- ♪ So here we go again ♪ ♪ Here we go ♪

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- [Vivian] Good morning or good afternoon, wherever you are in the United States today and welcome today's presentation, Maintaining Excellent Credit. This is part four of Four Ways to Rebuild Money Confidence. As you've probably been listening over the last couple weeks, we've been covering a lot of good stuff and today we're actually wrapping up in our series of presentations which we're sad about but we're excited because we've been getting a lot of great feedback over the last couple of weeks of people that have been letting us know that this information has been valid and useful that they've been implementing to have success through this pandemic. And so before I get started, I wanna first introduce myself. My name is Vivian Perez and I'm actually one of the MSA money coaches. Typically, I'm out doing presentations with my co-pilot, which I'll introduce in a second but because of this pandemic, we've been doing our webinar series but I've been in financial services now for about a decade and helping people around financial planning, helping them get from where they are to ideally where they wanna be. Certified Financial Educator and Credit Counselor and I love this work, right? And we're gonna talk about today just those things that you need to have excellent credit, maintain it and all the good meat and potatoes that a lot of people have questions about. But in joining me we have two excellent ladies, my co-pilots for today. We have Tiffany Willis, are you on Tiffany?

- [Tiffany] I am, thank you so much, Vivian. Such a great Friday series that we have. Hello everyone, my name is Tiffany Willis. I'm a Financial Wellness Specialist with My Secure Advantage. I started my career in the federal funds market about 20 years ago now I'm working with banks and trading money and then I taught college level economics and personal finance for 11 years before becoming a money coach. Vivian and I usually travel on-site to come and see you directly one-on-one and give you this content but due to this pandemic, we are switching over to webinars and we wanna thank everyone for their support during these Fridays. We have a superstar with us today. Barbara Quan has been kind of our silent motivator, producer and creator through all of these weekly webinars and I am so happy to have her on for our last Friday weekly series. Barbara is the person I go to whenever I have mortgage and credit questions. So Barbara, please feel free to let the crowd know who you are and why you are so great 'cause I love you .

- [Barbara] Thank you so much, thank you both of you. I love working with these two ladies and I'm very excited to be here for the close of our weekly webinars, the close of this series but also, we've been doing weekly webinars for now 10 weeks related to COVID-19 and the pandemic and how it has affected our finances. And I also have almost 20 years of experience in the area of finance. I started back in the day about 20 years ago in the area of mortgage and real estate. So looking at credit reports is one of my passions. Is that exciting or what? Because the credit is where it all starts, right? You have to have good credit to be able to do some major purchases, major changes or acquire more things in your life. So looking at credit reports has been part of my financial expertise for almost 20 years. So I'm happy to be here with everyone today.

- [Tiffany] Yeah great, thank you so much. So get those questions ready. If you've got questions on credit, please feel free to type them into the chat box. I would advise getting them ready now so that we can jump right into them when it comes to our Q&A session. Do know that this webinar is given across the United States to many different employers. So while we hope that we can answer every single question, sometimes time does not permit that. So if that's the case, please feel free to make an appointment with one of our money coaches to discuss your individual situation. Also check mysecureadvantage.com. On mysecureadvantage.com, there is a update, you'll see a banner that says COVID-19 and there's a frequently asked questions blog there so that you can go there and maybe your question might be there. Also, sometimes questions need a little bit more context and if that's the case, making an appointment with the money coach would be one of the best things you can do for yourself. Also, if you missed something in this webinar, don't worry about it. You are going to get a recording of this webinar in the very near future through your email so that you can go back and take notes and listen back and maybe kind of listen in with your family so that you can make sure you get every piece of good nuggets that my colleagues and I are going to give today. And last but not least for housekeeping, we wanna make sure that your opinion is heard. One thing that we do as a strength at My Secure Advantage is we really try to make sure that these presentations are what the audience needs. So if you could do us a favor and please make sure to fill out the survey at the end of this webinar, that would be great. Even though we're not going to do the weekly series anymore, we will be doing future monthly webinars and your opinions will be incorporated into that, so that hopefully you can come back and get some more good information. So let's talk about what we've been doing in this series. We've been working on four ways to rebuild money confidence and as Vivian so eloquently stated with this pandemic, it's been difficult. We don't know a lot of people who can just say, oh, this hasn't affected me. It's affected a lot of people in various ways and so our goal here was to find ways to rebuild money confidence and go into what may be a new normal. Over the last few weeks, we've been covering controlling spending and managing debt. Last week we talked about how to prioritize savings and all of these strategies are interrelated because the better your controlling spending and managing debt, the easier it's going to be to save. So today we're going to discuss how to maintain excellent credit to finish up this series and maintaining excellent credit is great leverage for your future. As Barbara said, whether it be purchasing a home or financing a car or sometimes, they even check your credit now to obtain a job. This is the key to securing a lot of the big assets or kind of the careers that you want. So we're gonna discuss some credit strategies based on different goals to help you rebuild your money confidence in this new economy. Vivian, what's on the agenda for today?

- [Vivian] Oh, we're covering a lot of stuff today. So I hope that you have your notepad and pen ready. We're first gonna talk about the fundamentals of credit. Just what is the baseline, things to consider. From there, we're gonna cover just what are some important credit score factors that you wanna be mindful of? From there, we're jumping into credit tips and just what are some ideas that could help you to make sure that you stay on top of your credit. And lastly, we're gonna wrap up with an action plan, right? Because we could sit here and talk about everything about credit but if we don't have an action plan to follow through, then we're really not gonna move forward around it, okay? So let's jump into it. So first things first is the fundamentals. Why is credit important, right? And just like Tiffany and Barbara were talking, they were mentioning just all the different things that, if we're not paying attention to it can cost us a lot because we don't have a good credit score, right? So whether that's loans and lending. So thinking about purchasing a home. Obviously, a good credit score, the better the score, the better the interest rate that you're gonna get, the better deal that you're gonna get on the actual mortgage, right? Same thing with applying with credit cards or a personal loan. Typically, the higher the credit score, the better the rate that you're gonna get and that's always the goal here. The goal is to get the best rate possible so that ultimately you could save in the long run, right? Same thing with cars, auto loans, anything that's considered some type of loan, if you will, that's what you wanna be mindful of because you wanna be at a point that you have great credit so that you can get the best deal. But there's also a couple of other things that come up, they look at your credit, not necessarily for a loan per se but just to see, what kind of credit worthiness do you have? So that they can then make some type of decision around what kind of price of premium or if you need to pay more of a deposit on let's say like an apartment 'cause that would build more of like a soft inquiry, right? But they're looking at your credit score even for that, for an apartment and sometimes they may say like, you know what? Your credit score is low, we need an extra deposit, or we're gonna throw in extra security or whatever, if they're willing to work with you, right? So you always want to just kind of look at like, what are some of the goals that are coming up that require you having some type of tension to your credit? So that then you can work on it and ultimately be ready as these different things come up because all of these are part of adulting, right? So you wanna make sure that you have the best credit score possible so you could get the best opportunity, okay? Now talking about the credit and the score is the most important thing, right? So there's many different scoring models that are out there. You've probably seen one number on Credit Karma and then another number if you actually go to the credit bureau directly. So there's many different scoring models but the one that most lenders are looking at is the FICO score, right? So the FICO score, typically you're looking at a credit score of 300 all the way to 850. The lower the credit score, the more negative that looks, right? Versus the higher the credit score, the better it looks, right? So there's different ranges. There's poor, fair, good, very good and then excellent, exceptional. And our goal is to get as high as possible 'cause again, it's all about saving in the long run, right? So you wanna be mindful about these scores and we'll talk a little bit more what those factors are. But generally, we wanna look at where we stand right now, how can we improve? What's impacting our score? So that then we can work towards a higher score over time, okay? Now, a lot of the credit sources that are out there like the Credit Karma, Credit

Sesame, sometimes they may be off a little bit but generally they should be about all the same in the same range. If you see that there's just a very big difference between the credit score that you're getting maybe through your credit card versus the one you're getting on Credit Karma or Credit Sesame, it could be a variety of things. It could be maybe just when the credit card companies are reporting, that's generally the biggest reasons why the numbers would be off. So just make sure that at least they're kind of in the same range. If there's a significant difference, then it's time to look at your credit report, which I'll talk about next, okay? It's super important to take a look at your credit report because on your credit report, they are the ones that are sitting here and forwarding that information to the credit bureaus. So basically, the creditors are forwarding their information to the credit bureaus, right? You gotta think about the credit bureaus as just data collection agencies, right? They hold the data, a lot of times they're not even correct. So it's always good practice to review your credit report. So the top credit bureaus that most people are familiar with, you have Equifax, Experian, and TransUnion, okay? Now there's a website that you typically would get your credit report for free once a year, that's annualcreditreport.com but actually because of what's been going on with the pandemic and a lot of people have been online and your credit report has paired up with the credit bureaus to make sure that everyone has access to their credit report weekly now, until next year. So April of 2021, which I think is great because like I mentioned, a lot of people, they're putting their information online. So there's just a lot more that is being exposed, right? So people are applying for unemployment. People are buying online. So there's a lot of personal information that's being exposed online that could make you very vulnerable. We've seen it time and time again of many companies that have had data breaches. So we're hoping and crossing our fingers that not many of those things happen from this pandemic but just to be on the safe side, you can check your credit report weekly, to see if there's been any changes, right? And then after a couple of months, maybe you get back into that regular routine of doing it once a year, right? But reviewing your credit report is so important because a lot of times like I said, it could be that they made a small error but that small error could be costing you in your credit score, right? So you always wanna be on top of it, review it, kind of make it like a yearly thing, maybe around when this tax season as you're handling all your finances, try to make it a routine, so that ultimately you can stay on top of your credit report as well, okay? Now from here, Tiffany is gonna start breaking down, what are the factors to the credit score?

- [Tiffany] Thank you so much, Vivian. You shared some really good nuggets because I agree. I've seen where a social security number was transposed and that became a hard inquiry on someone else's credit. I've seen juniors and seniors get confused. So you're so right, to review our credit reports is so crucial because even when we have a high credit score, people tend to think oh, I don't need to check it. It's already high but it could be even higher if you just remove maybe what could be a discrepancy. So thank you for that, so important.

- [Vivian] Absolutely.

- [Tiffany] This is one of I think the most important slides we have in our deck of presentations. It's the criteria to determine your credit score. So this is so important because when you do review your credit report, these are the things that you want to look at. Without the percentages, these are just the things you want to take note of and assess where you are. So 35% is your payment history and 30% is your credit utilization and so I always tell people when I'm on-site and talking with people one-on-one about their credit, notice that 65% of your credit score is I say two simple things, making your payments on time and keeping your debt low, right? 65%, that's a large chunk and then you've got your length of credit history. This is where you wanna be really careful about closing accounts because how long that account has been open is going to affect that length of credit history. Watching how you apply for new credit. I have found out the hard way that not all credit is created equal, retail credit is different from mortgage credit is different from financing credit and student loans. That's all different and the types of credit that leads into the types of credit that also affects your credit score by 10%. So let's dive a little bit deeper into payment history and on-time payments, what does that mean? Well, this is the number one influence to your credit score, accounting for 35%. So as much as you can try to be on time with your payments. Set reminders, I often have things on my phone that the alarm goes off, hey, make this payment and that was so important when I was on the road to make sure that I still stayed on top of my household things. Now, according to FICO, the major components that account for payment history are going to be the payment information on credit cards, retail accounts, installment loans, mortgages and other types of accounts. They also look at how overdue delinquent payments are today, or may have become in the past. They look at the amount of money still owed on delinquent accounts or collection items. They also look at the number of past due items on a credit report and the amount of time it has been since the delinquency has passed and last, the number of accounts that are being paid as agreed. So those are the things you wanna focus on when it comes to payment history. Going back, one more thing on payment history, the biggest thing that you wanna do for yourself is avoid those late payments. Now, a one-day late payment isn't going to trigger much of anything in terms of credit reporting, at most, it's going to trigger a late fee. And if you've ever had to deal with that, I find out one time taught me really good lesson about not wanting to make a late payment because those late payment fees can tend to be a little bit high. But it's when you've been 30 days late that that's going to trigger reporting on your credit report saying that you are 30 days late and that's going to affect your score. The longer that payment is delayed, the more negative the implication is going to be to your credit score. So understand that a 60-day late is worse than a 30-day late and a 90-day late reporting is even worse than that. So all of these negative reports are gonna stay on your report for seven years. Now time slowly works in your favor in terms of the older that late payment is, the less of an impact it has. But it's another reason why we discussed the importance of reviewing your credit reports. Because if you have negative records on your credit reports that are over seven years, those can be removed. But if it's within that, then you wanna make sure you review it and it's accurate. I also say spouses, especially when you're applying for joint accounts together, review those credit reports 'cause sometimes I have been caught off guard, there was a 30-day late payment and I'm like, wait a minute, you didn't tell me about that. It's very important when you're applying for joining things to know what's on each other's credit report, right? So, so important to try to keep your payments on time and communicate. Let's talk about credit utilization, what does that mean? It's the outstanding balance divided by your credit limit on the account. So it's so important that we realize how much are we spending in relationship to our available credit? Now, one question that we often get is, are creditors looking at per card utilization? Are they looking at the overall utilization across all of my accounts? And the answer is both, both of them are important. Scores can take credit utilization ratios into account for both credit card and overall. So you wanna make sure just in total, that your debt is low, okay? So most experts say that you should try to keep your balance, no more than 30% of your credit limit on any one card and we're gonna walk through an example really soon but I would say one of the best practices actually answers one of the questions that we get all the time, which is, if I can, should I pay my credit card off in full? And I say to you that yes, for multiple reasons. One, if you can pay it off each month, especially within the grace period, you are not sacrificing any interest out of your income for most cards. So just to save yourself in terms of interest, yes, you should but also two, for the utilization ratio, making sure that by this statement date, that balance is as low as possible is crucial because the balance as of the statement date is what's being recorded to the credit bureaus. So you wanna make sure that you keep that low. Now let's walk through some examples about what that means. So let's assume I have $1,000 credit limit. Now then what's the best scenario to maximize this part of my score? Well, the best scenario is just to pay it off monthly and don't have any balance on that. Now that sounds great now that I'm a woman of a certain age, that sounds great now but I know that there was some years, especially my college years, I was like, no, I go harder or I go home, right? But with some maturity, I know because what ended up happening was I graduated from college and my credit score was really low and I was going for things adulting, like Vivian was saying earlier. I was trying to get car insurance, establish myself with a career and those things came back to bite me. So for you parents on here, tell that story to your children. I did those go hard college years on the credit card and that kind of hurt as I was trying to enter my adult years. What should I do if I'm trying to maximize this and I've got to carry a balance? Well, less than 30% or $300 will create less of an impact than a negative impact, which is having a balance of $500 or more. What you really wanna show lenders is that you can use debt if you need to responsibly. You don't live on debt as a lifestyle, right? So that's the goal. If you can pay it off, pay it off and operate at that 0% but if you have to carry a balance, try to have it less than 30% of your credit limit. Vivian, what are the other criteria that influence the credit score?

- [Vivian] There's a couple of them but I just wanted to share real quick 'cause as you were talking about these two main factors, I mean, I was looking at my credit score the other day and I was like, woohoo, 100% payment history. And I was so happy and I mean for me the reminders don't work 'cause I'll snooze it and I'll still forget. So what I've done that works really easy for me is that I just automate it. Like you have the ability to go to a lot of these credit card companies or lenders and set up right on their portal, where it just takes the money out of your account, so you don't see it, you don't spend it. And let's say that you're not so sure about your income, at least put the minimum payment that is due on a monthly basis and that'll help. That'll keep you at 100% payment history. It did for me, right? And then you could sit here and throw extra money towards the account to pay it down and even with the utilization too, you can utilize personal loan to basically take all the credit cards and move it from credit cards to a personal loan and that will boost your utilization too. So I just wanted to share that 'cause those have been a couple of things that have helped me to keep a good credit score. So anyway, moving on . When it comes to the other three credit score factors. We talked about it a little bit at the beginning of the presentation, but it was the types of credit, right? So that's 10% of your credit score. So the more diversified that you are in the types of credit that you have. So let's say for example, that you have a mortgage, you have a car payment, you have credit cards and everything is running smoothly. You're paying everything on time, every month, that looks great on your credit profile, right? And then from there, it's new credit. So depending on how many lines that you're opening and how many inquiries that you have, do understand that when it comes to inquiries, there's two types. There's hard inquiries and they're soft inquiries. So soft inquiries are more of like, they wanna look at your credit, for an apartment or car a insurance, so on and so forth. They're not actually putting your credit to purchase or finance anything, that would be considered a soft inquiry and that doesn't impact your score. Now hard inquiries do. Well, that's would be like if you're actually going to purchase something where you have to finance, that they pull your credit report. So you wanna be mindful, especially when it comes to like dealing with a mortgage broker or a car broker where they're running your credit through various different companies to sit here and get you a good deal, per se. A lot of times you'll see a ton of hard inquiries after purchasing a car or purchasing a home. So there's strategies to that and maybe Barbara could share with us a little bit about that later on but the more lines of credit that you have or hard inquiries, there will be some impact to your score. So you wanna keep the cards at a minimum. We always say that the rule of thumb is about two to three credit cards and really, do we need 10 credit cards? No, we don't . Ideally, you wanna have like two to three good solid ones. I'm a big proponent to credit cards that give you some rewards and points or something that you can utilize and enjoy, get as much as you can out of them that they're getting from you, right? And then lastly, it would be the length of credit history. That is 15% of your score and ultimately, the longer that you have your credit and car payments and mortgage and that you're paying everything on time, it just looks really good, right? 'Cause then they're able to say, well, this person really does have creditworthiness, like they're showing us they're paying on time and so you'll see that, if anything, you'll start getting even more opportunities. More opportunities for better rates and different cards. I mean, they sent me something for like a black card, and I'm like, oh, my God, like the annual fee was like, I think $1,000 or something crazy, I don't know. But you get like those types of deals when you have really good credit scores and that they see the movement of you making your payments on time and so on and so forth, right? So those are just some things that you wanna be mindful of when it comes to the last three pieces or credit factors, because they do impact your score but the main tool, like Tiffany said, is definitely the utilization and the payment history. So definitely stay on top of those more than anything, okay? Now, now that we covered all the factors, now let's talk about some tips, right? So these are just a couple I'm sure there will be more tips that come up when we go to the Q&A. So make sure that you hang on tight for the Q&A 'cause it's the best part that everybody waits for. But like I mentioned before, you wanna review your credit report regularly, right? Especially now more than ever, be a little more attentive to your credit report just like I mentioned, we've been using our computers a lot and the internet and we have our information out there. So just be on top of it, whether you're using Credit Karma or actually going and pulling your credit reports, check up on it a little bit more, okay? Now, if you do see some discrepancies that are on your credit reports, dispute them. You can call them directly and the credit bureaus that you see the discrepancy on, you can call them directly or you can mail them some documents and actually our money coaches, we have a couple of money coaches that this is like their specialty, they love disputing with the credit bureaus. So they could help you and kind of give you some guide and tips around how to dispute discrepancies on your credit reports. Outside of that, just be mindful depending on your goals that you have, carefully consider opening or closing accounts, right? Because if you have a goal of purchasing a home, you may wanna wait till after you buy the home that you actually start paying down or closing accounts because it can adversely impact your credit score. So look at your time horizons on goals and then consider opening and closing accounts, okay? And then lastly, pay off your credit cards each month as much as you can. I think Tiffany hit it on the head as far as you wanna just save interest like why pay interest if you don't have to, right? It's not that you carry a balance and that looks good on your credit score, not at all. As a matter of fact, if they see that you use up your credit limit but then pay it off is just as good. It doesn't really make any type of impact, if you have a little bit of a balance leftover, right? So just pay it off if you can, so that you don't have to pay interest on the money that is still sitting in the balance account, right? You want to save as much money as possible. You wanna use that extra money that you will be paying an interest, so you can invest that money, so that the interest is actually paying you in an investment. I talked about it a couple weeks back when we covered just debt and different debt management strategies that their role is 72. That debt could compound and it just makes a big mess and you want it the opposite way. You want that money working for you, not for you to be paying for it. So pay off your credit cards each month. Just get it out of the way, so that you can use that money for something else, okay? So those are just some of the tips when it comes to maintaining excellent credit. I don't know if you remember we've been talking about the Joneses for the last couple of weeks. So Tiffany is gonna tell us, just what the Joneses did with maintaining their excellent credit.

- [Tiffany] Yes, thank you, Vivian. So we've been talking about this case study family over the last few weeks, are known as the Joneses. If you're new to this series, you can go on to the website and listen to the playback of the last three weeks and how we've been working with this family but ultimately, we want them to have a goal to refinance their mortgage. This is a question we get from a lot of clients recently, with mortgage rates being extremely low, is it a good time to refinance? And ultimately, you want to figure out how the refinance fits into the entire financial picture. So we have put that four as a goal for this family. So what's the first thing that they can do in terms of maintaining excellent credit? Well, the first thing you want to do is review the credit reports. As Vivian said earlier, there's some risks with a lot of people, millions of people filing for unemployment. Our information now is out there and with the states having some kind of trip ups with getting that information into a nice, easy space to issue those checks, we wanna make sure that our identity has not been compromised. So the first thing to do is take advantage of the bureaus offering weekly credit reports and review it for any discrepancies. Now, since this family has had a surplus with their budget, we could employ the Debt Snowball strategy to get them out of debt in a year and seven months but that's also going to have another benefit of increasing their credit score because their credit utilization is going to decrease. So the good thing about it is just by doing one strategy, it's going to have multiple effects in terms of being able to accomplish their goals. Now, last thing we wanna talk about is how have we kind of put all of this together in terms of our case study? What have we been doing to help this family rebuild their money confidence? We started with controlling spending and that served as our foundation because it allowed us to do some analysis of their cash flow position and it's helped us to begin the development of allocation of funds toward their goals. We looked at some categories, we cut some spending in order to give them more room so that they could build an emergency fund but we didn't take things like entertainment down to zero. We just made it so that it was more comfortable for them to allocate it to a different area and that leads to what we discussed last week, prioritizing savings. We allocated a majority of their surplus towards emergency savings and since we had one spouse unemployed during this pandemic and their expenses would change in six months, that savings is so crucial. I know, I just read an article yesterday that talked about furloughs are starting to become permanent layoffs. So you wanna make sure that you have adequate emergency savings as much as possible to kind of build yourself up for those times. Then next, we developed the plan for them to begin a debt strategy, a snowball strategy. There'll be out of debt in a year and seven months for credit cards and right now, they're taking advantage of the student loan forbearance but maybe after their credit cards are paid off and assuming that the unemployed spouse returns back to employment at that current income rate, they could then work on paying down their student loans. And last, we worked on how they can keep up their credit score during this period of uncertainty. So ultimately, it's all about strategy. Even though one spouse is unemployed, we can still develop a way for this family to strategize and accomplish their goals. So Vivian, what's next with the action plan?

- [Vivian] Well, you already know it. We gotta stay in the conversation, right? So attending the webinars that are coming up, as we mentioned them. Fortunately, this is the last weekly one but we will be having monthly and hey, you may catch Tiffany or I in one of your company presentations. So if you do see or hear about something that's coming up, definitely sign up, register, so that you can stay in the conversation and keep learning about this stuff, right? And then from there, you wanna think about just what's your wellness plan, right? So based off of what we've covered today, we covered all the factors, we covered why, we talked about reviewing your credit report. So then is now looking at your personal situation and saying okay, based off of some of the things that the girls talked about today, then these are some of the things that I need to work on. So you could create your personal wellness plan and if you feel like you know what? This is a little bit overwhelming for me, then utilize your money coaching program, talk to one of our coaches. Like I said, one of our coaches, like he specializes in this, he loves this stuff . His name is Lee Davis, by the way . You can reach out to him but he's a great coach when it comes to credit review and basically helping you improve your credit report and credit score. So you would do this by first, checking out your employee assistance program, talking to them and either scheduling with them if you don't know who that is, you will talk to your HR department and ask them hey, I heard about an employee assistance program, who are these people? And then from there, get our contact numbers so you can schedule a coaching call with us, okay? So that's how you get in contact with a money coach. So outside of that, just wanna remind everyone that first things first, we loved having you guys for the last couple weeks before I jumped into all the housekeeping. Thank you so much again for the great feedback. If for some reason you miss something or you wanna just kind of go back to the presentation and listen to everything all over again, there will be a copy of today's recording available in the next business day, so look out for that. You can go on our website. We have a lot of the playbacks of some of the other presentations that we did. That's mysecureadvantage.com. So that's one thing. The other thing is that once we complete the presentation today, you will be prompted to fill out a survey and like we mentioned, we love the feedback, your opinion matters and as we continue to do these presentations, if there's anything that you wanna see more of, definitely let us know for future presentations that we have coming up but whatever you would like to share with us, definitely give us that info, so that we can take note of it, okay? Now, here comes the time , drum roll please , the Q&A time. I know everybody waits for this time. And like we mentioned, we have our other co-pilot on today, which she is super knowledgeable when it comes to credit reports and credit and especially if you're talking about mortgages, 'cause that's like her background and specialty, right? But I just looked, ladies and there are a ton of questions and a couple of good ones that I saw too. So Barbara, just jump in when you're ready.

- [Barbara] Yeah, sounds good, thank you, ladies. Great information. So much information for such a short time. So definitely like Vivian said, I encourage you to contact a money coach, if you want to go deeper in some of these different areas of credit. Let's start with a question from Jeannie. Jeannie is asking, I regularly get calls from collection agencies regarding a person who has the same name as me. And I know then Tiffany mentioned towards the beginning about yeah, sometimes your security numbers could get transposed, your names or if you're a junior, or sometimes when we have common last names or first names, things can get very crossed over. And so Jeanie's question says, how can I make sure this doesn't affect my credit score? Or how can I also stop the collection calls? So unfortunately, errors can happen. Crossing over of information can happen. So, in order to protect ourselves, the best way is for us to really freeze our credit score. So you probably have heard of credit freezes. It is a little bit drastic, meaning no one can have access to your credit but it really protects you from anyone potentially either doing identity theft or any cross information like this. So freezing your credit report is free, you need to go to each of the credit bureaus to do it and request it. But it does mean when you need to use your credit, when you need to apply for something, you will need to unfreeze that ahead of time. So that you can have access or the creditor that you're trying to applying for something needs to have access to it and then you go back and unfreeze it again. So I hope that helped but I would also recommend be on top of your credit, review it often, as soon as you see anything on your credit that really is not yours, you need to address it right away. Whether that is directly with that creditor or even filing a police report for identity theft but being on top of the credit report, checking it often and freezing is your plan of action.

- [Tiffany] Yeah good tips, Barbara. I'm gonna try to tackle two questions really quick 'cause they are along the same lines. One question is from Katie, what are some tips for building credit for my children? And then a little bit later, Robert asked, at what age does one start building credit? And what can you do to start building good credit ratings? I really think that this is one conversation that we should have with our children. Where it says sit down, look me in the eye and let's talk about how to be responsible with credit as you enter the adult years. I wish that that was something that would have been done in my case and I am definitely going to employ it with my children. Because I think sometimes what ends up happening is that when you are first kind of turned on to credit cards and the ability to purchase now and get that instant gratification pay later, without discipline, it can get really out of whack. So the first thing I would say is teach them responsible credit habits first, sit down and talk with them, and let them know what it takes to build good credit. Also, I think it's great to be somewhat vulnerable and let them know some mistakes that you may have encountered that you don't want them to experience. So that will be the first thing is teach them credit responsibility. I've seen parents do several things. One time I saw a parent add their child as an authorized user on a card and as a result, that child got that credit behavior just from that card but the parent never gave the child the card, that was the trick. She went to like Starbucks and she went to the gas station and she paid it off all the time. So while the child was in college, they were actually building good credit but it was the parent still controlling everything. And I joked with her when I met her on-site, I said, oh, that was a good trick as a mom, because you just wanted him to get out and not come home. So he could qualify for his own apartment . But I have seen parents kind of do that and kind have their kids piggyback a little bit by adding them as an authorized user. So again, I think one thing Vivian said earlier about not exposing your kids to a lot of credit cards, especially during the college years. Try to teach them responsibility one at a time, so that they can learn the discipline and learn to manage and then build their credit up from there.

- [Vivian] Good point and yeah, using someone, even like for a spouse that you're trying to help them boost up their score, that's a good strategy is to add them as an additional user. So that's super good nugget. I see here another I don't know if it's the same Robert but I have a question here from him and so he's saying thank you for your webinars. You're welcome and the question is my credit rating continues to decrease each month despite having a low debt to income ratio, only two credit cards which are paid immediately and no delinquent debts. Can you help me understand why this may be occurring? Unfortunately, I can't help you understand 'cause we will have to look at your credit report, right? As I mentioned before, the creditors, they're the ones that are forwarding information to the credit bureaus. So whatever is being basically sent over to the credit bureaus that is what then translates into your credit score. So you gotta go to the credit report and really look at what's on there, right? And then from there, you'll be able to see, maybe there's something that somebody may be using your information. Maybe you'll see that there's just some discrepancies on your credit report that is impacting the score. So I would definitely go on Annual Credit Report, pull all three credit reports and look at each credit report and see if they're all saying the same information and if you see any discrepancies. And if you see discrepancies then from there, one you'll see, okay, this is the reason why, because it's not happening for no reason. There has to be some type of information that is being forwarded to the credit bureaus that's impacting your credit score, 'cause that's kind of the order and how it goes. It goes from the creditors to the credit bureaus to then the credit scores and the different entities that are showing like the Credit Karmas, Credit Sesame, et cetera. So take a look at your credit report, see what's on there and if you still see that there is nothing there, that really kind of says why your score is low, then I would definitely call into our money coach, ask for Lee Davis and then from there, see what the issue is 'cause there has to be something. It's not coming up negative for no reason.

- [Barbara] I would just like to add that sometimes, if we check our credit a little bit too often, I always like to say that our credit is kind of like a living creature, it will move. It'll move up and down as things change whether it was that your utilization went up slightly, maybe it's still below 30% but if it went up slightly, it might drop a little bit but in the big scheme of things, right? When we see the big picture, it's still moving up, even though there's that up and down kind of in a daily motion. So a lot of times we don't want to be fixated on what happened yesterday and what's happening today, we wanna see the overall long-term effect just like the stock market, right? We wanna see the long-term effect of your credit and what you're doing and if you only have two credit cards, it could be that it's not enough history, especially if those credit cards are pretty new to be doing a bigger positive long-term effect on your credit. So like Vivian said, take a look at everything in the credit report as well. It could be also a credit inquiry that could be dropping your score if you're applying for different credits at different times. So I have a question here from Jessica and Jessica is asking, I'm doing my best to build credit in preparation for buying a house. Would having two credit cards be better than my credit just having one? And this goes a little bit to what I was saying about Robert, yes. Usually lenders want to see at least three open active and in good standing accounts, that are at least 12 months old. And so if you only have one, it's not a lot of information for them to base your credit score or for them to base lenders, for example, gauging are you a good borrower? Do you have good money management habits, debt management habits with just one credit card? So ideally, you'll have at least three accounts, doesn't have to be credit cards but it could be whether it's a car loan, a credit card, maybe a student loan and they want to see that management of those accounts and ideally, they're all at least $1,000 in credit limit. So that again, you're showing the overall big picture of what you're doing with that credit. If you have credit cards that are only three or $400 credit limits, you're not really giving a lot of leeway, you charge something that's $100, you're already at a third if it's $300 credit limit but when you have a bigger credit limit, you have more leeway to show how you're managing your debts and your accounts.

- [Tiffany] Great tips, Barbara. I know I have gone to you many times . You poor thing, how many times have I called you, Barbara this is happening with my credit, I'm in late for a mortgage, help that out. You're definitely one of the greats when it comes to going through credit reports for a mortgage. Hendrick says, good morning, ladies. So good morning, Hendrick. I want to know what kind of impact a hard inquiry has on our credit score and how soon and actually we can get rid of them? Usually what I find is that a hard inquiry tends to decrease the credit score, somewhere in the range between five points up to seven points and usually it stays on for 12 to 24 months. Unfortunately, with a hard inquiry, you can't get rid of it unless it was done in error and that since you can dispute it but usually it stays on for about a 12 to 24-month period before the hard inquiry goes away. So that's why you wanna make sure that you're using those hard inquiries responsibly and I say you don't wanna waste an inquiry on a denial, right? So doing everything you can to review your credit report to make sure you're going to get an approval because even that approval is gonna stay on for a period of time, usually, again, a year to two years.

- [Vivian] Good stuff, I see here with Carl, another question about just limits. So Carl wants to know is it really a good idea to take out additional credit cards, so that the total credit limit is higher like all of the emails are saying? All of the emails?

- [Tiffany] A trap saying.

- [Vivian] I know that they do wanna trap you in but I think that part of what we were talking about today when it comes to the new credit, right? So that credit factor of how many cards that you have, you wanna be careful. I mean, if you wanna sit here and increase your credit limit, there's other ways. 'Cause a lot of times what they're looking at is income, they're looking at how you're paying your credit cards and you'll see that gradually your credit limit will increase or you can even ask for increases versus tackling or opening up more credit cards 'cause opening more credit cards actually does do a bit of, I wouldn't say damage but it does impact your score because too many cards, there's too many cards, right? So you just wanna do the right things with the cards that you have and maybe update your information as far as how much income you're getting and make sure you're paying everything on time. So that then if you do wanna increase your credit limit, you can talk to them to that creditor and ask them, hey, I've been paying on time, can we extend my credit limit? You'd be surprised, they will rather sit here and give you more of a credit limit than lower your interest . So I would say, reach out to them and see if they would be willing to open up that line of credit for you, if you're wanting to extend that. What do you think, Barbara?

- [Barbara] I think you're absolutely right, work with what you have rather than opening new. There's a couple of factors that you guys talked about today that impact every time we open new accounts, right? One is the length of credit history. Two is your credit inquiry, that hard inquiry that goes on your credit. Those two things. So that's exactly what Vivian you're referring to. It has an impact on your score, the more accounts that you open. So you wanna preserve what you have and work with them to increase that credit limit for sure and it's doable, definitely. If you've had your credit card for at least six to eight months, give them a call, ask them for an increase, the worst they can say is no. Another question I have here from Kirk and these are a little bit mortgage related. So I'm picking those as my favorites . Is it possible to get a mortgage with a credit score of zero and can it be manually underwritten? And the answer is yes but it's less than less common that lenders are allowing that and wanting to do that. As I mentioned earlier, they really want to see how good of a borrower are you? What likelihood do you have of making mortgage payments on time for the length of your mortgage, right? 20 years, 30 years, however long you're going to have this mortgage loan. So for them to be able to see that yes, you have a good track history or track record, I should say, you need to have some credit. So it'll be a little bit harder to find a lender that will do manual underwriting and approve a loan with zero credit score and most lenders that do that, well still want some credit history, which means they might dig a little bit deeper into not just what's on your credit report, which might mean nothing, right? If your credit score is zero but they will want to add some things to your credit report like your cell phone payment history, your rental payment history, your utilities payment history. That's called alternative credit and a lot of times they want to have that rather than just zero.

- [Tiffany] Yeah, really good tips, Barbara. I hope that this audience can see why she is one of our best when it comes to credit--

- [Barbara] You're making me blush.

- [Tiffany] You are, you are and I'm gonna ask for you to help me on this question too because you and I have talked about this multiple times. This is from Jolene, what's the most effective way to dispute items on a credit report? I'm old school, I'm a big believer in mail, writing out your letter in mail, putting it certified mail, so that you can make sure that the credit bureaus have received it and then they've got to respond to you within a certain period of time but now I know that online, all three credit bureaus do have a place where you can dispute, you can log in and dispute a particular item online. I just haven't seen a lot of success that way. I've seen more success with people who still do it kind of snail mail, as they call it. But Barbara, what do you think about the most effective way to dispute items on the credit report?

- [Barbara] I completely agree with you, Tiffany, 100%. I've seen success online kind of hidden myth and I'll give you an example of one of my clients. This is a couple of years ago where she had gone through a bankruptcy chapter 13, meaning she kept her mortgage out of the bankruptcy, everything else that she did, like credit, that's cards, et cetera had been a part of the bankruptcy including the equity line of credit that was on that mortgage, on that home. So the first mortgage stayed out of the bankruptcy but the equity line of credit didn't and that was part of the bankruptcy. And no matter what happened and how long it had gone through the equity line of credit kept showing up on her credit as still being in bankruptcy and still owing and I believe it was like $23,000, something like that and she disputed it online and when she disputed online, the results came back and she received a notice saying, it was updated, instead of 23,000, now she owed $230,000. They had updated her credit report to actually adding a zero to that, she disputed it again online and the same thing happened, they added another zero to that debt. So her debt on her credit report kept growing rather than going to zero because it was included in the bankruptcy. Once she disputed it in writing, then that debt came off and became zero. So I've seen those types of scenarios happen. I do agree, 100% in writing to each credit bureau and certify mail.

- [Tiffany] Oh, good good.

- [Vivian] Oh my goodness, ladies, we only have three minutes, time flies when you're having fun .

- [Tiffany] I know right.

- [Vivian] So I'm gonna open up my webcam. Basically, I really doubt we can get through these questions but it's definitely an opportunity to reach out to a money coach and get these questions answered. Like I said, we have a good team that can answer a lot of these questions and it'll be good to just have a second opinion too and then we have some coaches that like this is their specialty. They love disputing and going back and forth . So take advantage of your money coaching program. I hope that you got some great tips and nuggets. Do get access to your credit report. It doesn't impact your score to actually get a copy of your credit report. So do your due diligence, do your homework, do what you have to do to improve those scores so that it can help you in the long term. Thank you so much for your time today.

- [Tiffany] Yes and ladies again, us three, I just I love working with you both. So thank you for the weeks that you have put in and what we've learned about ourselves and each other in this process. I hope the audience stays safe, stays healthy and I know that these are trying times but do know just like you heard today of the camaraderie between us, you get that same support with every money coach that you speak to, so please feel free. I know we couldn't get to all of the questions 'cause there were so many today but feel free, set up an appointment, call a money coach and they can give you your one-on-one answers.

- [Barbara] Thank you, ladies for having me here today. It's been a pleasure. Thank you everyone for attending all these weekly webinars. Stay safe, have a great day.

- [Tiffany] Have a good weekend, everyone.