



# NEW INSIGHTS ON MILLENNIALS\* & CREDIT SCORES



## 1 MILLENNIALS HAVE LIMITED UNDERSTANDING OF HOW CREDIT SCORES WORK.

- More than 50% of respondents know that having high credit card balances will negatively impact their credit scores.
- More than 65% of respondents know that even small debt collections can have a serious impact on their credit.

## 2 MILLENNIALS ARE LESS KNOWLEDGEABLE ABOUT HOW OTHER FACTORS LIKE BANKRUPTCIES AND STUDENT LOANS CAN IMPACT THEIR CREDIT SCORES.

- Only 42% of non-buyers realize that a bankruptcy will stay on their credit report for 10 years.
- Only 38% of non-buyers understand that student loan debt significantly contributes to lowering credit scores.

## 3 THE MAJORITY OF MILLENNIALS BELIEVE THAT CREDIT SCORES REFLECT THEIR HISTORY OF PAYING RENT AND UTILITIES ON TIME.

- More than half of all respondents (non-buyers, potential buyers and current homeowners) believe that credit scores reflect a person's history of paying rent and utility bills on time.

## 4 ALTHOUGH THERE IS CONFUSION AROUND HOW CREDIT SCORES WORK, MILLENNIALS ARE ACTIVELY TRYING TO IMPROVE SCORES IN PREPARATION TO PURCHASE A HOME.

- 46% of potential buyers say they are currently trying to improve their credit scores to financially prepare for purchasing a home.
- 58% of potential buyers would welcome more information about the credit requirements needed to secure a mortgage.

## 5 MILLENNIALS BELIEVE CREDIT SCORES REFLECT A PERSON'S ABILITY TO BUY A HOME. HOWEVER, THEY THINK CREDIT SCORES PLAY TOO IMPORTANT OF A ROLE IN SECURING A MORTGAGE.

- 59% of respondents agree that credit scores accurately reflect a person's financial ability to buy a home.
- 60% of potential owners, and 59% of current home owners, believe that credit scores play too large of a role in a person's ability to secure a mortgage.

\* For the purposes of this study, millennials are defined as those born between 1980 and 1998. According to the 2016 census estimate, millennials currently represent more than 84 million people or 26% of the U.S. population.

To get the complete study and steps you can take to educate millennials on their homebuying options, visit: [essent.us/millennialstudy](http://essent.us/millennialstudy).

EssentIQ was created to educate millennials and other first-time homebuyers who may not be aware of homebuying options that are available to them outside of the conventional 20% down. Through education and accessible resources, such as EssentIQ, homeownership and the American dream may be more achievable than many millennials think.

EssentIQ is free and also available en español at [essent.us/essentiq](http://essent.us/essentiq).

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