

NAME: _____

DATE: _____

INSTRUCTION

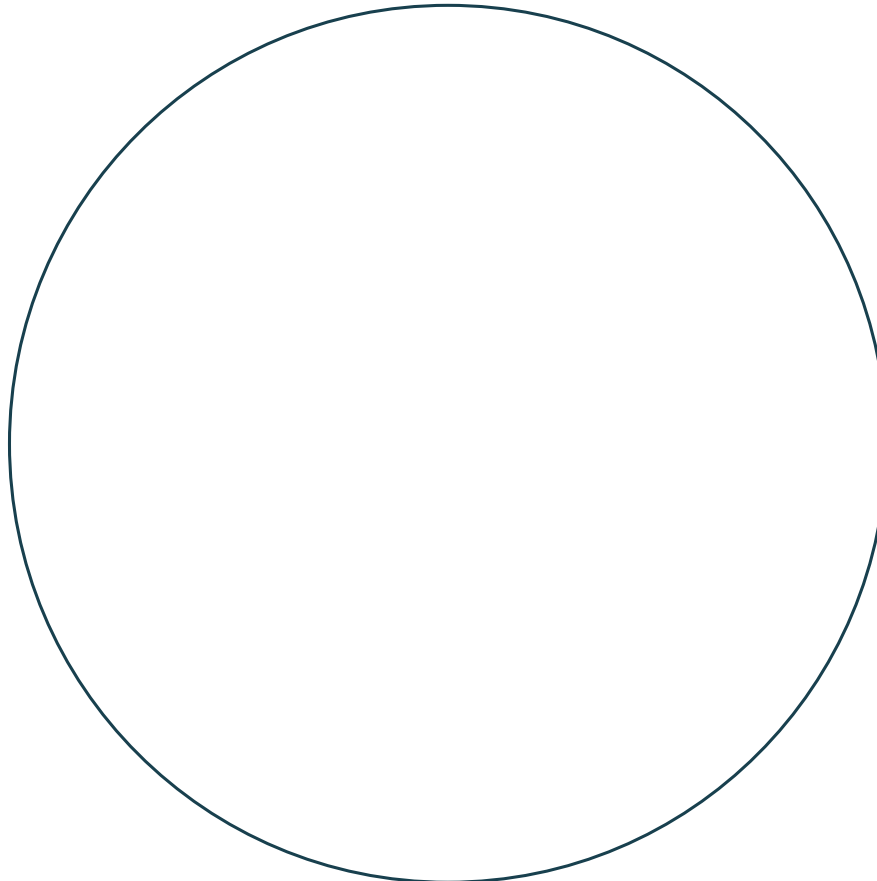
Moving the Needle

What + Why: What makes up a credit score, and how can you control it?

A credit score is a three-digit number that reflects patterns of financial behavior over time. In this activity, you will examine where credit scores fall on a typical range and break down what makes up that number. By understanding which factors carry the most weight, you can identify which habits give you the most control over your financial future.

**Instructions:**

1. As each credit factor is introduced, draw and label the correct section of the pie chart and record the percentage for that factor.



2. If someone wanted to improve their score, where should they focus first?

3. How does understanding what makes up a credit score change the way you think about everyday credit decisions?

Key Terms

- **credit score:** a number representing creditworthiness, which is calculated using information in a person's credit report
- **revolving credit:** a credit account that lets someone repeatedly borrow money up to a set limit and pay it back over time
- **installment credit:** a loan requiring fixed payments over a set period of time to pay off
- **hard inquiry:** a credit check that occurs when someone applies for new credit, which can cause a small, temporary decrease in their credit score
- **soft inquiry:** a credit check that occurs when someone checks their own credit, receives a pre-approval offer, or undergoes an employer background check, which does not affect their credit score
- **credit utilization:** the percentage of available credit that a person is currently using
- **collection agency:** a company hired by creditors to recover past-due funds, such as late bills or debts from accounts that are in default