



Financial Aid: Fast Facts

Credit

What makes up a credit score?

- **Payment History - 35%** Making payments on time will increase your credit score. A good payment history shows financial responsibility.
- **Amount Owed – 30%** Making loan payments on time and keeping credit card balance below 30% of the available credit line will help your score.
- **Length of Credit History – 15%** A longer credit history provides a better picture of long term financial behavior.
- **Type of Credit – 10%** Having a mix of credit in use in a good standing is beneficial.
 - Revolving loans – credit cards
 - Installment loans – student loans or mortgages
- **New Credit – 10%** Only open new accounts when you need them and can afford to repay the balance.

At KCAD you may be building a credit history and not realize it!

Creditors that may report monthly to credit bureaus include:

- Banks
- Apartment complexes, Landlords
- Credit card companies
- Student loan lenders
- Cell phone companies

In some instances, information is only reported when you MISS a monthly payment.

Important Steps for Building Good Credit while in College and after Graduation

- Pay expenses, rent, and utilities on time
- Make loan payments on time
- Pay loans before you spend money on other things
- Apply only for the credit you need and can afford to repay
- Do not regularly overdraw on your bank account

Why should I care about my credit and credit score?

Your credit history and credit score determine whether or not you will qualify for future loan opportunities and determine what interest rate you will receive. A higher credit score means a lower interest rate, making monthly payments and overall payment lower.

Example: You want to buy a \$5,000 used car and need to take out a 4-year loan

Credit Score	Interest Rate	Monthly Payments	Total Paid	Total Interest Paid
740	3%	\$110.67	\$5312.16	\$312.16
670	9%	\$124.43	\$5972.64	\$972.64
585	13%	\$134.14	\$6438.72	\$1437.72

Where can I find my credit report and credit score?

Everyone is entitled to one free credit report per year. Credit reports can be requested online at www.annualcreditreport.com. Credit scores can be found in several places. Recently, credit card companies have begun to provide credit scores for their customers on a monthly basis. Other online credit score services and websites such as www.mint.com and www.creditkarma.com offer budgeting services along with regular credit score updates.

Questions? Visit the KCAD Financial Aid office in the Student Services office on the 7th floor, make a virtual appointment at www.calendly.com/peltiek or call 616-259-1210.

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Resources: <https://www.northwesternmutual.com/learning-center/whitepapers>