

## COMPONENTS OF CREDIT RACE

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**Subject:** Credit

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**Grade Level:** 8 - Adult

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**Time:** 10 minutes

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**Materials:**

- 1 set of cards per group of 5 students
- 5 prizes for winning group (optional)

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### PREPARATION

Print the Components of Credit cards. If you plan on reusing them, you may want to consider printing on card stock or laminating the cards.

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### INSTRUCTIONS

1. Start by discussing why a credit score is important (for more credit resources, visit [www.roguecu.org/learn](http://www.roguecu.org/learn)). Once students hear the advantages of a good credit score, have students get into groups of 5.
2. Show students an example set of cards and give them the following instructions:
  - a. Read through each card carefully and try to put them in order from the most to least important to your credit score.
  - b. Once students think they have the correct order, have them stand up in order with one card each, keeping them hidden. Once every group is standing up, have them reveal their cards. You can also have them work against a time limit if that works better. The correct order is as follows:
    - i. Most Important: Payment History (35%)
    - ii. Amounts Owed (30%)
    - iii. Length of Credit History (15%)
    - iv. New Credit (10%)\*
    - v. Least Important: Credit Mix (10%)\*

\*Note: New Credit and Credit Mix impact your credit the same amount (both are 10% of your credit score). This means that they could go in either order and still be correct.

  - c. If a group is correct, have them show their order to the class and give them the prize (if applicable). If no group gets it right, you can do extra rounds until a group gets it correct
3. Close by having students discuss what each category means and what steps they can take to build/maintain a good credit score. Some examples may include:
  - a. Payment History: Pay on time every time.
  - b. Amounts Owed: Keep your credit card balances low (in fact the credit bureaus recommend keeping balances below 30% of your credit card). Pay off the full balance each month if possible.
  - c. Length of Credit History: Start building your credit early. This can be through a loan, credit card or even through reporting your on time rent payments (<http://www.experian.com/rentbureau/rental-payment.html>).
  - d. New Credit: Try not to open too many credit accounts at once, including loans. The credit bureaus recommend no more than one new account every 6 months.
  - e. Credit Mix: Try to use different types of credit, for example, you could have a student loan, car loan and a credit card. While this impacts your score a little bit, it is usually not worth opening new accounts just to have a good credit mix.

# Payment History

**Whether or not you pay the full amount  
due on each bill and pay on time.**



# Amount Owed

**The amount of debt you owe in relation to your available balance.  
For example if you have \$1,000 limit on your credit card  
and owe \$500, your amount owed is 50%.  
The lower the percentage owed, the better.**



# Length of Credit History

**The length of time you have had open credit in your name.**



# New Credit

**Number of times your credit had been checked  
for new debt in the last 12 months.**



# Credit Mix

**The different types of credit that you have.  
For example credit cards, auto loans, mortgages, student loans, etc.**

