

The Money Matters Series

Understanding Credit Basics



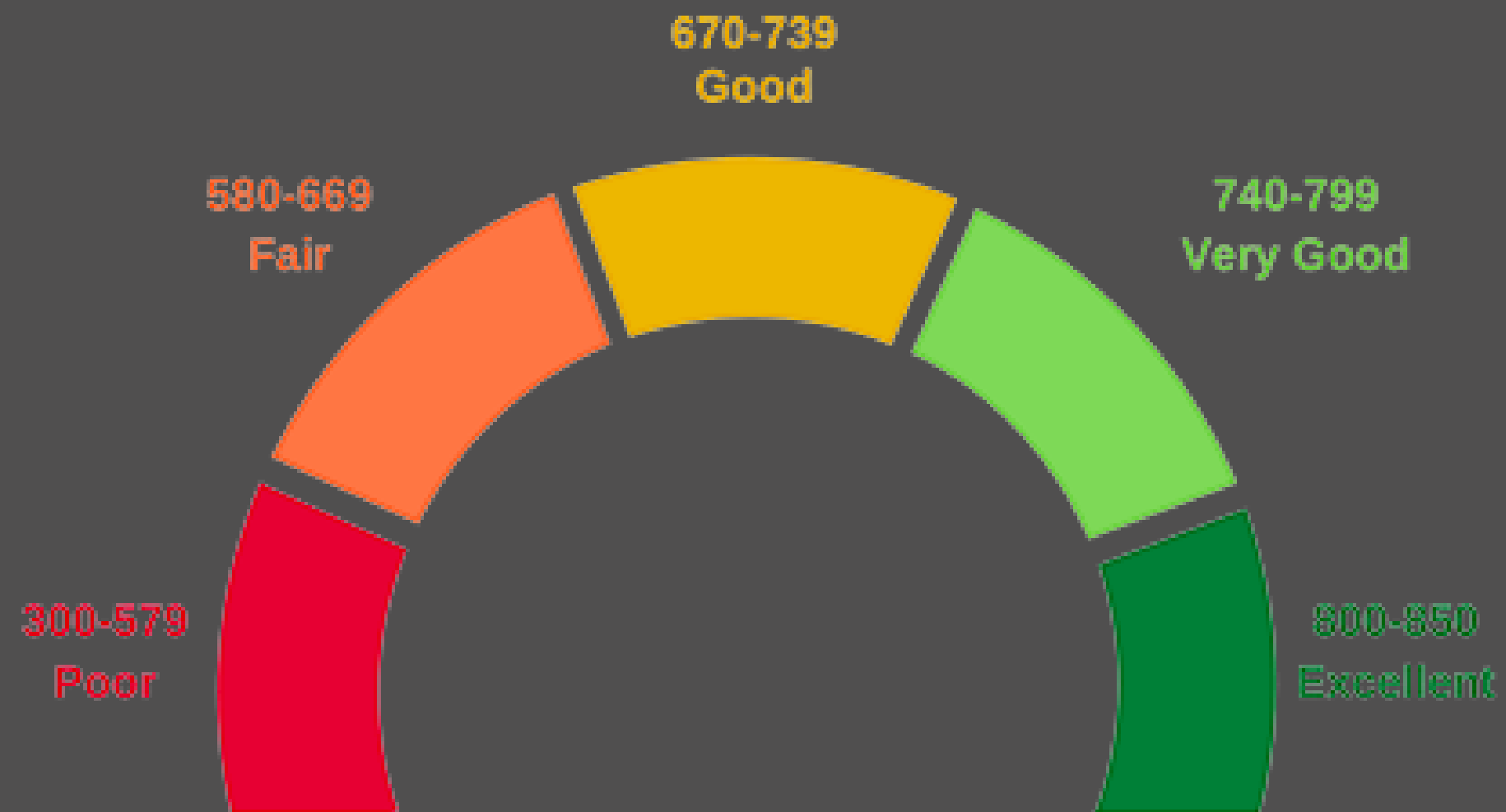
Why is credit important

- helps you purchase growing assets
- helps build credibility to leverage loans for project that would have growth opportunity
- without it, you can not get a house, car, phones, and etc...
- without it, its very hard to scale your wealth journey in North America



CREDIT SCORE RANGE

You can start anywhere and grow



5 Factors Of Credit

These can make or break your score.

1. Payment Discipline

2. Utilization

3. Inquiries

4. Variety

5. History



PAYMENT DISCIPLINE

**Pay 3 days before due date full balance
or minimum payment**





UTILIZATION

30% or lower

e.g \$1000 credit card

owing balance should not exceed \$300



INQUIRIES

1 to 2 in a six month period max

Hard Check: credit affected

Soft Check: credit not affected

Soft check sites: borowell.com & creditkarma.ca



VARIETY

**Lines of credit, credit card, installment loans,
car loans**



CREDIT HISTORY

Having credit established longer will help balance out bad phases.

**Never cancel credit card from A lender
(BANKS)**

DON'Ts

- get a payday loan (interest can be over 100% in a year)
- Apply for a lot of credit backed purchases that need credit score
- let anyone use your name to guarantee their loan

DOs

- Pay loans in full as much as possible
- if not good with small amount don't get more
- only accept bank loans, they have the best rates

Q&A