



# PATHWAYS

Presenters Guide  
A program of Financial Beginnings

Presented by





### **Our Mission**

Financial Beginnings empowers youth and adults to take control of their financial future. We provide educational programs that incorporate all aspects of personal finance to give individuals the foundation they need to make informed financial decisions.

### **Our Vision**

Financial Beginnings is the pathway to a financially literate nation. In a financially literate nation, individuals cease to see finances as a barrier and instead view them as a tool to realize their dreams. In a financially literate nation, individuals are vested in and contribute to a healthy economic system nationally, regionally, and in their own neighborhood.

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# Welcome to Pathways!



## PATHWAYS

The Financial Beginnings *Pathways* program helps students successfully transition from high school to post-secondary education and into adulthood through informed and proactive financial decisions. The *Pathways* program teaches students to navigate the complex maze of financial decisions -- from loan agreements to household budgets to career choice – that are foundational to a financially successful adulthood.

*Pathways* is a program offered at no charge to students and includes five modules, each 60-90 minutes, for high school and college students. To find out more about the *Pathways* program visit [FinancialBeginnings.org/Pathways/](http://FinancialBeginnings.org/Pathways/).

### **High School Modules:**

- Career & Education Path
- Comparing Schools & Costs
- Financing College

### **College Modules:**

- Managing Debt Accumulation
- Managing Debt After College

This **Presenter's Guide** provides you with detailed directions on how to deliver the lessons and utilize the accompanying **Participant Guide, Poster, PowerPoint Slides** and additional **online resources** to provide an impactful lesson. This guide is meant to provide you with support, but in no way should you feel that you have to follow it exactly.

We want to provide our volunteers with flexibility in how they present the lessons, but to ensure program consistency and quality we ask that you meet the course objectives and use as many of the activities as possible.

Thank you for partnering with Financial Beginnings to provide this valuable financial education program to young adults in our communities.

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# Career & Education Path

Students will:

- Identify skills sets and interests for future career objectives,
- Explore the multiple positions available within a desired career,
- Determine the educational requirements necessary to pursue their desired career and review salary ranges,
- Research schools that specialize in programs that further career objectives; consider if prestige comes into play, and
- Understand the favor given to a well-rounded job candidate (the importance of extracurricular activities, volunteerism, etc.).

## Overview & Timeline

Activity (Time)	Objective	Summary of Activity
Icebreaker (5-10 Minutes)	To build rapport with participants.	Introduce yourself and the session topic with a fun icebreaker. Get to know the participants.
Interests and Career Objectives (15-25 Minutes)	Identify skill sets and interests for future career objectives.	Presenter poses questions to drive a discussion with participants and shares resources.
Positions, Salaries and Education (20-30 Minutes)	Explore the multiple positions available within a desired career, their salary ranges and the educational requirements for desired career.	Presenter leads a discussion with participants on how to compare the multiples positions available within a career. Lead a discussion on the educational requirements. Students are engaged with the <b>Lifeline</b> activity to help understand that their career is just one piece of the puzzle.
Conclusion (10-15 Minutes)	Start to consider secondary school options. Review the lessons of the day and wrap up any unanswered questions.	Presenter addresses any follow up questions and closes out the lesson for the day.

### Participant Guide

Pages 6-7- Lifeline Activity

### PowerPoint Slides

Slides can be found on the Financial Beginnings Volunteer Website under Classroom Materials.

# Career & Education Path Icebreaker

**Time:** 5-10 Minutes

**Objective:** Identify skill sets and interests for future career objectives.

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## PowerPoint Slides

**Slides:**

- Career & Education Path
  - What did you want to be in...?
  - What are we doing today?
- 

## Discussion

Introduce yourself to students. Let them know where you work and what your role is there.

Icebreakers help you to build a rapport with students and introduce the subject. For this session you can ask students:

*What did you want your career to be when you were in elementary school?  
Middle school? And how about now?*

*Have any of you had the same career aspirations since you were young?*

*Whether you know exactly what you want to do, have no clue or are somewhere in between,  
this lesson will provide you with some direction.*

Chances are your audience has changed their mind as they have grown older. Explain to students the purpose of the Pathways program and why you volunteer your time to come into their classroom to teach. Provide students with a brief overview of the day's course objectives.

# Career & Education Path Interests and Career Objectives

**Time:** 15-25 Minutes

**Objective:** Identify skill sets and interests for future career objectives.

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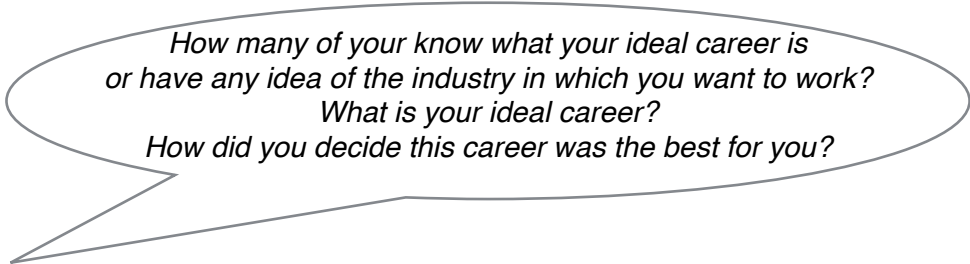
## **PowerPoint Slides**

### **Slides:**

- Where are you at on determining what you'll be when you grow up?
  - I know exactly what I want my career to be!
  - Things may change
  - I have no idea what I want to do!?
  - Understanding YOU
  - Tools to help
- 

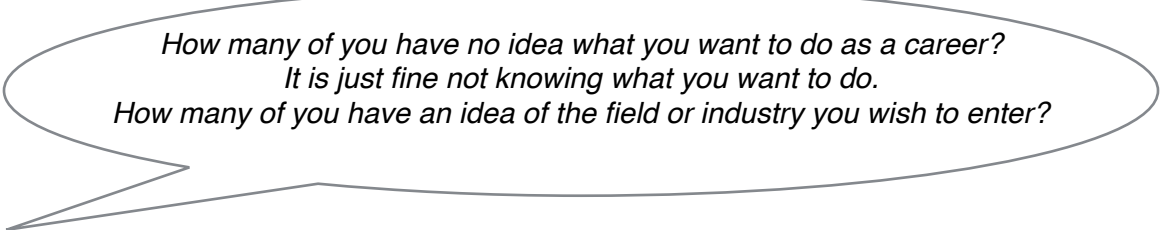
## **Discussion**

Participants will be somewhere along a spectrum of having no idea of what they want to do, to being very clear about what they want to do as a career. Let participants know that anywhere they are on this spectrum is fine. This lesson will provide some direction and help to clarify their thinking as they pursue their career.



*How many of you know what your ideal career is  
or have any idea of the industry in which you want to work?  
What is your ideal career?  
How did you decide this career was the best for you?*

According to the Bureau of Labor and Statistics, the average person will hold 11 jobs from age 18-46. It's hard to track how many careers an individual has in their lifetime, but let participants know they will likely be or know someone who will have multiple careers. Let participants know they will probably change jobs within an industry and also change industries as they move from job-to-job.



*How many of you have no idea what you want to do as a career?  
It is just fine not knowing what you want to do.  
How many of you have an idea of the field or industry you wish to enter?*

### **UNDERSTANDING YOU**

The first step is to better understand yourself. Provide guidance for participants to start thinking about what might be a good path based on what they know about themselves.

Personal preferences-

*Is there a specific location or company where you would like to work?  
Do you know about the work schedule you want to have?  
Consider this - Are you a 9am-5pm type, a night owl, a morning person?*

Skills & abilities-

*What are you are good at – where do you have interest or talent?  
Would these skills be beneficial for a specific career?*

Students should not worry if their current skill sets do not align with their desired career because they can develop the skills.

Interests-

*Are there courses that interest you?  
What other interests do you have outside of school?*

External factors- You have to take into account factors such as the economy or job market.

*Is there a demand for the job you want to pursue?  
Is the job located in a particular place?*

Achievements-

*In what personal achievements do you take the most pride?  
What are the items that you will emphasize on your resume or college application?*

Motivations & values- Many careers may not align with your core values.

Personality-

*How do you get along with others?  
What types of personalities do you get along best with?  
Have you taken a personality test like the Meyers-Briggs Type Indicator?*

Knowledge-

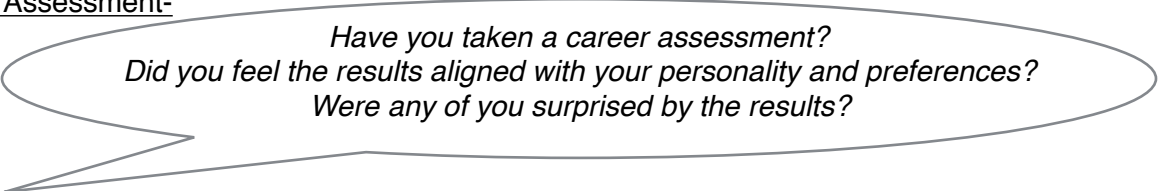
*What subjects do you find come most easily?  
In what areas do you feel you have a strong understanding?*



## TOOLS TO HELP

There are several ways to explore your interests and determine your career path. Not only do these elements help you to choose a career, they may provide you with experience to include on your college application or resume.

### Career Assessment-



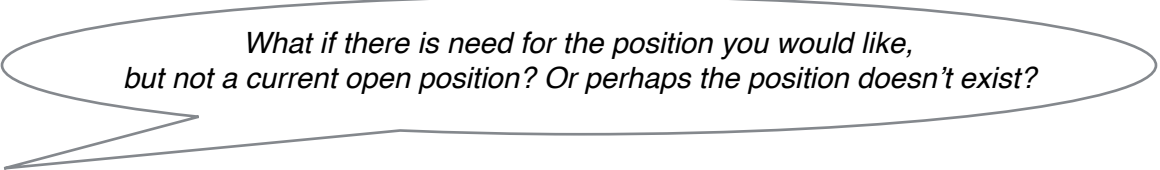
*Have you taken a career assessment?  
Did you feel the results aligned with your personality and preferences?  
Were any of you surprised by the results?*

Job Shadowing- Some jobs are not all they are cracked up to be. Spending time shadowing someone in the field of interest can be an important step to better understanding of what the job entails. The more people you shadow the better understanding you will have of the career and if it is right for you.

Network- It is never too early to begin building your professional network. Connecting with people can put you in touch with hiring managers. Start collecting business cards, set up a LinkedIn account, join some clubs.

Internships and/or Volunteering- These are great ways to develop higher level skills and gain experience, and you can include them on your resume.

Career Counseling- There are an infinite amount of career possibilities. Career counseling can help you pull together all the aspects that make up “you” and suggest careers you may not have considered.



*What if there is need for the position you would like,  
but not a current open position? Or perhaps the position doesn't exist?*

Sounds like they might be an entrepreneur.

# Career & Education Path Positions, Salaries & Education

**Time:** 20-30 Minutes

**Objective:** Explore the multiple positions available within a desired career, their salary ranges and the educational requirements.

---

## **PowerPoint Slides**

### **Slides:**

- ACTProfile.org
  - Determining your education path
  - ACTProfile.org
  - Your career is just one piece of your future self
  - Life's balancing act
  - Will my career provide the lifestyle I want?
  - The importance of doing your research on salaries
  - Starting at the ground floor
- 

## **Participant Guide**

### **Page #:**

6-7- Lifeline Activity

---

## **Discussion**

### **ACTPROFILE.ORG**

As the presenter, it is a good idea to login, create an account, and explore [www.ACTProfile.org](http://www.ACTProfile.org) before presenting this session.

[www.ACTProfile.org](http://www.ACTProfile.org) is a great resource to explore careers, positions, and school majors. It is well worth the few minutes it takes to do a couple of career assessment exams. The program will take your answers from the assessment and create a career map that outlines career suggestions. From this map you can click on the letters to explore positions within these areas.

Up to this point, participants have viewed school as “their job.” Once participants are enrolled in post secondary education their focus should shift to viewing education as a tool to achieve their desired profession. School becomes a means to an end – their career.

The options for choosing post secondary education are infinite and decisions about those choices can be difficult to make. Participants will have to have a strong idea of what they want to do as a profession in order to determine the right education path.

Students will likely take career assessments that will identify career areas. Most assessments will offer information on education majors and degrees they may consider. Even though students may show a preference for a specific area, they shouldn't feel like they have to focus all of their studies in that area. Taking courses outside of their major will help them to have a broader knowledge base. Participants should understand that as they start to work through their coursework, a little variety may reveal interests and skills that will cause them to consider a change in their career and/or major.

## ACTIVITY

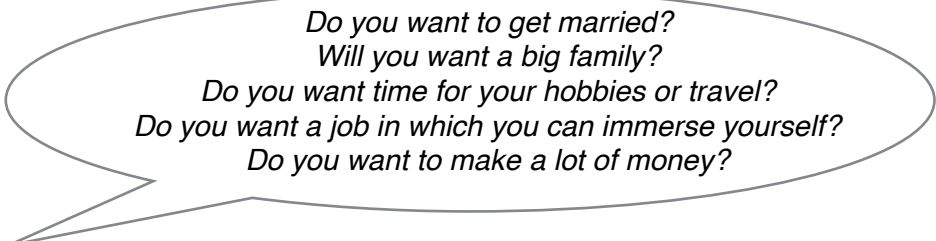
Direct participants to **pages 6** of the **Participant Guide** to complete the **Lifeline** activity. Allow participants some time to choose the milestones they wish to achieve and at what age in their life they expect to reach it. When they have finished this, ask them to flip the page over and fill in the milestones by decade on **page 7**.

Lead participants through a discussion on what they found through completing this activity. Usually we find that when we are in our 20s and 30s, we have the most going on (getting married, having children, buying a house), but it's also the point in our life when we are making the least amount of money.



*Do you “work to live” or “live to work”?*

Some people view work as a means to make money and support their life. Others absolutely love their job and could not imagine life without working. Ensuring a proper balance in your personal and professional life is imperative to living a successful life.



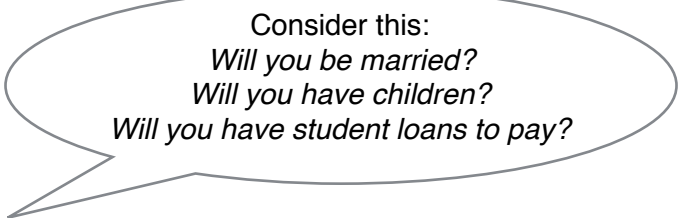
*Do you want to get married?  
Will you want a big family?  
Do you want time for your hobbies or travel?  
Do you want a job in which you can immerse yourself?  
Do you want to make a lot of money?*

It is important to make sure the career we want is also going to provide the lifestyle we expect to have. When entering a professional field we have to expect that we are going to start at the bottom of the pay scale. As our experience and skills increase our salary should increase.

Though \$30,000 or \$40,000 may seem like a lot now to a high school student, it is not going to provide for a high-end lifestyle. Living expenses quickly eat up salaries. The Bureau of Labor and Statistics provides great information about the demand for the field or career one may be considering. The more in-demand the position, the easier it is to find a job.

The Bureau of Labor and Statistics [www.bls.gov](http://www.bls.gov).

You will want to ensure that you understand the level of salary a desired position offers in the marketplace and determine if it will meet your expectations. It is important to have a realistic understanding of how much compensation is needed to support a desired lifestyle. Many factors impact your living expenses.

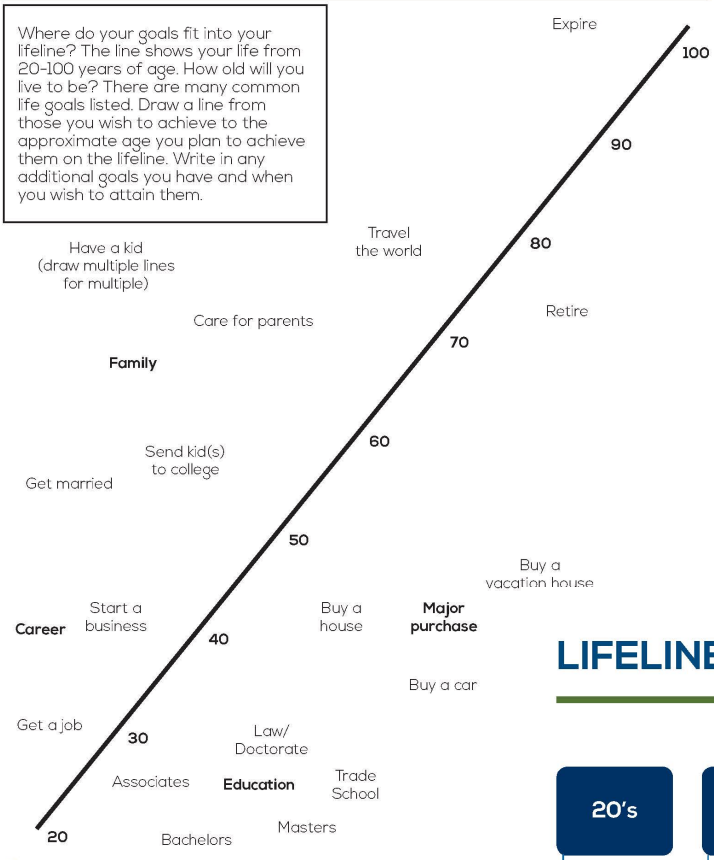


Consider this:  
*Will you be married?  
Will you have children?  
Will you have student loans to pay?*

Education is an investment in future earning potential. The cost of education can vary significantly and you want to make sure you are not investing more in your education than is necessary.

The Lifeline activity can be found on pages 6-7 of the Participant Guide.

# LIFELINE



# LIFELINE

20's	30's	40's	50's	Golden years
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# Career & Education Path Conclusion

**Time:** 5-10 Minutes

**Objective:** Start to consider secondary school options. Review the lessons of the day and wrap up any unanswered questions.

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## **PowerPoint**

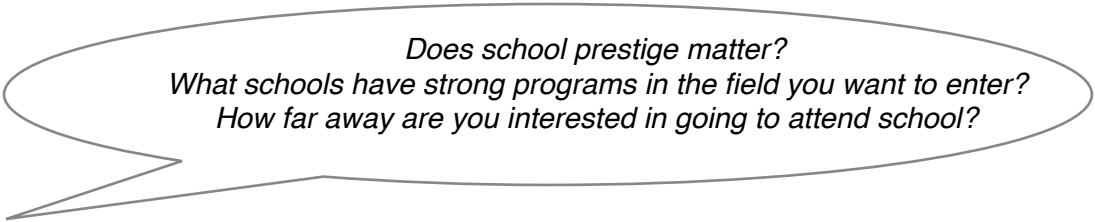
### **Slides:**

- What school?
  - Determining the right school
  - Where do I go from here?
  - But it doesn't stop here
  - Got it?
- 

## **Discussion**

### **WHAT SCHOOL?**

You've introduced students to some tools to help determine a possible career and salary. You've explored the different positions in the field and the career ladder within that field. At this point participants should have a better understanding of the education path they need to consider to enter their desired career. Wrap up the lesson by facilitating a discussion to get students thinking about which school they would like to attend.



*Does school prestige matter?  
What schools have strong programs in the field you want to enter?  
How far away are you interested in going to attend school?*

It's important to consider the impact of attending a highly prestigious school will have on a future career. For some careers a prestigious school has a low impact, for others a well-known school can provide a boost to a career.

Most schools offer degrees in a variety of subject areas. However, it is important to understand that many schools specialize in a particular field. You have to weigh how the marketplace values a desired position. Will attending a school that specializes in your chosen field provide an advantage? For many professions it does not matter; for others it will make a big difference — such as medical or legal professions.

There are many considerations when choosing the geographic location of the school. College can be an opportunity to go to a school that is at a distance and take time for personal discovery. Students may also want to consider living at home to save on living expenses.

## WHAT TO DO AFTER THIS LESSON

Ask participants to consider their next steps after this lesson:

- Explore career options.
- Research salaries.
- Keep in mind your life plan.
- Determine education path.
- Research schools.

Next steps for participants:

- Narrow down the list of schools to which they want to apply.
- Begin applying to the schools that are the best fit.
- Apply for financial aid.
- Once accepted, compare financial packages.

## REVIEW OBJECTIVES

Do a final check-in with students to verify that you have covered all the session objectives. Do students:

- Know how to identify skills sets and interests for future career objectives?
- Understand how to explore the multiple positions available within a desired career?
- Know how to determine the educational requirements necessary to pursue their desired career; review salary ranges?
- Understand how to research schools that specialize in programs that further career objectives; consider if prestige comes into play?
- Understand the favor given to a well-rounded job candidate (the importance of extracurricular activities, volunteerism, etc.)?

If students are going to be taking the next module **Comparing Schools & Costs**, ask them to come prepared with three schools to which they plan to apply.

# Comparing Schools & Costs

Students will:

- Research salary averages based on specific education and career aspirations,
- Learn the total cost of their desired school(s),
- Compare total post-secondary expenses versus beginning annual salary, and
- Determine return on investment of post-secondary education.

## Overview & Timeline

Activity (Time)	Objective	Summary of Activity
Icebreaker (5 Minutes)	To build rapport with participants.	Introduce yourself and the session topic with a fun icebreaker. Get to know the participants.
Salary & School Research (10-20 Minutes)	Research salary averages based on specific education and career aspirations.	Presenter provides students with resources they can use to help determine research salaries and schools.
Sticker vs. Net Price (25-35 Minutes)	Calculate the total cost of school.	Presenter demonstrates to students how to compare the sticker vs. net price of schools using three schools and examples.
Calculating ROI (20-30 Minutes)	Calculate the Return on Investment (ROI) of post-secondary education.	Presenter walks through the process of determining the ROI of education and how to limit student loan debt.
Conclusion (10 Minutes)	Review the lessons of the day and wrap up any unanswered questions.	Presenter addresses any follow up questions and closes out the lesson for the day.

### **PowerPoint Slides**

Slides can be found on the Financial Beginnings Volunteer Website under Classroom Materials.

# Comparing Schools & Costs Icebreaker

**Time:** 5 Minutes

**Objective:** To build rapport with participants.

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## **PowerPoint**

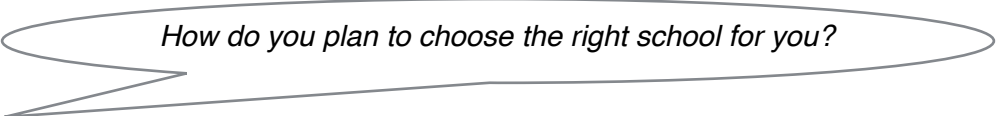
**Slides:**

- Introduction slide
  - How do you plan to choose the right school for you?
  - What are we doing today?
- 

## **Discussion**

Introduce yourself to students. Let them know where you work and what your role is.

Icebreakers help you to build a rapport with students and introduce the subject. For this session you will ask students:



*How do you plan to choose the right school for you?*

The **PowerPoint Slides** provides some light-hearted considerations when choosing the right school. Maybe students want a really cool school mascot, a place with nice weather, or awesome dorm rooms.

Explain to students the purpose of the Pathways program and why you volunteer your time to come into their classroom to teach these valuable lessons. Provide students with a brief overview of the day's course objectives.



# Comparing Schools & Costs Salary & School Research

**Time:** 10-20 Minutes

**Objective:** Research salary averages based on specific education and career aspirations.

---

## **PowerPoint**

### **Slides:**

- How much money will you make annually once you've settled into your career?
  - Nationally
  - Oregon
  - What about your specific career?
  - Comparison Shopping: College Scorecard
  - Comparison Shopping: College Navigator
- 

## **Discussion**

### **HOW MUCH MONEY WILL YOU MAKE?**

*Do you know how much money you will likely make in your desired career?  
Do you think you will start at that salary?*

Based upon their education and position, what do students feel their average annual salary will be? Usually they are looking at average data for someone established in the career, not estimated earnings right out of college. The numbers speak for themselves. Based upon statistics over a long period of time, we know the more educated one is, the higher one's average annual salary and the lower one's rate of unemployment.

*How do you think salaries in our state compare to the national average?  
Have you taken the time to research the average salary for your specific career?*

The Bureau of Labor Statistic is a great resource for salary data and industry research broken down by state.

The **PowerPoint Slides** provides an example of the salary range for a Social Worker. The median salary of a Social Worker is \$54,560, but the starting salary will likely being in the bottom 10%, which is \$30,840.

## **COMPARISON SHOPPING**

It is important to consider more than one school prior to making a final choice. Take the time to compare key characteristics of each school such as:

- Cost of attendance.
- Are course credits earned at one school easily transferable to other institutions?
- Graduation rates.
- Job placement rates.
- Career services available to current students and graduates.
- The average indebtedness that most students at the school incur

The College Navigator website provides information about nearly 7,000 colleges and career schools [collegecost.ed.gov/netpricecenter.aspx](http://collegecost.ed.gov/netpricecenter.aspx). This site contains searchable data to assist students and their parents in the school selection process. Cost and graduation rates are important characteristics to consider, but there are many other important variables such as programs of study, number of students enrolled, and housing, just to name a few. You may also combine multiple elements to refine your search.

The College Navigator website will allow you to search for schools by:

- Location,
- Degree type,
- Number of years of study required,
- Cost,
- Program of study, and
- Entrance requirements.

# Comparing Schools & Costs **Sticker vs. Net Price**

**Time:** 25-35 Minutes

**Objective:** Calculate the total cost of school.

---

## **PowerPoint**

**Slides:**

- Budgeting and Borrowing: Net Price Calculator
  - Net Price Calculator
  - Sticker Price vs. Net Price
  - Net Price Calculator Example
  - Net Price Calculator Example
  - Sticker Price vs. Net Price
- 

## **Discussion**

### **NET PRICE CALCULATOR**

Net price calculators are available on school websites; and the U.S. Department of Education offers this page (<https://collegecost.ed.gov/net-price>) on its site so students can easily explore the net prices for different schools. This tool is intended to provide estimated net price information for current and prospective students and their families, based on what similar students paid in a previous year. The calculator allows students to enter basic information about their household size and income. With this information the calculator estimates the cost to attend the school after taking into account estimated grants and scholarship aid.

Students should not shy away from schools because of the “sticker price”. Instead, students should base their decision on the net price after financial aid is subtracted from the cost of attendance.

Students should compare the net price of all the schools being considered before completing enrollment applications. Every school is required to provide this information so students can make the best decision for them.

The **PowerPoint Slides** provides an example of a university’s sticker price versus net price.

### **EXAMPLE**

The **PowerPoint Slides** walk through an example comparing the Sticker Price vs. Net Price of three schools.

# Comparing Schools & Costs **Calculating ROI**

**Time:** 20-30 Minutes

**Objective:** Calculate the Return on Investment (ROI) of post-secondary education.

---

## **PowerPoint**

### **Slides:**

- Calculating the Return On Investment (ROI)
  - Calculating ROI
  - Back to ROI
  - Do you have money stashed away?
  - You may have to borrow
  - How do I keep my debt low?
  - Options to save
  - Do the math
  - Calculate your student loan payment
- 

## **Discussion**

### **RETURN ON INVESTMENT (ROI)**

School is an investment in ones' future. We want students to take into account the return they will receive on their investment from post-secondary education based upon future earnings potential. In order to do this, we want students to think about how much they are spending on education in total and the benefit they will receive in the form of future earnings.

Approximately two-thirds of college students have to borrow funds to pay for school. With the rising amount of student loan debt, it can be easy for students to leave school with tens of thousands of dollars in student debt.

Explain to students the ROI Rule of Thumb, which is that students should graduate from school with a starting salary greater than their total debt.

## **1st Year Salary > Total Debt**

Refer students back to the example of the difference between the sticker price and net prices of of the universities in your previous example.

It is important to stress this amount will vary depending on the amounts received in grants and scholarships. Grants and scholarships are determined by financial need of the household.

It is important to stress this simple calculation does not factor in the annual increase of tuition.

Refer students back to the the example in the **PowerPoint Slides** showing the Bureau of Labor Statistics' salary data for a Social Worker.

*Utilizing the ROI Rule of Thumb if you took out student loans to cover all of your needed costs, would this be a good idea?*

## **KEEPING LOAN DEBT DOWN**

*Do you have money set aside for school?  
Do your parents or someone else have funds set aside for your schooling?*

Money is a topic many avoid discussing. Unfortunately, parents sometimes forget the importance of talking about money with their children. If students have not had the conversation yet with their parents about paying for college, it is important they start now! Students should not assume their parents will pay for college and parents should not assume their child will receive enough aid or scholarships to cover all expenses.

After determining the amount that has been set aside to pay for schooling, students can estimate the amount of debt needed. The majority of students have to borrow money to pay for school, but the majority of students do not calculate their total debt before entering school. This leads to a shocking surprise when they start repaying student loan debt after leaving school.

Students take out debt for school in order to leverage the debt to pursue their ideal career. This makes sense because students should be able to utilize future earnings to pay back the student loan debt.

Walk students through these suggestions of ways to limit the funding required while in school:

Keep living costs down:

- Live at home
- Get a roommate
- Become a Resident Assistant

Save on books and supplies:

- Consider used books online
- Borrow books from the library
- Share books and supplies with friends

Work:

- Find a temporary job during breaks
- Find a part-time job during school
- Some employers help with tuition
- Start saving now
- Find a paid internship

Live like a poor college student:

- Folgers instead of Starbucks
- Ramen instead of food carts
- Bike or bus instead of car

Here are some examples of how much could be saved employing some of these ideas:

- Attend a community college the first two years - \$16,426 in tuition savings
- Work during breaks and/or school -\$10,000 in potential earnings
- Save on books -\$800
- One year paid internship -\$2,000

## **FUTURE PAYMENT**

Borrowing for school doesn't end here. It is important students understand what they have agreed to pay once they leave school. Direct students to <http://www.finaid.org/calculators/loanpayments.phtml> to determine what their payment will be after they leave school.

# Comparing Schools & Costs Conclusion

**Time:** 10 Minutes

**Objective:** Review the lessons of the day and wrap up any unanswered questions.

---

## PowerPoint

**Slides:**

- How does this factor into my post college budget?
  - Review
  - Got it?
- 

## Discussion

Students may be weary right now because this lesson covers a great deal of math. Tell them you have just one more calculation for them to think about.

Utilizing [paycheckcity.com/calculator/salary](http://paycheckcity.com/calculator/salary) students can input their starting salary and estimate their net pay after taxes.

The **PowerPoint Slides** shows a pie graph. In the graph it shows:

- 27% Taxes
- 13% Student loan payment
- 33% Housing
- 27% Left for everything else (such as transportation, clothing, food, entertainment, etc.)

Review takeaways from the session students can immediately put into play to help them prepare for college:

- Know the total cost of school before applying.
- Determine future salary.
- Calculate the Return On Investment (ROI).
- Keep total school debt below first year starting salary.
- Calculate the future student loan payment before taking out debt.

Do a final check-in with students to see if you covered all of the session objectives. Do students:

- Know how to research average salaries based upon education and specific career aspirations?
- Know how to calculate the total cost of school and the difference between the sticker price and net price?
- Understand how to compare total post-secondary expenses versus starting salary and calculate the return on investment?

If students are going to be taking the next module **Financing College**, ask them to come prepared with cost projections for the schools to which they plan to apply.

# Financing College

Students will:

- Explore the different options available to pay for college,
- Review available college loans and how interest accumulation and payback options vary, and
- Learn the basics of a FAFSA and where to access additional support to complete an application.

## Overview & Timeline

Activity (Time)	Objective	Summary of Activity
Icebreaker (5-10 Minutes)	To build rapport with participants.	Introduce yourself and the session topic with a fun icebreaker. Get to know the participants.
Forms of Payment (20-30 Minutes)	Explore the different options available to pay for college.	Review available college loans and how interest accumulation and payment options vary. Refer students to the <b>Do you need money for college?</b> handout.
FAFSA (25-35 Minutes)	Learn the basics of the FAFSA.	Presenter walks students through the process of filling out the FAFSA and comparing financial aid packages. Refer students to the <b>Shopping Sheet</b> .
Conclusion (10-20 Minutes)	Review the lessons of the day and wrap up any unanswered questions.	Presenter addresses any follow up questions and closes out the lesson for the day.

### **PowerPoint Slides**

Found on the Financial Beginnings Volunteer Website under Classroom Materials.

### **Additional Handouts**

Do you need money for college? by The Department of Education

Financial Aid Shopping Sheet- by the Consumer Financial Protection Bureau

### **Videos**

Responsible Borrowing

FAFSA Overview

How to Fill Out the FAFSA

The Real Truth About Financial Aid- Adam Ruins College

# Financing College Icebreaker

**Time:** 5-10 Minutes

**Objective:** To build a rapport with students.

---

## **PowerPoint**

**Slides:**

- Introduction slide
  - What different ways can you pay for college?
  - What are we doing today?
- 

## **Discussion**

Introduce yourself to students. Let them know where you work and what your role is.

Icebreakers help you to build a rapport with students and introduce the subject. For this session you will ask students:

*What different ways can you pay for college?*

There are several ways to pay for college. Today you'll cover the more common ways including:

- Savings
- Grants
- Loans
- Scholarships

Some of the more creative ways:

- Starting a Kickstarter campaign
- Take up a collection
- Do street performances
- Develop the next hot social media program

Explain to students the purpose of the Pathways program and why you volunteer your time to come into their classroom to teach. Provide students with a brief overview of the day's course objectives.

Federal Student Aid, an Office of the U.S. Department of Education has a YouTube Channel that has several helpful videos to help deliver these lessons. Federal Student Aid's **Responsible Borrowing Video** can be found at <https://youtu.be/mTHtn0FRMWw> and provides a quick 2 minute introduction into what you will be talking about during the lesson.



# Financing College Forms of Payment

**Time:** 20-30 Minutes

**Objective:** Explore the different options available to pay for college.

---

## PowerPoint

### **Slides:**

- Do you have money stashed away?
  - Grants
  - Oregon specific
  - Scholarships
  - Loans
  - Federal vs. Private Loans
- 

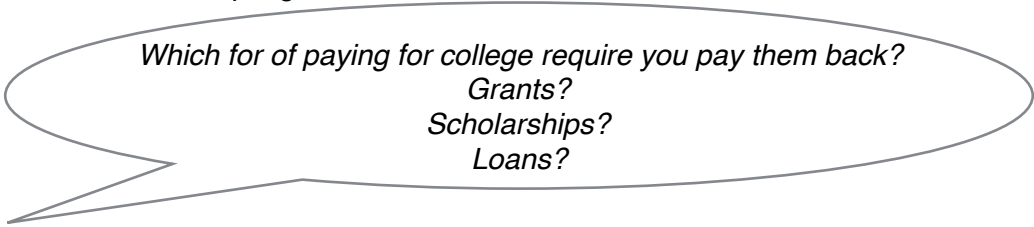
## Discussion

The U.S. Department of Education has a five-page handout called **Do You Need Money For College?**. This handout can be on Financial Beginnings' **Volunteer Website** under *Classroom Materials*. If you would like to distribute this handout to your students, you will need to print prior to the class.

### **SAVINGS**

First we want students to take an inventory of any savings they may have saved for college. Students may have some money set aside and their parents and/or other relatives may also have saved money for education. It is important students not assume the cost of college is covered for them. It is important for students to have a conversation with their parents as they are starting the process of exploring higher education.

Emphasize that many students do not have any savings set aside for college. This does not mean they cannot go. By starting the conversation here, students will be ready to explore other methods of paying for college such as scholarships, grants and loans.



*Which for of paying for college require you pay them back?  
Grants?  
Scholarships?  
Loans?*

Let students know that you'll first cover grants and scholarships because these forms of funding do not need to be paid back.

### **GRANTS**

Grants are funds students receive to pay for college that do not have to be repaid. In order to determine eligibility for grants students will have to fill out the FAFSA, which will be covered in more detail later in the lesson.

**Federal Pell Grants** are usually awarded only to undergraduate students who have not yet earned a bachelor's or a professional degree. The maximum Pell Grant award is \$5,815 annually for education year 2016-2017. The amount is determined by financial need, cost of attendance, full or part-time status and whether you will be attending the full academic year or not.

The **Free Supplemental Education Opportunity Grant** is administered directly by the financial aid office at each participating school and is therefore called campus-based aid. Not all schools participate. Check with your school Financial Aid office to find out if the school you are considering offers the program. You can receive between \$100 and \$4,000 a year, depending on need.

A **Teacher Education Assistance for College and Higher Education (TEACH) Grant** differs from other federal student grants. To receive these funds you are required to take certain classes to qualify for the grant funds. These grants also require you to work in a certain kind of job after graduation. If you fail to meet the requirements, these grants convert to loans and must be repaid. The TEACH Grant Program provides funds up to \$4,000 a year.

**Iraq and Afghanistan Service Grant** has eligibility requirements. To be eligible your parent or guardian must have been a member of the U.S. armed forces and died as a result of military service performed in Iraq or Afghanistan after the events of 9/11.

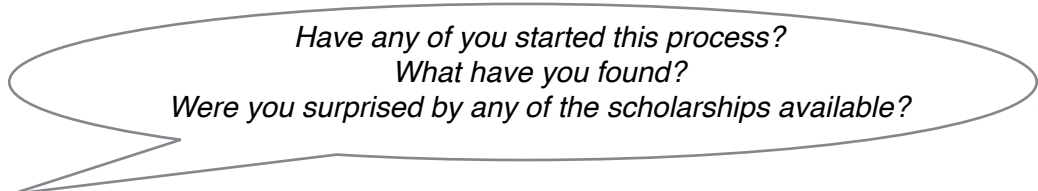
### **STATE SPECIFIC GRANTS**

Check for resources available in your state.

### **SCHOLARSHIPS**

There are thousands of scholarship opportunities available. Eligibility for scholarship dollars is determined by the organization awarding the funds. Possible eligibility factors include:

- Meet certain standards in academics, a talent, or interest.
- You and/or your parents are part of a specific group (such as their place of employment).
- Your education is focused in a specific field.



It can be well worth the time to research scholarship opportunities. Some places to research scholarships include:

- Financial aid office
- High school
- U.S. Department of Labor
- Federal agencies
- Your state grant agency
- Your library reference section
- Foundations, religious or community organizations, local businesses or civic groups
- Organizations related to your field of interest
- Ethnic organizations
- Your employer or your parents' employers

## LOANS

School is an investment in one's future. About two-thirds of college students have to borrow to pay for school. With the rising amount of student loan debt, it can be easy for students to leave school with tens of thousands of dollars in student loan debt. Emphasize to students the importance of understanding the loan terms of borrowed funds before signing on the bottom line.

A **Federal Student Loan** is a loan funded by the federal government to help pay for education. A federal student loan is borrowed money you must repay with interest. There are several different federal student loans.

The William D. Ford Federal **Direct Loan** Program is the largest federal student loan program. Under this program, the U.S. Department of Education is THE lender. There are four types of Direct Loans available:

- **Direct Subsidized Loans** are loans made to eligible undergraduate students who demonstrate financial need to help cover the cost of higher education at a college or career school.
- **Direct Unsubsidized Loans** are loans made to eligible undergraduate, graduate, and professional students. Students borrowing under this type of loan do not have to demonstrate financial need to be eligible.
- **Direct PLUS Loans** are loans made to graduate or professional students and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.
- **Direct Consolidation Loans** allow you to combine all of your eligible federal student loans into a single loan with single loan servicer.

The **Federal Perkins Loan** Program is a school-based loan program for undergraduates and graduate students with exceptional financial need. Under this program, the school is the lender.

A **Private Student Loan** is a non-federal loan made by a lender such as a bank, credit union, state agency or school. It is important to exhaust the federal loans offered before seeking private student loans. Here is a list of the differences between federal and private student loans:

**Federal Student Loans-** The US Department of Education funds or insures.

- You will not have to start repaying your federal student loans until you graduate, leave school, or change your enrollment status to less than half-time.
- The interest rate is fixed and is often lower than private loans, and much lower than some credit card interest rates.
- Undergraduate students with financial need will likely qualify for a subsidized loan where the government pays the interest while you are attending school at least half-time.
- A credit check is unnecessary for most federal student loans (except for PLUS loans). Federal student loans can help you establish a good credit record.
- A co-signer is not necessary.
- Interest paid may be tax deductible.
- Loans can be consolidated into a Direct Consolidation Loan.
- If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.
- There are several repayment plans, including an option to tie your monthly payment to your income.
- There is no prepayment penalty fee if you pay off the loan early.
- You may be eligible to have some portion of your loans forgiven if you work in public service.
- Free help is available at 1-800-4-FED-AID.

**Private Student Loans-** These loans are nonfederal loans that are made by a bank, credit union, state agency or school.

- Many private student loans require payments while you are still in school.
- Can have variable interest rates, some greater than 18%.
- Are not subsidized, so interest accrues while in school.
- May require an established credit record and the cost will depend on your credit score.
- You may need a co-signer.
- Interest may not be tax deductible.
- Cannot be consolidated into a Direct Consolidation Loan.
- May not offer forbearance or deferment options if you have difficulty making payments.
- It is unlikely the lender will offer loan forgiveness.

# Financing College **FAFSA**

**Time:** 25-35 Minutes

**Objective:** Learn the basics of the Free Application for Federal Student Aid (FAFSA).

---

## **PowerPoint**

### **Slides:**

- Apply for Aid: FAFSA
  - You will need
  - After filing
  - Wait for the offers
  - Comparison Shopping: Financial Aid Shopping Sheet
- 

## **Discussion**

### **WHAT IS THE FAFSA?**

In order to qualify for grants, students will need to fill out the Free Application For Student Aid (FAFSA). The Department of Education Office of Federal Student Aid provides financial aid. Completing the Free Application for Federal Student Aid, or FAFSA, is the first step in applying for federal grants, loans, and work-study. Remember, the first F in “FAFSA” stands for “FREE”—there’s no need to pay anyone to help complete the FAFSA. Look for free FAFSA completion workshops offered by area high schools, colleges and community organizations to get help completing the FAFSA.

### **THE PROCESS OF APPLYING**

*Do you know when you should apply for the FAFSA?*

Federal Student Aid, an Office of the U.S. Department of Education has a YouTube Channel that has several helpful videos to help deliver these lessons. Federal Student Aid’s **FAFSA Overview Video** can be found at <https://youtu.be/gUis5lityCQ> and provides a quick 2 minute overview of the FAFSA.

The application period starts on October 1 of each year and awards are made on a first come first serve basis. Federal Student Aid’s How to Fill Out the FAFSA Video can be found at <https://youtu.be/LK0bbu0y5AM> and takes 3 minutes to watch.

Filling out the FAFSA can be a frustrating process, but there are several resources available to help make it as easy as possible. Below is an outline of information students will need to fill out the FAFSA. If Dependent students will need this information for parents also.

**Your Federal Student Aid PIN-** In order to sign your FAFSA electronically, you’ll need a Federal Student Aid PIN. You can help to prevent processing delays by getting a PIN before you begin the FAFSA.

**Your Social Security number-** If you are not a U.S. citizen, you’ll also need your Alien Registration Number.

**Your driver’s license number-** If you don’t have a driver’s license, then don’t worry about this step.

**Your tax records-** Use income records for the prior tax year. There is the ability to automatically fill in tax information from the IRS.

**Records of your untaxed income-** This includes a variety of income types that may or may not apply to you, such as child support received, interest income, veterans non-education benefits, etc.

**Records of all of your assets -** This includes savings and checking account balances, as well as investments like stocks, bonds, and real estate.

**List of the school(s) you are interested in attending-** The schools you list on your FAFSA will automatically receive your FAFSA results electronically. They will use your FAFSA information to determine the types and amounts of financial aid you may receive. You can list up to 10 schools where you will apply or attend.

## **AFTER FILING**

Filling out the form does not mean the process is finished. Students have to track the process and check for email communications regularly. Outlined below is a description of what happens after filing the FAFSA.

**Look out for your SAR-** Your SAR is a paper or electronic document that gives you basic information about your eligibility for federal student aid. This document also provides the answers you gave to the questions on your FAFSA.

**Locate your EFC-** Your EFC can be found in the box at the top of the first page of your SAR under your Social Security Number. Your EFC is a measure of your family's financial strength and is calculated according to a formula established by law. This formula considers your family's taxed and untaxed income, assets, and benefits as well as your family size and the number of family members who will attend college during the year.

**Review your financial aid history information-** The last page of your SAR includes information about your financial aid history, specifically the loans you have taken out. It can be complicated and confusing to keep track of all your loans and interest rates, but it is very important. Reviewing the financial aid history in your SAR will help you be aware of how much you are borrowing and how much you will owe – and repay – after leaving school.

**Double-check with your schools-** Make sure that you double-check with the financial aid offices at the schools where you applied. Sometimes schools need additional paperwork or have additional deadlines.

## **Wait for the offers**

On the FAFSA students will be asked which schools they will be applying to. These schools will automatically receive the information from the FAFSA and upon acceptance they will create a financial offer.

Reviewing multiple financial aid offers can be confusing. The **Financial Aid Shopping Sheet** is a standardized financial aid award letter that helps students better understand the amount and types of financial aid they qualify to receive at each school. You may or may not receive this from a school that offers you aid. The Shopping Sheet lays out the total cost of attendance including tuition, fees, and other expenses. The form also breaks out each type of aid a student may be eligible to receive at that school including:

- Grants and scholarships
- Work-study
- Loans

Additionally, the **Financial Aid Shopping Sheet** provides information on the median amount of total loan indebtedness for students attending a particular school. This can be helpful to understand. The Financial Aid Shopping sheet is not mandatory, although many schools provide it, and others are in the process of adopting it. The Consumer Financial Protection Bureau has an online tool to allow you to input information from a financial aid award and compare awards from various schools.

[www.consumerfinance.gov/students/knowbeforeyouowe/](http://www.consumerfinance.gov/students/knowbeforeyouowe/)

# Financing College Conclusion

**Time:** 10-20 Minutes

**Objective:** Review the lessons of the day and wrap up any unanswered questions.

**PowerPoint Slides:**

- Stay Informed: StudentAid.gov
- Get started now
- Got it?

A great resource to help students through this process is StudentAid.gov. The site has tools to get ready for college or career school, learn about federal student aid and how to apply using the FAFSA, and get information on repaying student loans.

A final video, which provides a light hearted look at financial aid from Federal Student Aid is **The Real Truth About Financial Aid- Adam Ruin College** found at <https://youtu.be/JONqbF0pgFI> and takes 4 minutes to watch.

Review with students takeaways from the session they can immediately put into play to help prepare for college:

- Research and apply to scholarships.
- Apply for aid via the FAFSA: October Deadline!!!
- Understand the loans they are receiving before signing.

Do a final check-in with students to see if you covered all of the session objectives. Do students:

- Understand the different options available to pay for college?
- Understand college loans and how interest accumulation and repayment options vary?
- Know the basics of the FAFSA and where to find additional support in completing an application?
- Know how to compare financial aid packages?

# Managing Debt Accumulation

Students will:

- Learn how student debt accumulation affects one's financial future and other life goals,
- Learn how to budget to help limit student debt accumulation. Learn to spend and save money wisely, and
- Explore options for managing education expenses while in school.

## Overview & Timeline

Activity (Time)	Objective	Summary of Activity
Icebreaker (5 Minutes)	To build rapport with participants.	Introduce yourself and the session topic with a fun icebreaker. Get to know the participants.
Setting the Stage (35-50 Minutes)	Learn how student debt accumulation affects one's financial and other life goals.	Presenter will walk students through the <b>Financing College</b> and <b>Lifeline</b> activities.
Tools for Success (15-30 Minutes)	Learn how to budget and explore options for managing education expenses while in school.	Presenter will engage students in discussion exploring the basics of budgeting. A supplemental video on <b>Budgeting</b> will wrap up the lesson.
Conclusion (5 Minutes)	Review the lessons of the day and wrap up any unanswered questions.	Presenter addresses any follow up questions and closes out the lesson for the day.

### **Activities**

Page 8- Financing College

Pages 6-7- Lifeline

### **PowerPoint Slides**

Can be found on the Financial Beginnings Volunteer Website under Classroom Materials.

### **Videos**

Budgeting- by the U.S. Department of Education



# Managing Debt Accumulation Icebreaker

**Time:** 5 Minutes

**Objective:** Build a rapport with students.

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## **PowerPoint**

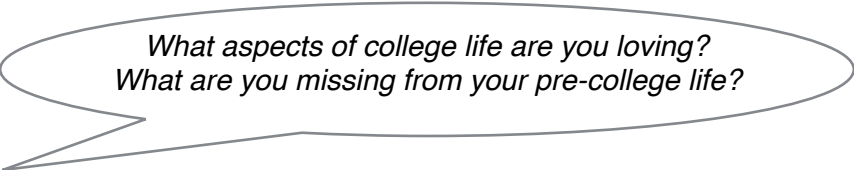
**Slide #:**

- Introduction slide
  - Icebreaker
  - What are we doing today?
- 

## **Discussion**

Introduce yourself to students. Let them know where you work and what your role is.

Icebreakers help you to build a rapport with students and introduce the subject. For this session you will ask students:



*What aspects of college life are you loving?  
What are you missing from your pre-college life?*

Do students love:

- The party scenes?
- No parents breathing down their neck?
- Sleeping-in because of late classes?

Do students miss:

- Receiving help with their laundry?
- Home cooked meals?
- Less homework?

Explain to students the purpose of the Pathways program and why you volunteer your time to come into their classroom to teach these valuable lessons. Provide students with a brief overview of the day's course objectives.

# Managing Debt Accumulation **Setting the Stage**

**Time:** 35-50 Minutes

**Objective:** Learn how student debt accumulation affects one's financial and other life goals.

---

## **PowerPoint**

### **Slides:**

- We know why we're here!
- We may have to borrow
- Do you know how much student debt you are going to have when you leave school?
- How many leave with debt?
- How much debt will you have when you leave school?
- Finding your salary
- Cost of school
- Calculate your student loan payment
- What about credit card debt?
- More students drop out of school because of financial troubles than academic troubles!
- Don't worry about it! I'm going to make lots of money.
- Life is expensive!
- Moral of the story

## **Participant Guide**

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Page 8- Financing College  
Pages 6-7- Lifeline

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## **Discussion**

Hopefully the audience for this lesson is early in their college career. We want to make students aware, early on, of the importance of managing their debt accumulation during college.

The **PowerPoint Slides** show the average salaries and unemployment rates based on highest level of education attained. These students have made the decision to obtain higher education. Studies show higher education means earnings improve and unemployment goes down for those who have invested in education.

Two-thirds of students borrow money for college. In most cases, student loans are a person's first experience with borrowing. Students likely understand borrowing for college is leveraging debt to help them obtain the higher salary and lower probability of unemployment.

*Do you know how much student loan debt you are going to have when you leave school?  
How many of you have calculated the total amount of debt you will accrue while in school?  
If you cannot pay back your credit card, what can you do to be relieved of the debt?  
Can you wipe out your student loan debt through bankruptcy?*

Unfortunately most college students have not determined the amount of debt they will accrue to complete college.

It is important to stress to students the effect negative credit can have on their future lives. Students also need to be aware that though most debts can be relieved through bankruptcy, most student loan debt cannot.

The average amount of student loan debt an undergraduate leaves school with is approximately \$30,000.

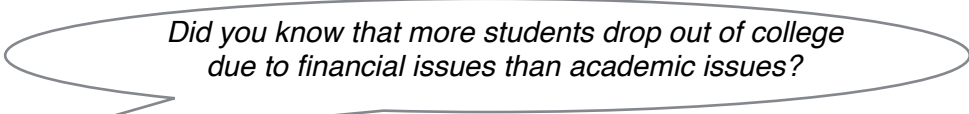
### ACTIVITY

Refer students to the **Financing College Activity** on **page 8** of the **Participant Guide**. Walk students through the example in the **PowerPoint Slides**. You will find the answers to a sample lesson using the University of Oregon as an example the Financing College Activity Sheet sample at the end of this lesson.

### CREDIT CARD DEBT

In addition to an average of \$30,000 in student loan debt, the average undergraduate will leave school with \$10,000 in credit card debt. It is a good idea for students to:

- Build credit while in school. Getting a head start on establishing credit while in school can be beneficial. A strong credit history can help with credit approval for future borrowing needs, and may result in a lower interest rate.
- Limit of one credit card that is paid off each month. It can be tempting to sign up for multiple credit cards because of the promised benefits. However, while in college, it is a good idea to limit debt to just one credit card. It is also a good idea to pay off the balance each month.
- Only purchase items on credit for which you have a plan to pay off. If you cannot pay off the balance within one month, then you are spending beyond your ability. It is important to develop a repayment plan before charging anything on a credit card. Once you accumulate interest on top of the cost of the items purchased, they are no longer bargains.



*Did you know that more students drop out of college due to financial issues than academic issues?*

### ACTIVITY

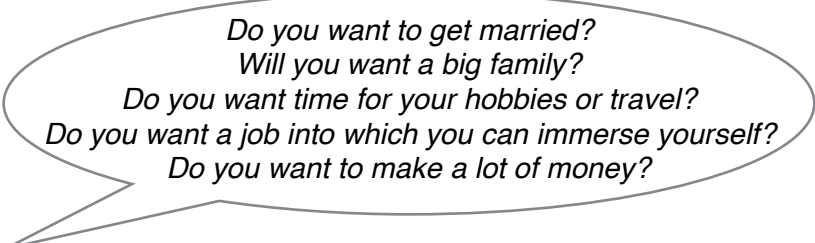
Refer students to the **Lifeline Activity** on **pages 6-7** of the **Participant Guide**. Allow them time to choose the milestones they wish to achieve and at what age in their life they expect to achieve them. When students have finished this, ask them to flip the page over and fill in the milestones by decade.

Lead participants through a discussion on what they discovered. Usually we find when we are in our 20s and 30s we have the most going on (getting married, having children, buying a house), but it's also the point in our life when we are making the least amount of money.



*Do you work to live or live to work?*

Some view work as a necessary act to make money to support their life. Others, absolutely love their job and could not imagine not working. Ensuring a proper balance in your personal and professional life is imperative to a successful life. Emphasize to students the importance of thinking about their future life and goals. Debt repayment will get in the way of reaching future goals.



*Do you want to get married?  
Will you want a big family?  
Do you want time for your hobbies or travel?  
Do you want a job into which you can immerse yourself?  
Do you want to make a lot of money?*

## Financing College Activity Sheet Sample

Career and Schooling Needed	Your Answers
1. Ideal job:	Social Worker
2. The average starting salary: <i>Can find on Bureau of Labor Statistics <a href="http://www.bls.gov/oes/current/oessrcst.htm">http://www.bls.gov/oes/current/oessrcst.htm</a></i>	\$30,840
3. What degree will you need in order to obtain your ideal job?	Bachelors
4. How many years of school must you attend?	4
Cost of School	
5. Using the Net Price Calculator determine your Net Price after grants and scholarships. <a href="http://nces.ed.gov/ipeds/resource/net_price_calculator.asp">http://nces.ed.gov/ipeds/resource/net_price_calculator.asp</a>	\$14,202
6. Multiply the Net Price by the number of years you have remaining	\$56,808
Paying for School	
7. Of the above amount, how much are you able to pay for personally?	\$0
8. Will your parents be helping to pay? If so, how much?	\$0
9. Subtract both your and your parents' contribution toward the net price. <i>This is the amount you will need to borrow.</i>	\$56,808
Student Loans	
10. Do you have student loan debt already? If so, how much?	\$0
11. Add existing student loan debt to the amount you will need to borrow. <i>This is your total estimated student loan debt.</i>	\$56,808
12. Estimate your monthly student loan payment after completing school. <a href="http://www.finaid.org/calculators/loanpayments.phtml">http://www.finaid.org/calculators/loanpayments.phtml</a>	\$653.75
13. How much total interest will you pay?	\$21,641.72

How does your total monthly student loan payment compare to your expected monthly salary?

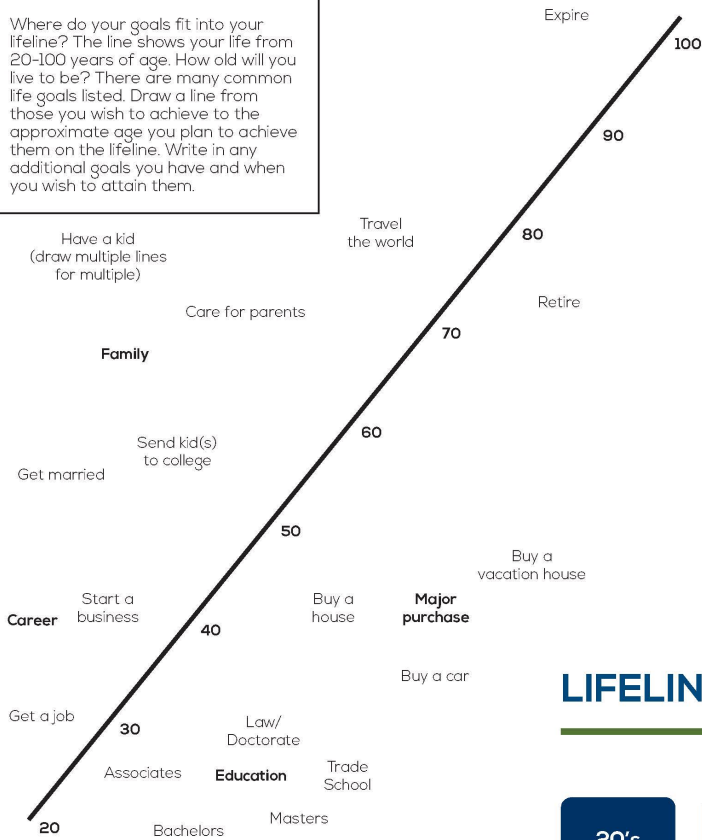
Have you ever figured your total cost for school and debt before?

Does this exercise make you want to change some of your decisions about how to pay for college? Please explain.

The Lifeline activity can be found on pages 6-7 of the Participant Guide.

## LIFELINE

Where do your goals fit into your lifeline? The line shows your life from 20-100 years of age. How old will you live to be? There are many common life goals listed. Draw a line from those you wish to achieve to the approximate age you plan to achieve them on the lifeline. Write in any additional goals you have and when you wish to attain them.



## LIFELINE

Pa

20's	30's	40's	50's	Golden years
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# Managing Debt Accumulation Tools for Success

**Time:** 15-30 Minutes

**Objective:** Learn how to budget and explore options for managing education expenses while in school.

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## PowerPoint

### **Slides:**

- Minimize debt during school
  - Have you created a budget?
  - Basics of budgets
  - Income
  - Expenses
  - Would you rather live like a poor college student now or at retirement?
- Needs vs. Wants
  - How to start a budget
  - Where can I cut expenses?
  - Budget busters
  - How do you keep track of your money?
  - Which budgeting tool is best?
- 

## Discussion

*What are some ways to increase your income while in school?*

### Increase Income:

- Become a Resident Assistant in your Junior or Senior year.
- Work while in school and/or on breaks. This will not only provide you with additional income, but it will also build your skills and resume.

*What are some ways to decrease your expenses while in school?*

### Decrease Expenses:

- Live at home. Can't beat the price!
- Save by living off-campus with roommates. Sharing expenses with roommates can help keep costs down.
- Save on the cost of books. Try to share books with your friends. Find out if the library has a copy of the book that you can borrow. Look at online book stores that may provide better prices.
- Cut out the bad habits. Daily coffee cart? Smoking? Shoe crazy? Video game fanatic?

*How many have created a budget before?  
How many have maintained a budget?*

Until students have calculated their budget, and understand how much they will need to live while in school, they do not have enough information to know how much they need to borrow. Students who accept the full amount of student loans offered may be taking on more debt than necessary.

Teach students about the basics components of a budget.

## Income — expenses = Net Income/Loss

If income is greater than expenses then it is *Net Income*.

If expenses are greater income then it is a *Net Loss* and they are going into debt!

Share some examples of the different forms of income including:

- Earned Income- job, consulting, operating a business
- Portfolio Income- stock returns, bond returns, rental income
- Gifted and Loaned- birthday, Christmas, student loans while in school or parents' support

Have students write on the board things they have spent money on over the past week. After getting a list of common expenses explain the difference between fixed versus variable expenses. Refer to some of their expenses and ask if they can identify fixed versus variable expenses.

Explain to students it is harder to change fixed expenses. Rent and car payments are examples of fixed expenses. Changing these types of fixed expenses would mean moving to a cheaper place or refinancing their car. Variable expenses are more easily adjusted because they usually involve choices. You can choose to work, to drive less, or to eat out less frequently.

*Would you rather live like a poor college student now or at retirement?*

Hopefully the answer is obvious. Have students stand up in the middle of the room. Tell students that one end of the room represents something they need and the other something they would just want. Let them know that they are likely going to be somewhere in-between for each of the items you are going to list. Tell them to stand in the place they feel their needs and wants are for the items in the following list:

- Morning coffee
- Professional hair cut
- A fancy car
- Many pairs of shoes
- Name-brand jeans
- An awesome game system

### **HOW TO START A BUDGET**

Walk students through the basics of how to establish a budget.

- Pick a time period.
- Project income and expenses.
- Ensure expenses are not greater than income.

Items that can kill a budget:

- Unexpected expenses.
- Unrealistic budget line items.
- Lack of adjustments when necessary.
- Not tracking spending to budget.
- Not factoring “what if” scenarios.

Introduce students to different budgeting tools they can use to track their budget. The best budget tracking tool is one they will actually use! Good tools include Excel, mint.com or Quicken. It may be easy to develop a budget, but unless actual expenses tracked against the budget it will not be useful.

Explain to students what Net Worth is:

$$\text{Assets} - \text{Liabilities} = \text{Net Worth}$$

It is not uncommon for someone to have a negative net worth when they are young, but as they get older it is important that net worth is positive and grows.

*Which budgeting tool is best?*

The answer depends on the student. The budgeting tool that is best for them is one they will actually use. One size does not fit all.

Federal Student Aid, an Office of the U.S. Department of Education has a YouTube Channel that has several helpful videos to help deliver these lessons. Federal Student Aid's **Budgeting Video** can be found at <https://www.youtube.com/watch?v=6lb-bdtko5cE> and can provide a quick 2 minute review of budgeting.



# Managing Debt Accumulation Conclusion

**Time:** 5 Minutes

**Objective:** Review the lessons of the day and wrap up any unanswered questions.

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## **PowerPoint**

**Slides:**

- So now what?
  - Got it?
- 

## **Discussion**

Review with students takeaways from the session they can immediately put into play:

- Calculate debt repayment before taking out debt.
- Keep in mind your future self.
- Create a budget.
- Use your budget to keep up-to-date.

Do a final check-in with students to see if you covered all of the session objectives. Do students:

- Understand how student loan accumulation relates to their post college financial future?
- Understand how to budget in order to limit student debt accumulation? Understand how to spend and save money more wisely?
- Understand how to manage education expenses while still in school?

# Managing Debt After College

Students will:

- Take a realistic look at post-college living expenses,
- Create a budget for post-college life,
- Learn about loan restructuring and consolidation options, and
- Discuss how to set long-term financial goals that incorporate saving and debt management.

## Overview & Timeline

Activity (Time)	Objective	Summary of Activity
Icebreaker (5 Minutes)	To build rapport with participants.	Introduce yourself and the session topic with a fun icebreaker. Get to know the participants.
Post-College Budget (30-45 Minutes)	Take a realistic look at post-college living expenses and create a budget.	Presenter walks students through the process of creating a budget and utilizes the <b>Post-Graduation Budget</b> to provide an example.
Understanding Your Loans (15-30 Minutes)	Gain an understanding of the different types of student loans.	Presenter leads students through a discussion on the different types of students loans they may be leaving school with and what their differences and similarities are.
Loan Repayment (5 Minutes)	Learn about loan restructuring and consolidation options.	Presenter provides information on several student loan repayment options and walks students through an example of a loan consolidation with the <b>Loan Consolidation Activity</b> .
Conclusion (5 Minutes)	Review the lessons of the day and wrap up any unanswered questions.	Presenter addresses any follow up questions and closes out the lesson for the day.

### Participant Guide

Page 8- Post-Graduation Budget

Page 9- Loan Consolidation

### PowerPoint Slides

Found on the Financial Beginnings Volunteer Website under Classroom Materials.

### Videos

Repayment: What to Expect by The U.S. Department of Education

# Managing Debt After College Icebreaker

**Time:** 5 Minutes

**Objective:** Build a rapport with students.

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## **PowerPoint**

**Slides:**

- Introduction slide
  - What plans do you have once you have completed school?
  - What are we doing today?
- 

## **Discussion**

Introduce yourself to students. Let them know where you work and what your role is.

Icebreakers help you to build a rapport with students and introduce the subject. For this session you will ask students:

*What plans do you have once you have completed school?*

Explain to students the purpose of the Pathways program and why you volunteer your time to come into their classroom to teach. Provide students with a brief overview of the day's course objectives.

# Managing Debt After College **Post-College Budget**

**Time:** 30-45 Minutes

**Objective:** Take a realistic look at post-college living expenses and create a budget.

## PowerPoint

**Slides:**

- How much money do you think you'll make annually?
- Nationally
- So how much will you make in your lifetime?
- Where do our millions go?
- Will we start at the average salary?
- Post Graduation Budget

## Participant Guide

Page 9- Post Graduation Budget

### Discussion

Walks students through a discussion on what their post graduation salary will be.

*How much money do you think you'll make annually?*

Let students know you are wondering what the salary will be once they are established in their career. If they are nearing the end of college they should have already done the research on how much their desired career pays.

*How do you think our state's average salaries compare to the national figures?*

National figures show the average salary of someone with a bachelors degree will be \$71,552. If you apply that over 40 years one would earn \$2,862,080 in their lifetime. The scary thing is nearly half of Americans die with less than \$10,000.

*Where do our millions go?*

Here are some rough figures:

- \$224,890 on food
- \$121,212 for cars
- \$250,000 for housing
- \$171,816 for college
- \$94,560 for retirement
- \$600,000 for interest payments
- \$256,049 for taxes
- And what about thing alike vacations, braces, clothing?

*Will you start making the average salary?*

Likely no. Though the average salary in our desired career may look very appealing, it is likely going to take some time before reaching the average salary. The average salary of a recent undergraduate is \$44,000 and that's assuming they get a job. The job market is very competitive.

### ACTIVITY

Direct students to the **Post Graduation Budget Activity** on **page 9** of the **Participant Guide**. Allow students time to work individually or in pairs on the activity. The **PowerPoint Slides** provides the answers and leads students through the discussion questions.

#### Post Graduation Budget

The average undergraduate starting salary is \$44,000.

Utilize [paycheckcity.com/calculator/salary/](http://paycheckcity.com/calculator/salary/) to calculate the monthly take home pay for a single individual starting making \$44,000 annually.

**Gross monthly wages:**~~\$3667~~ **Net monthly wages:**~~\$2595~~

Work out a budget utilizing common budget ranges.  
First calculate the budget range (net monthly wages \* budget %)

Budget Line Item	Minimum (low % * Net monthly wages)	Maximum (high % * Net monthly wages)	Your budget amount (someone in-between minimum and maximum)
Housing 25-35%	\$648.75	\$908.25	
Transportation 5-15%	\$129.75	\$389.25	
Food 10-15%	\$259.5	\$389.25	
Personal care 5-10%	\$129.75	\$259.5	
Health care 10-15%	\$259.5	\$389.25	
Loan repayment 7-15%	\$181.65	\$389.25	
Utilities 4-7%	\$103.8	\$181.65	
Entertainment 1-5%	\$25.95	\$129.75	
<b>Total</b>	<b>\$1738.65</b>	<b>\$3036.15</b>	

Do any of the budget ranges seem too high or too low for your spending habits? If so which and how would you adjust them?

# Managing Debt After College Understanding Your Loans

**Time:** 15-30 Minutes

**Objective:** Gain an understanding of the different types of student loans.

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## PowerPoint

### Slides:

- Understanding Your Loans
  - When must I begin making payments?
  - Using the calculator
  - My payment is what!?!?
- 

## Discussion

### Understanding your loans

A **Federal Student Loan** is a loan funded by the federal government to help pay for education. A federal student loan is borrowed money that must be repaid with interest. There are several different federal student loans.

The William D. Ford Federal **Direct Loan** Program is the largest federal student loan program. Under this program, the U.S. Department of Education is the lender. There are four types of Direct Loans available:

- **Direct Subsidized Loans** are loans made to eligible undergraduate students, who demonstrate financial need, to help cover the costs of higher education at a college or career school.
- **Direct Unsubsidized Loans** are loans made to eligible undergraduate, graduate, and professional students. The student does not have to demonstrate financial need to be eligible for this type of loan.
- **Direct PLUS Loans** are loans made to graduate or professional students and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.
- **Direct Consolidation Loans** allow you to combine all of your eligible federal student loans into a single loan with single loan servicer.

The **Federal Perkins Loan** Program is a school-based loan program for undergraduates and graduate students with exceptional financial need. Under this program, the school is the lender.

A **Private Student Loan** is a non-federal loan made by a lender such as a bank, credit union, state agency or school.

*Do you know what types of loans you have?*

Refer students to <https://nsldsfa.ed.gov> to find out which types of loans they have.

*Do you know when you have to start making payments?*

Repayment:

- Direct Subsidized Loans, Direct Unsubsidized Loans, Subsidized Federal Stafford Loans, and Unsubsidized Federal Stafford Loans have a six-month grace period after students leave school before payments are due.
- PLUS loans have no grace period. These loans enter repayment once they are fully disbursed. Borrowers may be eligible for a deferment. Contact your loan servicer for more information.
- If you received a Federal Perkins Loan, check with the school where you received the loan to learn the repayment requirements.

Monthly payments can be estimated at either of these sites:

- <http://www.finaid.org/calculators/loanpayments.phtml>
- <https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>

For example, if a student leaves school with \$27,000 in student loan debt at 6.8% interest over 10 years, the payment will be \$310 each month. For many recent graduates a payment of this amount is too high. This information will lead you to the discussion regarding repayment options in the next section.

# Managing Debt After College Loan Repayment

**Time:** 5 Minutes

**Objective:** Learn about loan restructuring and consolidation options.

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## **PowerPoint**

### **Slides:**

- Standard Repayment Plan
  - Graduated Repayment Plan
  - Extended Repayment Plan
  - Income-Based Repayment Plan
  - Pay-As-You-Earn Repayment Plan
  - Income-Contingent Repayment Plan
- Income-Sensitive Repayment Plan
  - Loan Consolidation Activity
  - Things to watch for
  - Deferment or Forbearance
  - Consequences of Default
  - Forgiveness, Cancellation or Discharge
- 

## **Participant Guide**

Page 10- Loan Consolidation

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## **Discussion**

Walk students through the different repayment options that may be available to them. The **PowerPoint Slides** walk through many of the repayment options available.

[StudentAid.gov/repay](http://StudentAid.gov/repay) is a great resource to find out more information on repayment options. The Department of Education provides a great handout outlining repayment options called *Repay Your Federal Student Loans*. This handout can be downloaded from Financial Beginnings' **Volunteer Website** under *Classroom Materials*.

### **ACTIVITY**

Direct students to the **Loan Consolidation Activity** on **page 10** of the **Participant Guide**. Allow students time to work individually or in pairs on the activity. The **PowerPoint Slides** walks through the answers.

It is important for consumers to carefully review the terms of loans before consolidating. It is easy to be easily swayed by considering only the monthly payment. It is critically important to consider how much interest you will pay over the life of the consolidated loan, the length of the loan term, and any other specifics before consolidating loans.

### **DEFERMENT OR FORBEARANCE**

A **deferment** is a period during which repayment of the principal and interest of your loan is temporarily delayed. Deferment can be available if:

- You are unemployed and looking for a job.
- You are in a period of economic hardship (includes Peace Corps service).
- You take part in an approved graduate fellowship program.
- You are in an approved rehabilitation training program for the disabled.
- You are in a period of active duty military service during a war, military operation, or national emergency.
- You are in school at least half time.



If you can't make your scheduled loan payments, but don't qualify for a deferment, your loan services may be able to grant you a **forbearance**. With forbearance, you may be able to stop making payments or reduce your monthly payment for up to 12 months. Forbearance can be available if:

- You are serving as a medical or dental internship or residency program.
- Your total amount of student loans is 20% or more of your total monthly gross income.
- You are serving in a national service position such as AmeriCorp.

### CONSEQUENCES OF DEFAULT

For many, their first exposure to debt is student loans. When borrowers fail to repay loans, there are negative consequences that can have a lasting negative effect such as:

- Defaulted loans are reported to credit bureaus.
- Ineligibility for federal student aid.
- Loan immediately due and payable in full.
- Lose eligibility for repayment plans, deferment or forbearance options.
- Collection agencies will contact borrower.
- Administrative wage garnishment.
- Garnishment of tax refunds.

### FORGIVENESS, CANCELLATION OR DISCHARGE

*Is there any possible way to avoid repaying student loan debt?*

Yes:

- **Death-** If you die, your student loan debt will be discharged. If your parents took out a PLUS loan and either they die or you do, then their obligation will also be discharged.
- **Disability-** Direct loans may be discharged if you become totally and permanently disabled.
- **Public Service-** Certain public service jobs can qualify you for loan forgiveness after 120 payments. You are required to make the payments under a certain payment plan.
- **Teacher-** If you teach full-time in a low-income elementary or secondary school for five consecutive years you can get up to \$17,500 forgiven.

Federal Student Aid, an Office of the U.S. Department of Education has a YouTube Channel that has several helpful videos to help deliver these lessons. Federal Student Aid's **Repayment: What to Expect Video** can be found at <https://youtu.be/oJHySMdXjxE?list=PL5C43A3FD801FDF45> and provides a quick 2 minute review of what to expect during the loan repayment process.

# Managing Debt After College Conclusion

**Time:** 5 Minutes

**Objective:** Review the lessons of the day and wrap up any unanswered questions.

## PowerPoint

**Slides:**

- Starting Off Strong
- Got it?
- Setting Financial Goals

## Discussion

### **SETTING FINANCIAL GOALS**

It is important to keep in mind future financial goals. Some of the common goals after college include:

<b>Plans for next 5-10 year</b>	<b>Possible cost</b>
Get married?	\$25,000
Buy a house?	\$50,000 down payment
Buy a car?	\$20,000
Have children?	\$800 per month
Go back to school?	\$30,000-50,000

Review with students takeaways from the session they can immediately put into play:

- Set financial goals.
- Minimize debt accumulation.
- Start saving early.
- Be a lifelong learner.

Do a final check-in with students to see if you covered all of the session objectives. Can students:

- Take a realistic look at post-college living expenses?
- Create a budget for post-college life?
- Understand loan restructuring and consolidation options?
- Set long-term financial goals that incorporate saving and debt management?

### Student Loan Consolidation Activity

You are starting your first full year of work after graduating college. With the New Year you have also has come the end of your student loan payment deferrals. You begin to get several bills in the mail reminding you about your student loans. You begin adding them up to find the student loan payments are quickly eating up the salary at your new job.

You've heard about student loan consolidation and have been offered the following terms on a consolidated student loan:

Loan Amount: 24,000  
 APR: 6.8%  
 Payment: \$183.20  
 Term: 20 Years

**What is the total interest paid over the life of the loan?**  $(183.20 * 240) - 24000 = \$19,968$   
 (Monthly Payment \* number of monthly payments)- Loan Amount= Total Interest

Currently you are paying on 4 loans with varying APRs and payments. All your loans have 10-year terms:

	Loan Amount	APR	Payment	Weight Factor = Loan Amount/ Total of All Loans	Weighted Interest Rate = Weight Factor * APR
<b>Loan 1</b>	\$10,000	7.5%	\$118.70	.416	3.12
<b>Loan 2</b>	\$4,000	3.5%	\$50.00	.167	.58
<b>Loan 3</b>	\$5,000	7%	\$58.05	.208	1.46
<b>Loan 4</b>	\$5,000	5.5%	\$54.26	.208	1.14
<b>Total of Loans</b>	<b>\$24,000</b>	<b>Total Monthly Payments</b>	<b>\$281.01</b>	<b>Weighted Average Interest Rate</b>	<b>6.3%</b>

**How much are your total monthly student loan payments?** \$281.01

**What is your weighted average APR?** 6.3%

**What is your expected total interest paid on all of the loans if you do not consolidate?**  $(281.01 * 120) - 24000 = \$9,721.20$

**How much lower would your monthly payments be if you consolidated your student loans?**  $281.01 - 183.20 = \$97.81$

**What is the difference in interest rate and total interest paid if you consolidate all your loans into one versus staying with your current loans?**  $19,986 - 9,721.20 = \$10,264.80$  less if you stay with current loans

**Do you consolidate your student loans? Why or why not?**

