

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area, and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals.

Shining a Light on Credit Scores

By Colleen Dailey

Like your shadow, your credit score – also known as your FICO score – goes everywhere you go. Landlords use it to judge whether or not you'll be a good tenant. Banks use it to approve or deny loan and credit card applications. Insurance companies use it to determine your insurance rates. More and more potential employers now look at it to determine whether or not you'll be a good and reliable employee.

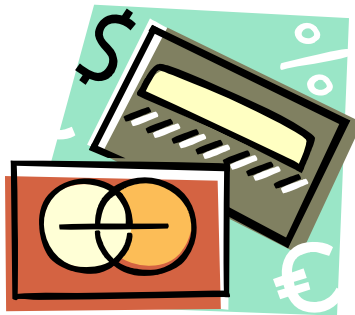
Given how important a credit score is to our financial lives, one would think we'd know more about this mystery number that ranges between 300 and 850. Yet, a recent survey by the Opinion Research Corporation found that nearly half of all Americans have very little idea what their credit score measures or how it's used. Here's some valuable information that can help you save thousands, maybe even tens or hundreds of thousands, of dollars over your lifetime:

How can you get your credit score?

You can get your credit score by ordering your credit report directly from any one of the 3 major credit bureaus: Equifax (1-800-865-1111), Experian (1-888-397-3742), or TransUnion (1-800-888-4213). The cheapest option for getting all 3 scores is to order them online at

www.annualcreditreport.com or by calling 1-877-322-8228.

Note: You are entitled to one free annual copy of each credit report, but the free copy does not include your credit score. For a small additional fee (between \$4.95 and \$6.95), you can add your score to each report.



It's a good idea to review your credit report from each bureau at least once a year, especially given the rise in identity theft. If you find errors on your credit report, the report will include clear instructions on how to correct information or report identity theft.

What is a good credit score?

Many lenders use 720 or 700 as the cutoff for giving borrowers their best available interest rate. About 60% of the US population has a credit score of 700 or above. Some lenders use 620 as the cutoff point for lending at any rate so those with scores below 620 will be denied loans. About 15% of the U.S. population has a score between 300 and 620. Companies that deal with borrowers in this low range are known as "subprime

lenders," because they take on higher risk and charge higher interest rates.

Here's an example of what a good credit score can save you: A person with a score of 760 or better will pay \$260 less per month for a \$216,000 30-year, fixed-rate mortgage than a person with a score below 620. That's a savings of more than \$3,000 a year or \$93,600 over 30 years. (Source: www.myfico.com)

What goes into a credit score?

According to Fair Isaacs Corp., the company that developed the FICO scores used by Experian, Equifax and TransUnion, there are 5 main ingredients in your score:

- 35% - payment history
- 30% - amounts you owe to creditors
- 15% - length of credit history
- 10% - types of credit you use
- 10% - new credit

Contrary to what many people think, your race, age, gender, and education level are not factored into a credit score.

How can you improve your credit score?

Basically by improving any of the factors listed above, starting with those at the top which carry more weight. For example, paying your bills on time and paying down old debts are two of the most common ways to improve a credit score. Paying the full balance on your credit cards

CONGRATULATIONS!

The following savers made asset purchases in the month of March:

Home

Omor Omoighe
Verne Mattox

Education

Blondell Sykes
Carla Spence
Diane Carter
Herman Copelin
Jannie Seegers
Jeovanny Paz
Lashawn Wonson
LeWahn Wallace
Shatoya Brown
Xiao Min Gao

Small Business

Carlos Reaves
Viviana Oxlaj
Yolanda Rose-Ellis

each month is another way. If you can't do that right now, then you're buying too much on credit and need to reduce your spending.

Want to meet with a credit counselor for FREE and get a copy of your TransUnion credit report on us? Keep reading to find out how you can do that (and more!) this Saturday, April 4th!

UPCOMING EVENTS & ANNOUNCEMENTS

Worried about money?

Take control of your future now at the
DC SAVES FINANCIAL FAIR.

Saturday, April 4 • 10 a.m. – 2 p.m.
Boys & Girls Club at THEARC,
1901 Mississippi Ave. SE

Free parking is available or take Metro to Southern Ave.-Green Line.

➔ Register today at www.dcsaves.org or call 202-419-1440.



Brought to you by **Capital Area Asset Builders: Building Brighter Financial Futures.**

Hope and Power for Your Personal Finances

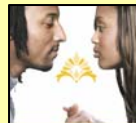
at 1801 K St NW, Suite M100
(Farragut West & Farragut North metro stops)

A Series of FREE seminars from 6:30 p.m. to 8:30 p.m. on Thursday evenings. Secure financial tips and strategies to take control of your financial outlook! Classes are free and a light meal is provided. Space is limited!

Call 202-293-4580 to register.

April 9: Facing Fears and Developing Your Financial Inventory
April 16: Smart Spending and Creative Budgeting
April 23: How to Control Your FICO Credit Score
April 30: Options for Investing and Saving Your Hard-earned Money

Dating? Engaged? Married?



Attend Free Relationship Enrichment Classes hosted by LifeSTARTS

FREE dinner, transportation, and childcare! Call **202-610-5211** to register and for more information. Classes begin in mid-April.

Ask A Certified Financial Planner

If you could ask a financial planner a question, what would it be?

Thanks to a new partnership between DC Saves and the Certified Financial Planner (CFP) Board of Standards, you can ask a trained, professional financial planner for **FREE FINANCIAL ADVICE!** Each month, DC Saves will select and publish one question, along with an answer provided by a professional CFP, in the Wealth Builder Monthly e-newsletter!

Visit www.dcsaves.org/resources/updates.asp for past issues of the newsletter. We all have questions about our finances. Get answers through DC Saves! Submit your financial questions to askaCFP@caab.org today!

CAAB CORNER

Have you registered for the 2nd Annual DC Saves Financial Fair yet? Come take advantage of FREE services including free tax preparation (for eligible filers), free credit reports and counseling, free financial planning sessions, free seminars, free financial information and more. There will also be prizes and giveaways including a drawing for a \$500 Savings Bond!

Bring your family and friends and join us on Saturday, April 4th from 10 a.m. to 2 p.m. at THEARC. Don't miss out! For more information and to register visit <http://dcsaves.org/about/specialevents.asp> or call 202-419-1440.

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