Week 7

CREDIT SCORES

Understanding the Numbers that Shape Your Financial Future

WHY SHOULD I CARE?

Turning 18 opens the door to new opportunities, including your first credit card or loan. But every financial decision you make can begin shaping your credit history. Paying bills on time, borrowing responsibly, and understanding how credit scores work can make it easier to qualify for a car loan, rent an apartment, or even buy a home someday. Building good credit doesn't happen overnight, but the habits you develop early can benefit you for years to come.

BIG IDEAS

GOOD CREDIT TAKES TIME
Building a strong credit history doesn't happen overnight. The financial habits you develop early can affect your ability to borrow money and qualify for loans in the future.

PAY ON TIME, EVERY TIME
Payment history is one of the biggest factors that affects your credit score. Making payments on time consistently is one of the simplest and most effective ways to build good credit.

BORROW RESPONSIBLY
Using too much of your available credit or opening several new accounts at once can lower your credit score. Responsible borrowing shows lenders that you can manage credit wisely.

KNOW YOUR CREDIT SCORE
Understanding how credit scores work helps you make informed financial decisions. Learning the difference between FICO® Scores, VantageScore®, hard inquiries, and soft inquiries can help you build and protect your credit over time.

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KEY VOCABULARY

Credit Mix: The variety of credit accounts you have, such as credit cards, auto loans, or mortgages.

Credit Utilization: The percentage of your available revolving credit that you are currently using.

Creditworthiness: A measure of how likely you are to repay borrowed money as agreed.

FICO® Score: A credit scoring model widely used by lenders to help evaluate credit risk.

Hard Inquiry: A credit check related to a credit application that may affect your credit score.

Length of Credit History: The amount of time your credit accounts have been open.

New Credit: The opening of new credit accounts or multiple recent credit applications, which may temporarily lower your credit score.

Payment History: A record of whether you have paid your bills on time and as agreed.

Soft Inquiry: A credit check that does not affect your credit score, such as checking your own credit.

VantageScore®: A credit scoring model developed by the three major credit bureaus as an alternative to FICO.

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Learn it. Live it.

Understanding how credit scores work now can help you make smarter financial decisions later. Learning the basics gives you a head start on building a strong financial future.

Challenge: Visit the FICO Financial Wellness Center in the **Want to Know More?** section and explore one topic that interests you. Look for one fact that surprises you or changes how you think about credit.

Reflection: What is one habit you can start now that could help you build and maintain a strong credit score in the future?

DID YOU KNOW?

Only 1.71% of U.S. consumers have a perfect 850 FICO® Score. They average just over 5 credit cards, but keep their balances low and pay on time.

Source: *Experian, August 2026*

EXPLORE AND EXPLAIN

- Why do lenders use credit scores instead of simply looking at someone's income?
- How can payment history and credit utilization affect your credit score over time?
- What habits help build and maintain a strong credit score?
- How can understanding credit scores help you make smarter financial decisions throughout your life?

WANT TO KNOW MORE?

VIDEO

A Tale of Two Credit Scores

See how two people with similar lives can pay very different borrowing costs, and discover how their credit scores made the difference.

Source: *Khan Academy*

ARTICLE

Wait, I Have More Than One Credit Score?

Learn why your credit score can vary depending on the scoring model, information used and even the type of loan.

Source: *Consumer Financial Protection Bureau*

WEBSITE

FICO Financial Wellness Center

Explore lessons, articles, and interactive tools to learn how credit scores work, build good credit, and make smarter money decisions.

Source: *FICO/Banzai*

"The financial decisions you make at 18 can follow you for years."

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