

Name _____

Cracking the Credit Score Code: Why It Matters

Open-Ended Response Answer Key

1. [Personal response will vary. Example: One personal financial goal that would be easier to achieve with a good credit score is buying a car. A good credit score can lead to lower interest rates on an auto loan, resulting in lower monthly payments and overall cost. This makes owning a car more affordable.]
2. [Personal response will vary. Example: If I missed a credit card payment and my credit score dropped, I would start by making sure to pay all bills on time moving forward. I would also work on reducing my credit card balances to improve my credit utilization ratio. Additionally, I'd review my credit report for errors and dispute any inaccuracies.]
3. [Response will vary. Example: Comparing a credit score to a financial report card helps us understand its importance because, just like a report card, it reflects how well we've managed our financial responsibilities. It simplifies a complex concept and makes it relatable, reminding us that good financial behavior is rewarded with better opportunities.]
4. [Personal reflection will vary. Example: I know someone who benefited from a good credit score when they applied for a mortgage to buy their first home. They were able to secure a loan with a lower interest rate, which significantly reduced their monthly mortgage payments and saved them thousands of dollars over the life of the loan. It made homeownership more affordable and less stressful.]

