# CASE STUDY: Thin Credit in College

It's your senior year of college. You're working as a peer financial counselor, helping your classmates sort out their finances and graduate ready for the real world.

You open your notes for an upcoming appointment - Samantha Snedeker.

**Exhibit 1: Appointment Notes**
Immediately, you notice that Samantha has a "thin file". She doesn't have much credit history, which makes it harder to borrow money.

**About Samantha:**



- **Accounts:** Checking account and savings account
- **Debt:** $20,000 in federal student loans. She doesn't need to start repaying until graduation.
- **Income:** Part-time student job, earning ~$650 per month
- **Budget:**
  - Uses a debit card & tracks her spending in an app
  - Housing is covered by her parents and student loans
  - Stays within her $650 budget, which includes groceries, personal items, and $100 monthly savings
- **Concerns:**
  - Samantha is nervous about going into debt, so she has avoided getting a credit card.
  - She just learned about credit scores this year and feels stressed about falling behind.

1. Reflect on Samantha's concerns. Do you ever feel worried about getting into debt or falling behind financially?
   a. If YES: Why do you feel that way? What do you do when that feeling comes up?
   b. If NO: Hypothesize - why might Samantha feel that way?

2. Samantha is concerned about her credit score. Why is a credit score important?

Samantha appears in the doorway, 7 minutes early. She's distraught and waving this letter:

**Exhibit 2: Rental Application Denial Letter**

March 10, 2025

Dear Samantha,

I regret to inform you that we are unable to approve your application at this time. Your application has been denied for the following reasons:

- Insufficient Credit File
- Insufficient Credit References
- No Credit File

We wish you the best of luck in finding an apartment.

Sincerely,
Ronnie DeLandlord

3. Why might a landlord care about Samantha's credit history?

Samantha choked to get her words out:

> "How did this happen? I filled out the application carefully, I have a great job lined up, and I can afford the deposit. I've been so careful and responsible! What can I do to fix this?"

You listen to Samantha and reassure her. Then, you review your list of strategies to determine the best course of action.

4. Choose 3 of the following strategies to research more deeply.
   - ☐ Become an authorized user on a parent's credit card
   - ☐ Get a secured credit card
   - ☐ Start making payments on your student loan
   - ☐ Parents co-sign your lease or credit application
   - ☐ Report alternative payments, like rent or utilities (eg. Experian Boost)
   - ☐ Open a credit-builder loan
   - ☐ Other:

5. Do online research to complete the table for your 3 strategies.

| **Strategy** | **PROS**<br>How does this work/ benefit her? | **CONS**<br>What are the limitations /downsides? |
|---|---|---|
| Strategy:<br><br>Source: | | |
| Strategy:<br><br>Source: | | |
| Strategy:<br><br>Source: | | |

As you go through the strategies, Samantha interjects:

“This is so frustrating - I’m careful with my money and responsible about paying my bills. Partly BECAUSE my Dad ended up with a lot of debt. So he CAN’T help me by being an authorized user or cosigning! But that has nothing to do with MY credit worthiness. The system is so unfair!”

6. Do you agree with Samantha? Why or why not?

7. Which strategy(ies) do you think would work best for Samantha? Why?

You wrap up your discussion. Samantha is slightly relieved and says, “Okay, thank you. I’m still nervous about handling debt - I feel like if I do it wrong, it will ruin everything. What should I be careful NOT to do?”

8. What are two big pitfalls for Samantha to avoid, as she starts to use credit?

9. Did Samantha’s experience change anything about your perspective on credit? Why or why not?