

CREDIT AND BORROWING

Credit Score Factors and Choices

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Credit-choice action plan
YOUR CHALLENGE Analyze fictional credit choices without trying to predict an exact score. Identify which factors may be affected and recommend safer next steps.			

Scores Use Information from Credit Reports

Credit-scoring companies use formulas to estimate how likely a borrower is to repay. Different formulas can produce different scores. This activity focuses on common factors, not secret point values.

Factor	Student-friendly meaning
Payment history	Whether required payments were made on time.
Amounts owed	How much debt is unpaid.
Credit use	Card balance compared with the card limit.
Account age	How long credit accounts have been open.
New credit	Recent applications and newly opened accounts.
Account mix	Experience with different kinds of credit accounts.
NO EXACT-POINT CLAIMS You can identify a likely positive or negative factor, but you cannot calculate an exact score change from these facts.	

Part 1 - Match Choices to Factors

Choice	Factor(s) affected	Likely helpful, harmful, or neutral	Reason	Information still needed
Pays every bill by the due date				
Misses a loan payment				
Pays a card balance from \$600 to \$250				
Applies for four cards in one week				
Keeps an older no-fee account open				
Closes a card and lowers total available credit				
Checks their own credit report				
Carries a balance only because they think it is required				

Part 2 - Calculate Credit Use

Sam has one card with a \$1,000 limit and a \$600 balance.

Situation	Balance	Limit	Calculation	Credit-use percentage
Starting point	\$600	\$1,000		
After a \$350 payment	\$250	\$1,000		
After a new \$200 purchase	\$450	\$1,000		
If the limit drops to \$700	\$450	\$700		

Formula: $\text{card balance} / \text{card limit} \times 100$. Explain why the same \$450 balance looks different when the limit changes.

Part 3 - Diagnose Three Profiles

Person	Likely strength	Likely concern	Best next step	What cannot be predicted
Ari	All payments on time; card use 68%; no recent applications.			
Blake	Card use 12%; one payment 45 days late; oldest account 4 years.			
Chris	All payments on time; opened three new accounts this month; credit history 8 months.			

Rank the profiles from most urgent action to least urgent action. Defend your order without assigning exact score points.

Part 4 - Myth Check

Statement	Accurate, inaccurate, or depends?	Correct explanation	Safe action
Checking your own report lowers your score.			
You must carry a card balance to build credit.			
One score is used by every lender.			
A high income automatically creates a high score.			
Closing a card can change credit use.			
Accurate negative information can always be removed for a fee.			

Choose one myth that could cost a person money. Explain how.

Part 5 - Build a 90-Day Action Plan

Action	Week or month	Factor addressed	Evidence of completion
Set payment reminders			
Review credit reports			
Lower a chosen balance			
Pause unnecessary applications			
Check statements for errors			
Review progress			

Write a 150-200 word recommendation for one profile. Include two score factors, one calculation, two actions, one myth to avoid, and one fact that cannot be predicted.