Capital One

YOUR CREDIT VOYAGE GUIDEBOOK

CHART YOUR NEXT STEPS[1]

Choose and circle *one of the four* strategies your instructor reviewed that could help to improve your credit, and turn to the page below it.

1

STRATEGY 1

START BUILDING A CREDIT HISTORY

This strategy could be for you if...
you don't have any accounts or a credit score, and you want to build your credit.

Turn to page 3

2

STRATEGY 2

IMPROVE YOUR PAYMENT HISTORY

This strategy could be for you if...
You're strengthening your credit score or overcoming past credit challenges.

Turn to page 5

3

STRATEGY 3

STAY UNDER 30% CREDIT UTILIZATION

This strategy could be for you if...
You're strengthening your credit score or overcoming past credit challenges.

Turn to page 7

4

STRATEGY 4

MANAGE YOUR ACCOUNTS

This strategy could be for you if...
Your score is good, but you would like to take it to the next level.

Turn to page 9

STRATEGY 1

Start Building a Credit History

First, choose your ONE-TIME Next Step:

1 Have you saved enough to put a deposit down for a secured card?[2]

YES ☐ NO ☐ → If you haven't done this yet, put it in #5 in your map!

2 Have you researched secured cards or credit builder loans and decided which one is right for you?[3]

YES ☐ NO ☐ → If you haven't done this yet, put it in #5 in your map!

3 Have you applied for a secured card?[4]

YES ☐ NO ☐ → If you haven't done this yet, put it in #5 in your map!

4 Have you set reminders for when payments are due?[5]

YES ☐ NO ☐ → If you haven't done this yet, put it in #5 in your map!

OTHER: _____

STRATEGY 1

Start Building a Credit History

Next, Choose Your RECURRING Next Step:

1 Are you repaying your credit card debt consistently (each pay period) and on-time?[6]

YES ☐ NO ☐ → If you aren't doing this regularly, put it in #6 in your map!

2 Are you paying more than the minimum payment?[7]

YES ☐ NO ☐ → If you aren't doing this regularly, put it in #6 in your map!

Value of Paying More than the Minimum

Name	Initial Balance	Interest Rate	Monthly Payment	Interest Paid	Years to Pay Off
Mr. Jones	$2,500	18%	$25 (minimum)	$4,828	19
Ms. Garcia	$2,500	18%	$35	$2,356	10
Ms. Smith	$2,500	18%	$125	$444	2

OTHER:

STRATEGY 2

Improve your Payment History

First, choose your ONE-TIME Next Step:

1 Have you looked up your payment due dates?[8]

YES ☐ NO ☐ → If you don't know these, put it in #5 in your map!

2 Have you set up reminders or alerts to pay for each period through your web account, mobile app, or phone calendar?[9]

YES ☐ NO ☐ → If you haven't done this, put it in #5 in your map!

3 Have you considered setting up automatic payments through your web account or mobile app? *(only do this if you consistently have enough cushion in your account)*[10]

YES ☐ NO ☐ → If you feel comfortable doing this, and haven't done it yet, put it in #5 in your map!

4 Have you asked your creditor to change your due dates so they match up with when you get paid?[11]

YES ☐ NO ☐ → If you haven't done this already, put it in #5 in your map!

OTHER: _____

STRATEGY 2

Improve your Payment History

Next, Choose Your RECURRING Next Step:

1 Are you repaying the minimum amount of your credit card debt by the payment due dates?[12]

YES ☐ NO ☐

→ **If you don't have the money to pay the minimum, see the box below for next steps to make it easier to save.**

Value of Paying More than the Minimum

Name	Initial Balance	Interest Rate	Monthly Payment	Interest Paid	Years to Pay Off
Mr. Jones	$2,500	18%	$25 (minimum)	$4,828	19
Ms. Garcia	$2,500	18%	$35	$2,356	10
Ms. Smith	$2,500	18%	$125	$444	2

2 If you're able to pay more than the minimum payment, are you?[13]

YES ☐ NO ☐

→ If you aren't already doing this most of the time, put it in #6 in your map!

3 If you are able to pay off all your credit card debt, have you?[14]

YES ☐ NO ☐

→ If you aren't already doing this most of the time, put it in #6 in your map!

OTHER: _____

Next Steps to Make Saving Easier:

- Identify how much you plan to save & opportunities to reduce expenses
- Cancel subscriptions to underused apps, magazines or entertainment accounts
- Compare prices for your insurance, phone plan and Internet
- Check prices online, or use apps like Honey or Wikibuy
- Set reminders to help stick to reducing expenses
- Ask your FAE about attending Capital One's Savings Training

STRATEGY 3

Stay Under 30% of Credit Utilization

First, choose your ONE-TIME Next Step:

1 Have you calculated your total utilization yourself, or with a credit monitoring tool?[15]

YES ☐ NO ☐ → If you haven't already done this, put it in #5 in your map!

2 Have you set balance alerts so that you know if you're using more credit than the amount that you decide is appropriate?[16]

YES ☐ NO ☐ → If you aren't already doing this most of the time, put it in #5 in your map!

3 Have you set reminders to make more regular payments during the month?[17]

YES ☐ NO ☐ → If you aren't already doing this most of the time, put it in #5 in your map!

4 If you are able to afford paying off your credit card each cycle, have you considered setting up automatic payments?[18]

YES ☐ NO ☐ → If you aren't already doing this most of the time, put it in #5 in your map!

OTHER: _____

STRATEGY 3

Stay Under 30% of Credit Utilization

Next, Choose Your RECURRING Next Step:

1 Do you have enough in savings to pay the minimum payment on your credit card bills?[19]

YES ☐ NO ☐

→ **If you don't have enough savings to pay the minimum, see the box below for next steps to make it easier to save.**

Value of Paying More than the Minimum

Name	Initial Balance	Interest Rate	Monthly Payment	Interest Paid	Years to Pay Off
Mr. Jones	$2,500	18%	$25 (minimum)	$4,828	19
Ms. Garcia	$2,500	18%	$35	$2,356	10
Ms. Smith	$2,500	18%	$125	$444	2

2 If you're able to pay more than the minimum payment, are you?[20]

YES ☐ NO ☐

→ If you aren't already doing this most of the time, put it in #6 in your map!

3 If you are able to pay off all your credit card debt, have you?[21]

YES ☐ NO ☐

→ If you aren't already doing this most of the time, put it in #6 in your map!

OTHER:

Next Steps to Make Saving Easier:

- Identify how much you plan to save & opportunities to reduce expenses
- Cancel subscriptions to underused apps, magazines or entertainment accounts
- Compare prices for your insurance, phone plan and Internet
- Check prices online, or use apps like Honey or Wikibuy
- Set reminders to help stick to reducing expenses

STRATEGY 4

Manage Your Accounts

First, choose your ONE-TIME Next Step:

1 Have you made a list of all of your accounts?[22]

YES ☐ NO ☐ → If you haven't already done this, put it in #5 in your map!

2 Have you checked your credit report (annualcreditreport.com) to help identify fraud?[23]

YES ☐ NO ☐ → If you haven't already done this, put it in #5 in your map!

OTHER: _____

STRATEGY 4

Manage Your Accounts

Next, Choose Your RECURRING Next Step:

1 For your oldest active accounts, do you make small purchases at least once a month and pay them off right away?[24]

YES ☐ NO ☐ → If you aren't already doing this most of the time, put it in #6 in your map!

2 Do you use the high-interest accounts sparingly, keeping them active with small purchases but paying them off right away?[25]

YES ☐ NO ☐ → If you aren't already doing this most of the time, put it in #6 in your map!

3 Are you regularly monitoring your credit utilization to make sure it is under 30%?
Even if you pay your card off in full every month, your credit score could still be negatively affected if you aren't doing this.[26]

YES ☐ NO ☐ → If you aren't already doing this most of the time, put it in #6 in your map!

4 Are you using a credit monitoring tool (through CreditWise from Capital One or others) to regularly check your score? *Your score can often change without you realizing it. It is important to do this regularly, even if you have good credit.*[27]

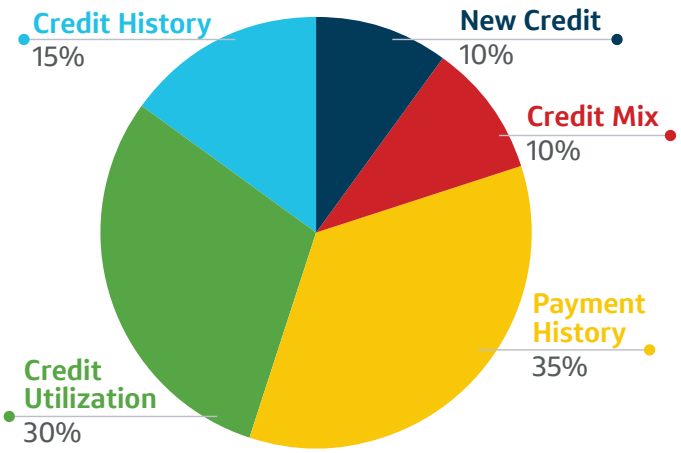
YES ☐ NO ☐ → If you haven't already done this, put it in #5 in your map!

OTHER: _____

Materials to Take Home

Glossary:

Credit Score Ingredients



Source of Percentages: FICO's website

Credit Score is a number between 300-850 summarizing a person's credit risk at a particular point in time. Think of this like weighing yourself or taking your temperature today.[28]

Payment History is a record of your payment behavior on all credit accounts, including credit cards and loans. It is the single biggest factor that influences your credit score.[29]

Credit Utilization is what you use divided by what you have to use. Keeping your utilization below 30 percent is a helpful rule of thumb that can help improve your credit score. This rule applies to each card individually, and to the cumulative limits of all your cards.[30]

Credit History is the length of time you've been building credit. Your credit history or credit age is calculated by considering two factors. The first is the age of your oldest account. The second is the average age of your combined accounts—calculated by adding up the age of each account and dividing it by the number of accounts you have.[31]

Credit Mix is a factor of your credit score that looks at the mix of both revolving credit (ex: credit cards) and installment loans (ex: student loans).[32]

New Credit is a factor of your credit score that takes into account recent inquiries of your credit score. These inquiries come every time you apply for a loan or credit card. Too many inquiries in a short time period could signal that you're in financial trouble.[33]

Credit Report is the record of a person's credit history at a particular point in time. It shows information like your history of repaying debts, all the debt you've taken out, and any applications for new credit. There are three credit bureaus that will create credit reports: Equifax, Experian and TransUnion. Each one has a different formula that they use to calculate your credit score, based off of the report. Note that your reports from each of these bureaus could look slightly different, because creditors aren't required to report information to the credit bureaus, and lenders decide which information they report to the agencies. Therefore, some may choose to report your account to some, all or none of the bureaus.[34]

Secured Credit Cards require you to provide a cash security deposit, which is then roughly equal to your credit line. The institution that issues the card holds the deposit in case you don't pay your bill, and you get the deposit back when you upgrade to a regular "unsecured" card or close the account in good standing. Because the deposit protects the issuer from the risk of someone not paying, secured cards are easier for people with bad credit or no credit to qualify for.[35]

Savings Workshop is another workshop that Capital One offers that helps clients prioritize their finances and increase their savings.

Tips for Avoiding Credit Fraud

Credit Freeze: This is an action that restricts access to your credit file, making it harder for identity thieves to open new accounts in your name. You can freeze and unfreeze your credit file for free. Contact all three of the nationwide credit reporting agencies—Equifax, Experian, and TransUnion . If you request a freeze online or by phone, the agency must place the freeze within one business day. If you request a lift of the freeze, the agency must lift it within one hour.[36]

Phishing: The fraudulent attempt to obtain sensitive information such as usernames, passwords and credit card details by disguising oneself as a trustworthy entity in an electronic communication.[37]

What bad actors [phishers] might try to do:

- Contact you unexpectedly
- Try to scare you
- Create a false sense of urgency, perhaps saying that you must act immediately
- Offer to "fix" your credit for free[38]

What you can do:

- Monitor your credit by visiting
  - annualcreditreport.com
  - creditwise.com
  - https://www.creditkarma.com
- You are also entitled to receive a free credit bureau report from each of the credit bureaus once a year.
- Keep a list of account numbers in a secure place.
- Notify creditors right away if you change your address.
- Keep pass codes and pin numbers secure.
- Do not share account numbers, personal identifiers, or any other financial information over email.
- When speaking on the phone do not give financial information to someone who calls you using any of the phishing tactics mentioned above.
- If you do see an inaccuracy on your credit report (which does happen), contact both the credit bureau and organization that provided the information to the bureau.
  - Both these parties are responsible for correcting inaccurate or incomplete information in your report.
  - All three of the credit bureaus now accept the filing of disputes online.[39]

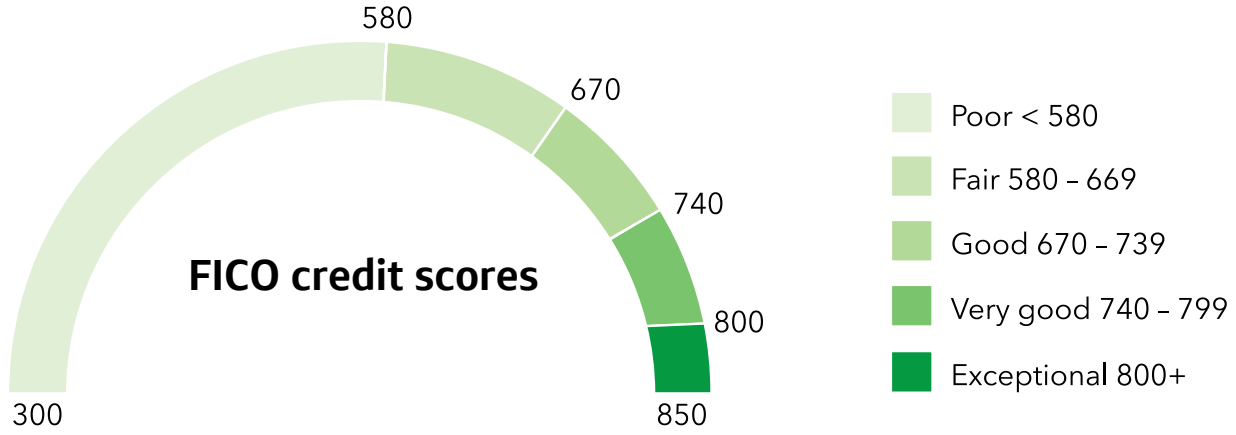
Credit scores: An infographic

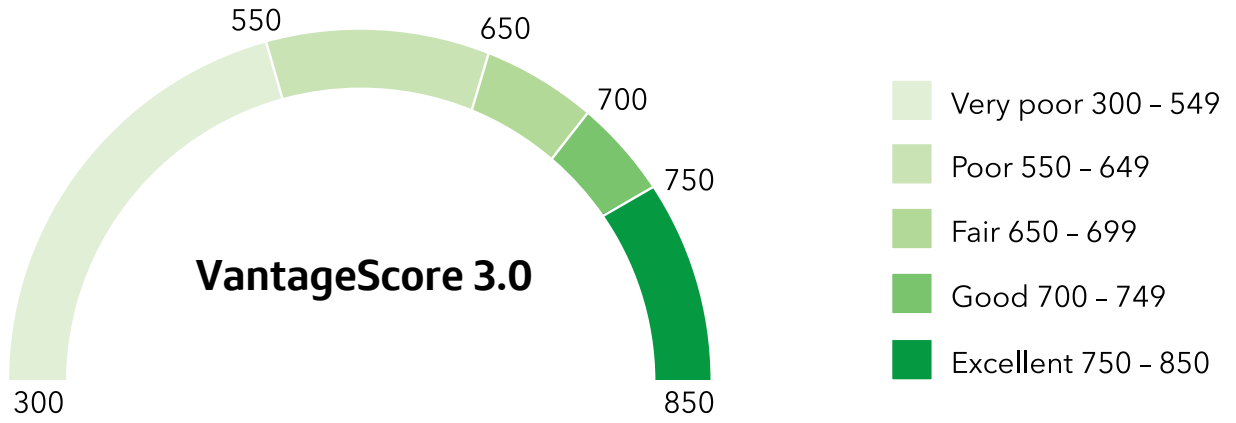
Credit scores provide a snapshot of a person's creditworthiness. They provide a way for lenders to predict how likely a person is to pay back a loan on time.

FICO (calculated using scoring models designed by Fair Isaac Corporation) and VantageScore (calculated using scoring models designed by VantageScore Solutions) are two of the most commonly used credit scores.

Two different ranges of credit scores

Most credit scores range from 300 to 850. A higher credit score means you are predicted to be less of a risk. Usually a high credit score makes it easier to qualify for a loan and may result in a better interest rate, but lenders have their own cutoffs to determine eligibility.





Source: consumerfinance.gov

More Resources For You

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[2] Building credit from scratch. CFPB. Retrieved from https://files.consumerfinance.gov/f/documents/201612_cfpb_credit_invisible_checklist.PDF

[3] Ibid

[4] Ibid

[5] Understand your credit score. CFPB Retrieved from https://pueblo.gpo.gov/CFPBPubs/pdfs/CFPB117.pdf

[6] Ibid

[7] Know Before You Owe: Credit cards. CFPB. Retrieved from https://www.consumerfinance.gov/data-research/credit-card-data/know-you-owe-credit-cards/

[8] Adjusting your bill due dates can help you stay on top of your bills and manage your cash flow. CFPB. Retrieved from https://www.consumerfinance.gov/about-us/blog/adjusting-your-bill-due-dates-can-help-you-stay-top-your-bills-and-manage-your-cash-flow/

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[11] Adjusting your bill due dates can help you stay on top of your bills and manage your cash flow. CFPB. Retrieved from https://www.consumerfinance.gov/about-us/blog/adjusting-your-bill-due-dates-can-help-you-stay-top-your-bills-and-manage-your-cash-flow/

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[16] Understand your credit score. CFPB Retrieved from https://pueblo.gpo.gov/CFPBPubs/pdfs/CFPB117.pdf

[17] Ibid

[18] Ibid

[19] Know Before You Owe: Credit cards. CFPB. Retrieved from https://www.consumerfinance.gov/data-research/credit-card-data/know-you-owe-credit-cards/

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[25] (2019) How to reduce your debt. CFPB. Retrieved from https://www.consumerfinance.gov/about-us/blog/how-reduce-your-debt/

[26] (2019) How do I get and keep a good credit score? CFPB. Retrieved from https://www.consumerfinance.gov/ask-cfpb/how-do-i-get-and-keep-a-good-credit-score-en-318/

[27] Where to find free access to a credit score. CFPB. Retreived from https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201702_cfpb_finding-free-access-to-credit-score_handout.pdf

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[30] (2019) Credit score myths that might be holding you back from improving your credit. CFPB. Retrieved from https://www.consumerfinance.gov/about-us/blog/credit-score-myths-might-be-holding-you-back-improving-your-credit/

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[33] Ibid

[34] (2019) When should I review my credit report? CFPB. Retreived from https://www.consumerfinance.gov/ask-cfpb/when-should-i-review-my-credit-report-en-312/

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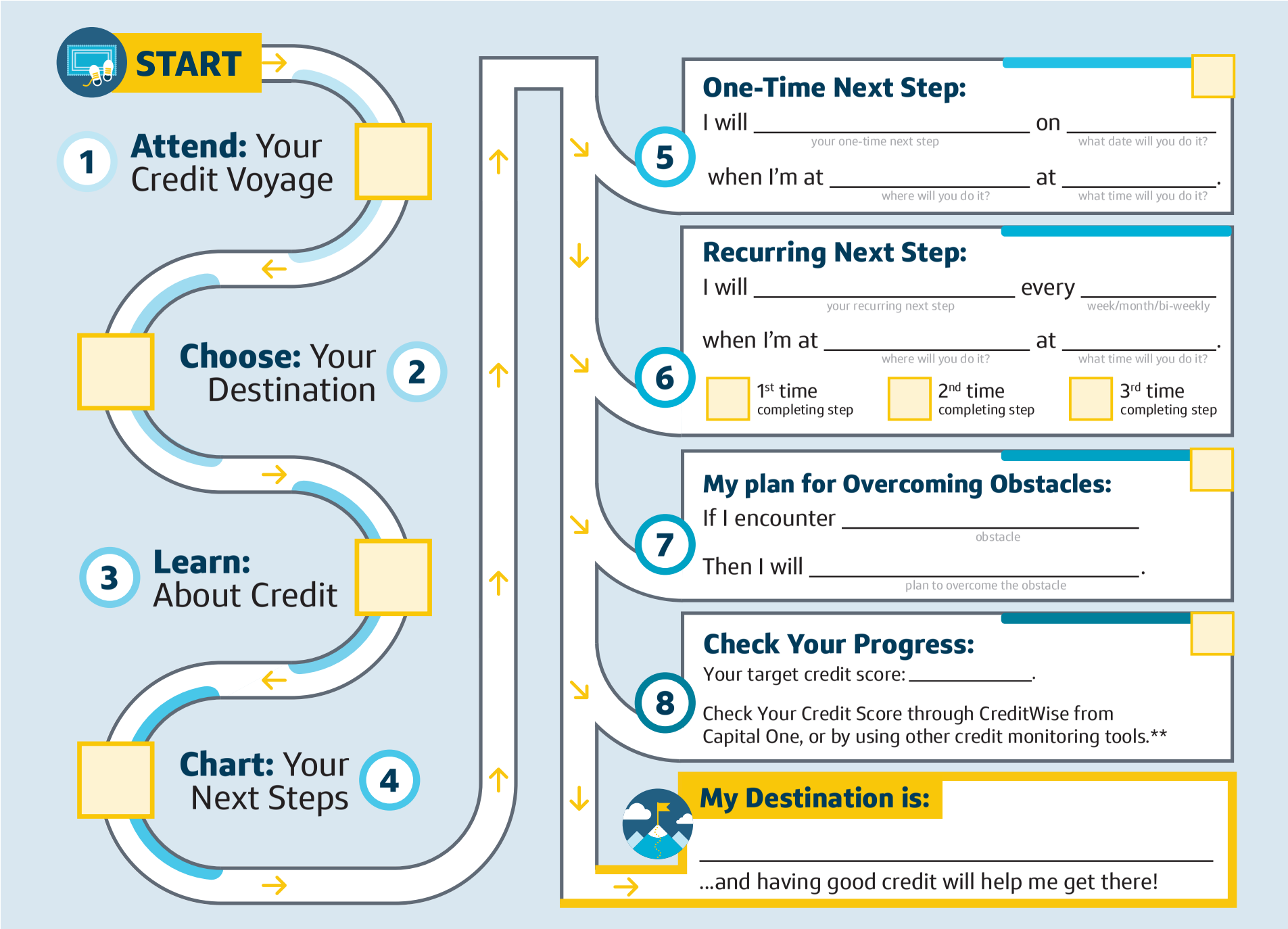
[37] Fraud and scams key terms. CFPB. Retrieved from https://www.consumerfinance.gov/consumer-tools/fraud/answers/key-terms/#phishing

[38] Understanding & Managing Your Credit. PowerPoint Presentation

[39] Ibid



**You can go to annualcreditreport.com once per year to access your credit report from TransUnion, Experian and Equifax. Or, you can use the free for everyone CreditWise® tool. The CreditWise score is calculated using the TransUnion® VantageScore® 3.0 model, which is one of many score models used by lenders. The availability of the CreditWise tool depends on our ability to obtain your credit history from TransUnion.