.
- 2 Match the vocabulary words and phrases to the correct definition.
- 3 Answer the reflection questions.

Defining credit score words and phrases

Draw a line between the vocabulary word or phrase and its definition.

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| 1. Credit score | A. Total owed as well as how much available credit a person is using |
| 2. FICO | B. All new loans or accounts and all creditor credit report requests |
| 3. Poor FICO credit score | C. How long a person has had an account or loan |
| 4. Exceptional FICO credit score | D. Stands for Fair Isaac Corporation, a company that provides lenders with formulas to figure out credit scores |
| 5. Payment history | E. Credit score that is below 580 |
| 6. Length of credit history | F. A way for lenders to predict how likely a person is to pay back a loan on time |
| 7. New credit | G. Whether a person is paying bills on time and as agreed |
| 8. Total debt, balances, and utilization | H. Credit score of 800 or more |



Reflection questions

1. Why are credit scores important?

2. As an adult, having a good credit score is very important. What are two things you can do as an adult to be sure that you have a good credit score?