



FAMILY  
ECONOMICS &  
FINANCIAL  
EDUCATION

# FEFE NEWS LINK



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*GRANT APPLICATIONS to attend the FEFE National Conference must be submitted by **JANUARY 30, 2009**. Don't delay in getting yours completed! See page 7.*

## JANUARY NEWSLETTER HIGHLIGHTS

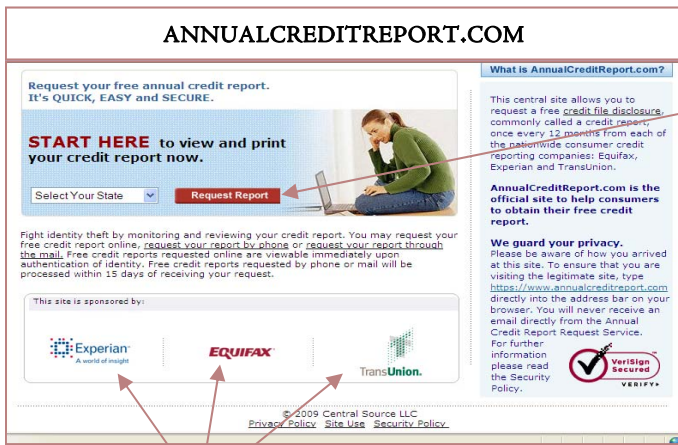
- **Credit Score Issue!** *Check out information for young adults about credit page 3!*
- **Expert Columnist.** *Dr. Michael Staten discusses how to acquire your credit score. Check out page 4!*
- **Introductory Curriculum.** *Learn about the Get Ready to Take Charge of Your Finances Curriculum and how FEFE Master Teachers use it! Check out page 6!*
- **Want to attend the FEFE National Conference?** *Information about this year's National Conference and Grant opportunities can be found on page 7!*
- **Win FREE Registration to the FEFE Conference!** *See page 8 for details!*
- **Book Review.** *Ever wondered how you can incorporate a trade book into your classroom? Read a review from a FEFE Master Teacher! See page 8!*

*Complete the **FEFE ANNUAL SURVEY** and be entered to win a **FREE** registration to the FEFE National Conference! See page 8.*

# OBTAINING A CREDIT REPORT



According to the Federation of State Public Interest Research Groups (US PIRG) twenty-five percent (25%) of the credit reports surveyed contained serious errors that could result in the denial of credit including false delinquencies or accounts that did not belong to the consumer. Fifty-four percent (54%) of the credit reports contained personal demographic information that was misspelled, long-outdated, belonged to a stranger, or was otherwise incorrect.<sup>4</sup> It is important for consumers to catch these errors as quickly as possible. The Fair Credit Reporting Act (FCRA) requires each of the nationwide consumer reporting companies to provide individuals with a free copy of their credit report at their request once a year. These companies are Equifax, Experian, and TransUnion. Each company is a separate entity creating the possibility that a consumer's credit report and score can be different from each company. Therefore, it is important to check your credit report from *each* company annually. The only website supported by the Federal Government for free annual credit reports is <https://www.annualcreditreport.com>. When consumers request their credit history reports, they are not provided their credit score. For a small fee, consumers can request their credit score as well.<sup>1</sup>



Click here to receive a free credit report.



**Credit Scoring Companies**  
*(if you click on a company icon, you go are directed to their Web site and may have to pay for your credit report.)*

There are fraudulent sites that use "free report" in their names or misspell [annualcreditreport.com](http://annualcreditreport.com) as their URL in the hopes that a consumer will arrive at their web site instead.<sup>8</sup> To acquire a credit report, individuals must provide personal information including their name, address, social security number, date of birth, and answer questions about their personal credit history. Therefore, consumers must be 100% certain that they are using a reputable site. There are companies which provide free credit reports and may offer identity theft protection. However, even if they advertise they are free, this is often only temporary and there is often a monthly fee associated with their services.

## HOW CREDIT SCORES AFFECT INTEREST RATES

The lower a credit score, the higher the interest rate that is used as a payment for the money being borrowed. A credit score is a number that is often between 300 and 850. A person with a credit score over 700 is considered a good risk. If an individual has a score lower than 600 they are considered a high risk. Lenders require the borrower to pay interest, a periodic charge for using the credit. An example from myfico.com on a 30-year, fixed rate mortgage, \$300,000 loan illustrates the price that is paid for poor credit.

FICO Score	Interest Rate	Monthly Payment	Total Paid for the Lifetime of the Loan (30 years)
760	5.9%	\$1,787	\$643,320
650	7.2%	\$2,047	\$736,920
590	9.3%	\$2,500	\$900,000

With a bad credit score, you are paying \$256,680 more in the lifetime of the loan!  
Almost the value of a 2nd home!

# CREDIT SCORES



## YOUNG ADULTS NEED CREDIT TOO!

When a teenager turns legal driving age they must first pass a written and road test before they are issued the plastic card giving them the privilege of driving. However, when they turn legal age (18) to have a credit card solely in their name, they are flooded with offers and although improper use can become disastrous, no test is required.

It is important for young consumers to begin building their credit history and this includes acquiring and properly managing credit. Here are a few ways this can be done.<sup>3</sup>



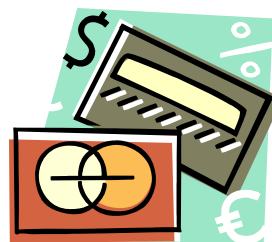
**Secured credit card** - There are multiple credit card companies that offer young adults credit cards with a low limit. To begin young adults on the correct track of credit, consider obtaining a secured credit card. A secured credit card will be paid by money that has been deposited into a bank account. The credit line limit cannot exceed the amount of money that has been paid into the account. It is similar to a pre-paid credit card each month. In addition to secure credit cards, many large credit card companies, such as VISA, offer cards that follow these types of guidelines. For example, VISA offers a credit card with a limit that will not exceed \$700, with low APRs for individuals who have yet to establish credit. Starting the individual out small is a good idea. Parents and guardians are strongly suggested to not co-sign for a credit card with their child. The reason for this is that the parent is also responsible for the credit card. Therefore, if the credit card payment is not paid, collectors are able to collect from the parents or guardians that co-signed for the card. This could be damaging to a stable credit line that was established by the parents or adults prior to cosigning.<sup>3</sup>

To estimate your FICO score, visit <http://www.bankrate.com/brm/fico/calc.asp?lpid=BKRATE29> and answer the series of questions.

### FOLLOW THESE TIPS TO KEEP YOUR CREDIT SCORE IN GOOD SHAPE!

- ★ Pay on time - one day late has the same effect as 29 days late.
- ★ Keep credit card balances low in regard to credit limit and only open new accounts if absolutely necessary.
- ★ Before going in to get an auto loan or personal loan, rate shop and get a copy of your FICO score so you can negotiate better.<sup>3</sup>

**Small bank loan** – Acquire a small bank loan for an item which the individual already has money available for in a different account. Then, set up automatic withdrawal to make the payments. Using a local bank which the student already has a checking or savings account with usually works best. In addition, it may be good to set aside the money that will be used for the payment of the item in a separate account than what is used for daily transactions to ensure the automatic withdrawal occurs without problems.<sup>3</sup>





## TIPS ON PURCHASING YOUR CREDIT SCORE

By Michael Staten, Ph.D., University of Arizona Take Charge America Institute Director

Consumers who set out to check their credit scores may be surprised to find that multiple options confront them. And, none of the scores are available free of charge. So, how should a consumer decide which score to purchase?

Certainly, the best known credit score product is the FICO score developed by Fair Isaac Corp. FICO score products are widely used by credit grantors for assessing borrower risk and have gained widespread recognition across the general public as a barometer of individual creditworthiness. The most direct way to find out your FICO score is through the Fair Isaac consumer website, [www.myfico.com](http://www.myfico.com). But, once there, you'll discover that you don't have just one FICO score – you actually have three scores at any point in time, and they are frequently all different! This is because most consumers typically have a credit report file with each of the three major credit reporting agencies (Equifax, Trans Union and Experian), and there are often differences across the agencies in the information in those files. Some creditors (especially smaller, local creditors) only report information to a single credit bureau with whom they do business. Collection activity – perhaps an unpaid or disputed medical bill – will often be reported only to a single credit bureau. And, the information reported by creditors to the bureaus each month doesn't get posted to your credit report at the same time by the three bureaus. For all of these reasons, your credit score (which is calculated based on the information in your credit report) will differ across the three credit bureaus. The myfico.com website allows you to purchase your FICO score based on each of the credit bureaus' data. If you want a complete picture of what creditors see about you, purchase all three.

The story doesn't end there. The process of acquiring your credit score gets more confusing if you go to the credit bureaus' own websites. Each of the three bureaus also sells credit score products to consumers along with an array of credit report and ID theft monitoring products. A credit score sold by a bureau is typically calculated with that bureau's own credit report data. However, it is not always clear from the website whether the score is a FICO score or the bureau's own proprietary score product that it sells in competition with Fair Isaac. For example, Equifax clearly indicates on its site that you are buying a FICO score (calculated with Equifax credit file data). It should be the same score as you would find for the "Equifax" version of the FICO score on the myfico.com site if you buy it on the same day. In contrast, you can buy your credit score on Trans Union's website, but FICO is not mentioned anywhere in the promotional material. The score you purchase is quite likely Trans Union's own proprietary score that is calculated in a similar (but not identical) manner as the FICO score. Experian's site will sell you at least two kinds of credit scores, but makes no mention anywhere of a FICO score. One of the scores Experian offers is its own proprietary PLUS score product. The other score product is the VantageScore, which is yet another credit score product that was developed jointly by all three credit bureaus in the hope that it would one day displace the FICO score as the industry standard.

Why does purchasing your credit score have to be so confusing? Well, one reason is that the three major credit bureaus and Fair Isaac Corp. are all competitors in the market for credit score products, even though they choose to partner for some ventures. Each time one of the bureaus sells a FICO score product, it has to share the revenue with Fair Isaac. The bureaus would like to capture more of the revenue for themselves, so they have developed their own products, and their own consumer education materials to illustrate what scores mean and how to improve them. These materials are helpful and worth sampling and exploring across all three of the bureaus' websites. But, if you want to be sure that you are buying your FICO score, go to the myfico.com website.

# CONSUMER CORNER



## MYTHS ABOUT CREDIT SCORES

<p>A poor credit score will haunt me forever!</p>	<p>If an individual has a poor credit score, with time, they can rebuild their credit with positive financial practices such as paying bills on time and not having too much credit card debt. If you file bankruptcy it will stay on your credit report for 10 years while other negative credit practices will stay on your report for 7 years. However, information such as a criminal act will stay on reports indefinitely.<sup>4</sup></p>
<p>My credit score will drop if I apply for new credit!</p>	<p>Opening multiple new accounts at one time causes a credit score to drop significantly. Therefore, if you are seeking a new line of credit, be sure it is the type of credit you want. However, if an individual with good established credit opens a new account, their credit score should be minimally affected.<sup>4</sup></p>
<p>If I check my credit report, it will lower my score!</p>	<p>There are different types of credit checks. Soft credit checks are things such as credit checks that you do annually, credit card companies that pre approve you for a line of credit, or pre employment credit checks. These are noted differently on your credit report and do not affect your score. Hard credit checks occur when you give someone permission to check your credit. For example if you apply for a new credit card, automobile loan, open a new cell phone, etc...<sup>4</sup></p>
<p>Credit cards, automobile loans, and home mortgages are the only forms of credit that are dependent upon a good credit score.</p>	<p>Credit scores are being used more and more often. Having a good credit score now affects much more than just an individual's ability to acquire credit and interest rates. A poor credit score may cause consumers to be denied items such as cellular phones, insurance, employment positions, or apartment leases.<sup>4</sup></p>

Someone with a credit score less than 620 will pay around \$86,000 more in interest (30 year fixed rate mortgage of \$200,000) than a person with an excellent credit score.<sup>1</sup>

- ★ Forty-five percent of consumers have a score between 700 and 799, and thirteen percent score above 800.<sup>2</sup>
- ★ Twenty-seven percent rank above 600, and Thirteen percent weigh in above 500. Only two percent have 500 or below.<sup>2</sup>
- ★ The national average credit score is 693.

Over 75 percent of mortgage lenders and over 90 percent of credit card lenders use credit scores when making their lending decisions<sup>9</sup>

- ★ The average credit score for U.S. consumers with no late auto payments is nearly 100 points higher than those who have at least one late payment. The national average credit score for consumers with no late auto payments is 703.<sup>7</sup>

1. Improving Your FICO Credit Score  
<http://www.myfico.com/CreditEducation/ImproveYourScore.aspx>

2. Bankrate  
<http://www.bankrate.com>

3. Money Mix  
[http://moneymix.cuna.org/16899/article.php?doc\\_id=1081&page=2](http://moneymix.cuna.org/16899/article.php?doc_id=1081&page=2)

4. Mistakes Do Happen: A Look at Errors in Consumer Credit Reports by U.S. PIRG  
<http://www.uspirg.org/home/reports/report-archives/financial-privacy-security/financial-privacy-security/mistakes-do-happen-a-look-at-errors-in-consumer-credit-reports>

5. Americans for Fairness in Lending  
[http://www.affil.org/consumer\\_rsc/credit\\_report.php](http://www.affil.org/consumer_rsc/credit_report.php)

6. VantageScore  
<http://www.vantagescore.com>

7. Experian  
<http://www.nationalscoreindex.com/>

8. Facts for Consumers by the Federal Trade Commission  
<http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre34.shtm>

9. Electronic Privacy Information Center  
[www.epic.org](http://www.epic.org)

# GET READY TO TAKE CHARGE (INTRODUCTORY CURRIC.)



The Get Ready Curriculum consists of introduction lesson plans including a fast paced facilitation with scenario based learning. “Get Ready to Take Charge of Your Finances” is intended for students in grades 7-9 or individuals with limited family financial knowledge. Lesson plans are written in a ready-to-teach model with a step-by-step facilitation recommended. Materials include PowerPoint presentations, activity cards, rubrics, and all other necessary pieces to make the lesson complete. Within the Get Ready curriculum, assessments are provided within each lesson, test bank questions and financial simulations such as Life Of..., which are individual spending plan simulations completed by analyzing the life of a teenager. The goal of the Life Of... simulation is for the participant to balance the spending plan with a zero balance. The Get Ready Curriculum has been organized into an eight week course that can be viewed at <http://fefe.arizona.edu/documents/GetReady8WeekCourseRecomendation.pdf>.

## ASK A FEFE MASTER TEACHER

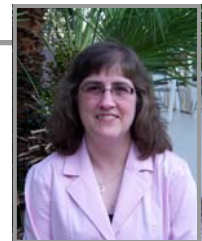
*What piece of advice would you give to a teacher who is looking to integrate the introductory Get Ready Curriculum with the advanced Take Charge Curriculum?*

Roxane Shammel: “Incorporate the Get Ready into other middle school curriculum areas such as Math. Consider cooperatively teaching with the math teacher.”



Kim Knoche said that she will often use the Get Ready Curriculum when she is running out of time with her older students, still wants to give an overview of the content, but move at a quicker speed. She also indicated that the Get Ready Curriculum works great with her students with special needs. They are able to get the same content on a level that they are able to grasp easier.

Deani Goyette uses the Life Of simulations in her high school personal finance and business math classes. The finance simulations provide the perfect transition from the individual unit lessons to the Life In simulation, which she used as a final course assessment. Deani has used the Life In simulation for several years, even before the Life Of simulations were developed—and has noticed the greater ease with which students are able to navigate Life In after having been exposed to at least one Life Of.



Margie Chinadle: “I love using both the Take Charge and the Get Ready curriculums in my classes. For some classes, I use both curriculums simultaneously. I am able to teach the lesson only once and the student fills out the worksheet or note taking guide which is most appropriate to their abilities. I think the greatest advantage to these companion lessons is that the basic information is the same; it is the depth of the detailed information that is different. My advice is, don’t be afraid to mix and match the worksheets and especially the activities. Over the years I have found that I can teach the same lesson using different activities and repeat students never remember that they have had this lesson before. This ability to use both curriculums together has made it more fun for my students and more interesting for me to teach.”

# FEFE NATIONAL CONFERENCE 2009



## FEFE NATIONAL CONFERENCE 2009



Mark your calendars and get ready to attend the **FEFE National Training June 15-18, 2009** in Tucson, Arizona. This one-of-a-kind, highly interactive training honors educators for their diligent work improving the lives of individuals, families and communities with financial education training. The greatly subsidized registration package allows participants to revitalize while receiving an abundance of ready-to teach curriculum materials and new ideas guaranteed to make you want to begin using the materials immediately. If interested, please download the registration packet on the FEFE Web site at <http://www.fefe.arizona.edu/trainingSeminars.php>. Registration begins February 16.

The standard registration package is \$485 and includes the following:

- ★ **LODGING:** At the Hilton Tucson East the nights of June 14-17, 2009. You are required to share a room with one person. Options are available for single rooms or no lodging for an adjusted registration fee.
- ★ **MEALS:** Daily hot breakfasts, lunches, afternoon breaks and dinner on Wednesday evening are included in the registration fee.
- ★ **EDUCATIONAL MATERIALS, \$500 VALUE;**
  - ★ **Take Charge of Your Finances:** Participants will receive hard copies of the thirty-four lesson plans in the Take Charge of Your Finances curriculum assembled in a 3" notebooks in addition to supplemental materials required to teach the course. A list of the lesson plans included can be found at: <http://fefe.arizona.edu/takeCharge.php>.
  - ★ **Get Ready to Take Charge of Your Finances:** Participants will receive a 1" notebook with hard copies of Get Ready to Take Charge of your finances lesson plans. Information about Get Ready lesson plans can be found <http://fefe.arizona.edu/educationalResources.php>.
  - ★ **Facilitation Binder:** Participants will receive a binder that will have many worksheets and valuable resources to be carried with them to each session during the conference.

"This has been without a doubt the best conference I've ever attended. I will use all of the information. So well organized!"  
- 2008 Conference Attendee

## FEFE NATIONAL CONFERENCE GRANT APPLICATION AVAILABLE

Financial support is available for educators to attend the Family Economics & Financial Education National training, preparing them to teach family finance to junior high, or high school aged students. The National FEFE Conference will be held **June 15-18, 2009 in Tucson, AZ** at the Hilton Tucson East. To learn more about the grant package (travel stipend, lodging, and curriculum), go to <http://www.fefe.arizona.edu/scholarships.php>.



*Grant Applications must be submitted by **January 30, 2009** so don't delay in getting yours completed!*

# FEFE UPDATES & BOOK REVIEW



## COMPLETE THE FEFE ANNUAL SURVEY AND BE ENTERED TO WIN A *FREE* REGISTRATION TO THE FEFE NATIONAL CONFERENCE!

The Family Economics & Financial Education project is funded through annual grants. FEFE must submit reports on its effectiveness as a project and the impact it is having on the family economics and education community. This is measured with the **annual FEFE survey**. The results are then shared with our funding agencies.

Please take 15 minutes to complete this simple survey about how you have used the curriculum materials. Please complete the survey by **January 30, 2009**. It is your feedback that continues to assist the project in offering low cost training and no-cost curriculum materials developed by educators for educators.

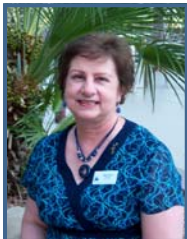
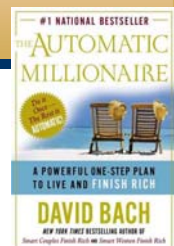
As a thank you for completing the survey, FEFE would like to **reward** respondents with a **FREE** \$485 package for registration to the **2009 National Family Economics & Family Education Conference in Tucson, AZ**. If you complete the survey, your name will be entered into a drawing and the winners will be announced on February 13, 2009.

The survey is located at:

[http://www.surveymonkey.com/s.aspx?sm=jG\\_2bpH93OoAg0NIF\\_2bX5\\_2bhCg\\_3d\\_3d](http://www.surveymonkey.com/s.aspx?sm=jG_2bpH93OoAg0NIF_2bX5_2bhCg_3d_3d)



## REVIEW OF FINANCIAL LITERACY TRADE BOOKS *AUTOMATIC MILLIONAIRE*



As part of our Personal Finance Class in Lee's Summit, Missouri we read a popular financial book. We have four books from which they can choose and Automatic Millionaire by David Bach is a favorite. The title is intriguing and the information is compelling.

The students all relate to the "Latte Factor" or identifying where you fritter away your money. When they see what this wasted spending could mean to them if they saved that amount of money, they get pretty excited. The idea of setting up savings so it is automatically taken out of their paycheck is also appealing. Many of the students set up a small savings plan by the end of the semester.

A third factor they like is the simple ratio that relates the desired lifestyle at retirement to the percentage of income that must be automatically saved to accomplish that. Throughout the semester there are many places where I can ask "What did Automatic Millionaire say about that" and the ones who have read that book can explain how much you save by making your house payment every other week rather than once a month, or the benefits of saving for an item rather than always purchasing first and paying later. Bach also gives you the teacher the opportunity to discuss the benefits of sharing back to your community. To present what they have learned by reading the book, each student makes an electronic presentation to share with the class. —By **Brenda Dumler, FEFE Master Teacher**.