

Financing Your Future

Journey to Your Dreams



Let's Meet Our Cast of Characters:

Hi, I'm Marcus. I want to be a middle school teacher. That means I'll have to go to college for four years. I like learning new things, especially in science. As a teacher, I'll be able to help kids every day and be a good role model.



Hi, I'm Ilhan. I like reading, writing, talking with my friends and meeting new people.

My favorite subjects are social studies and language arts. I want to be a newspaper reporter, where I could learn a lot and share information with other people. I will go to a four-year college to study journalism.



Hi, I'm Maylee. I love animals and want to be a veterinarian. I have a dog and a cat now, and I take good care of them. My favorite subjects in school are science and math. I will go to a four-year college, and then to veterinary school for another four years.



Hi, I'm Angela. I love plants and flowers, and would like to be a florist, so I will go to a technical college for two years. I would like to start my own flower shop. I'm good at math and art. I'm organized, even when I'm busy, and I love meeting new people.



Hi, I'm Peter. I want to become a landscape architect, so I can make beautiful parks and gardens. I love building things and being outdoors, so this job would be fun for me. I'll go to a two-year school to learn more about plants and design. Then I will transfer to a four-year school.



Hi, I'm Chris. I want to be an artist, because I love drawing, acting and building different kinds of sculptures. I'm creative and outgoing, and I like trying new things. I will probably go to a four-year art college, where I will gain experience and learn more about different types of art.

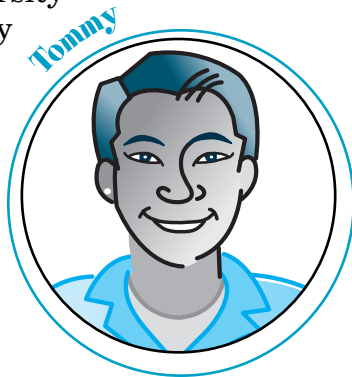




Hi, I'm Nou. I am a college student studying to be a civil engineer at a four-year college. That means I'll learn ways to help build a bigger and better place for all of us to live. I have a work-study job as a tutor, and will have an internship over the summer. I love to travel and see different places.



Hi, I'm Eddie. I went to a community college for two years to learn how to run my own business. Now, I own a gas station. I like visiting with my customers when they come in, and I feel I'm part of my community. I also like riding my bike and playing baseball.



Hi, I'm Tommy. I'm an Education Liaison with the *Get Ready* program. I went to a community college for two years and then transferred to a university for two years to get my bachelor's degree in psychology, which took a total of four years of higher education. I love working with kids and helping them set goals for their future. I also like listening to music, watching movies and playing soccer.



Hi, I'm Mrs. Girard. I'm a school librarian. I had to go to college for six years to become a librarian. Now I enjoy helping students do research and select books. I love to read and I also like working on the computer. In a library, there is always something new to learn.



Hi, I'm Ms. Jackson. I always wanted to be a teacher because I love working with children, and I always get to learn new things. I went to a four-year college, and then became a fifth grade teacher. I also like to play the piano, go canoeing and travel with my family.



Hi, I'm Ms. Drucker. I went to college for four years, and then to graduate school for two more years to earn my master's degree. Now, I'm a school counselor, and I enjoy meeting with students every day. I also like hiking and photography.

Building Your Money Smarts

“We’ve come a long way on our journey to our dreams, haven’t we?” asked Ilhan.

“Yeah, I’ve learned about things I didn’t know before,” said Chris, “like how to set goals and how my interests relate to careers.”

“Plus, we learned how high school can prepare us for college,” said Ilhan.

“Right!” said Chris. “But I’m still not sure I understand how to pay for college. I have a hard time just understanding money.”



Ilhan nodded. “Maybe learning more about spending and saving money will help us understand how to pay for college too.”

“That makes sense!” said Chris. “It would also help to know which types of schools prepare you for certain careers.”

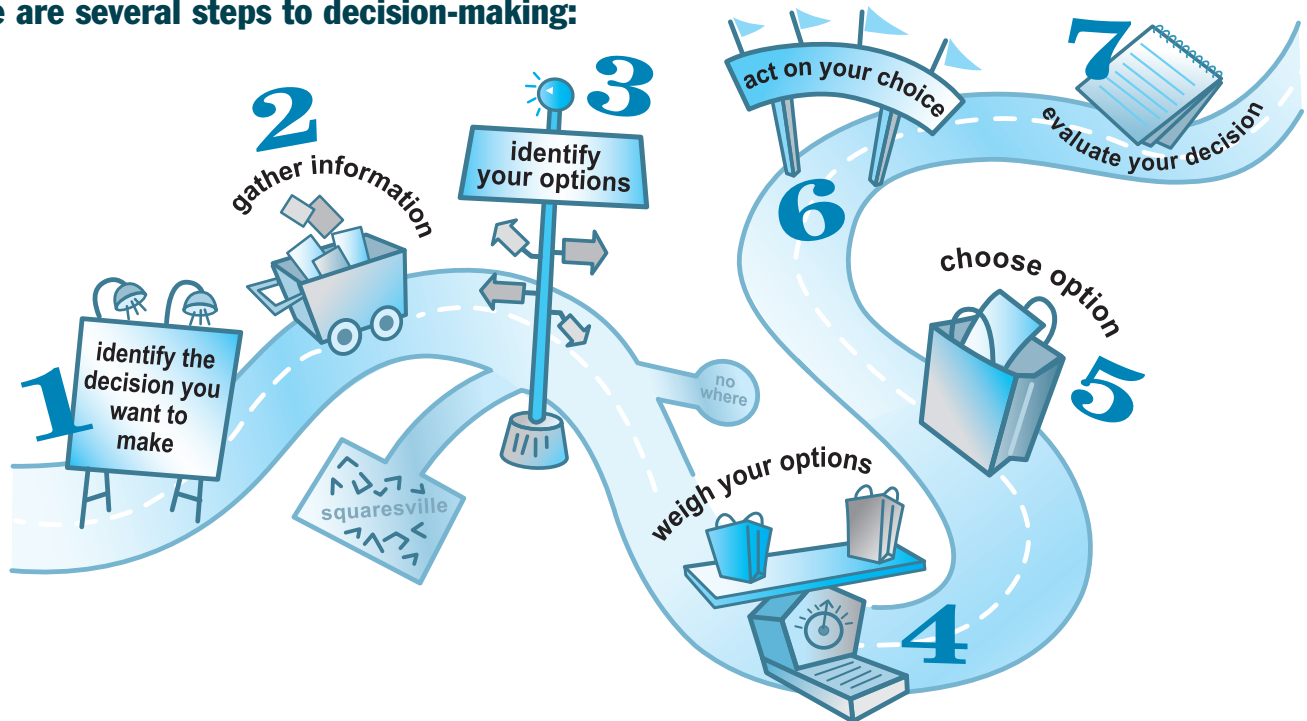
“And how education affects income too,” added Ilhan. “I guess we still have a lot to learn. Let’s get started right now!”

You’re too young to have a full-time job or go to college, but you’re not too young to be money smart.

Most people spend money as soon as they earn it (through working) or receive it (as a gift). It’s fun to buy items you want, but it’s also important to save money.

You make decisions every day. Did you decide what to wear today? Or what to eat for breakfast? Or how you were going to behave in class? Some decisions are small while others are large.

There are several steps to decision-making:





“I just registered for this cool science class in college, and I need to buy a textbook and school supplies,” said Nou.

“I have exactly \$35. A brand new textbook costs \$29.95. A used textbook costs \$20. Supplies cost \$5. What should I do?”

1. Identify the decision you want to make:

Should Nou buy the new textbook or should Nou buy the used textbook?

2. Gather information:

Nou has enough money to buy either the new or used textbook, and still has money left over to buy supplies.

3. Identify your options:

- a) Buy new textbook and supplies, but have only 5 cents left.
- b) Buy used textbook and supplies, and have \$10 left.

4. Weigh your options.

Why should or shouldn't Nou buy the **new** textbook? _____

Why should or shouldn't Nou buy the **used** textbook? _____

5. Choose an option.

Nou should: _____

because: _____

6. Act on your choice.

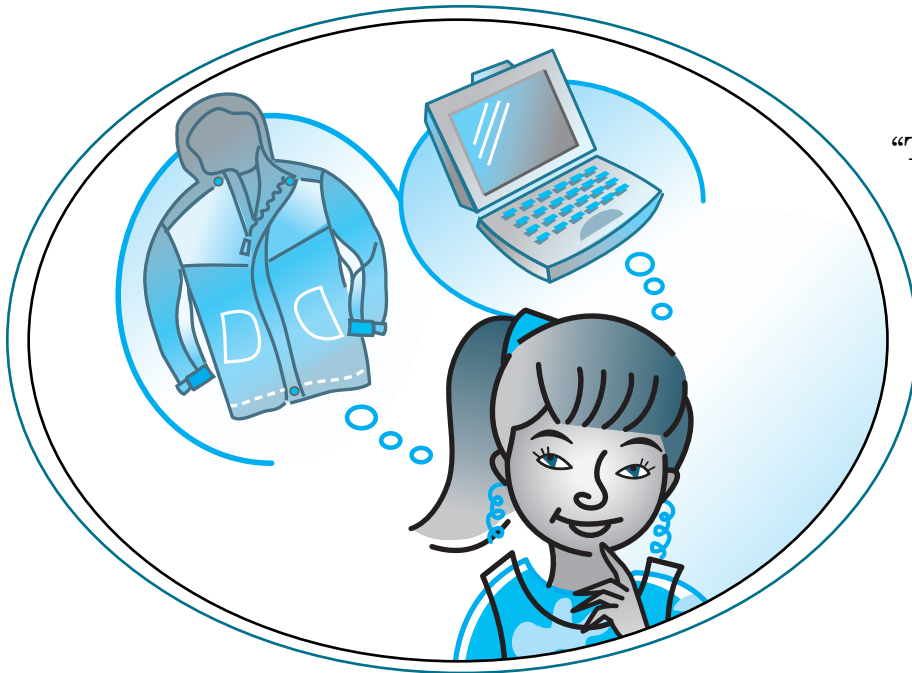
7. Evaluate your decision.

What were the results of Nou's decision? _____

Should Nou make the same decision next time? Why or why not? _____



I Want It All, But Do I Need It All?



“There are lots of things I want to have,” Angela said. “I think I need everything, but I guess some things are wants. I need a new winter coat, but I’d really like a computer of my own.”

When it comes to money, people usually spend money on what they need or want.

What is the difference between a need and a want?

I think a **need** is _____

I think a **want** is _____

Does everyone have the same needs and wants? Why or why not? _____

Area of your life	Needs	Wants
Personal	1. Clothes 2. Food	1. Designer jeans 2. Pizza and fast food
School	1. Notebook 2. Pencil	1. Notebook with holographic cover 2. A glow-in-the-dark pencil

Think about your daily needs and wants.

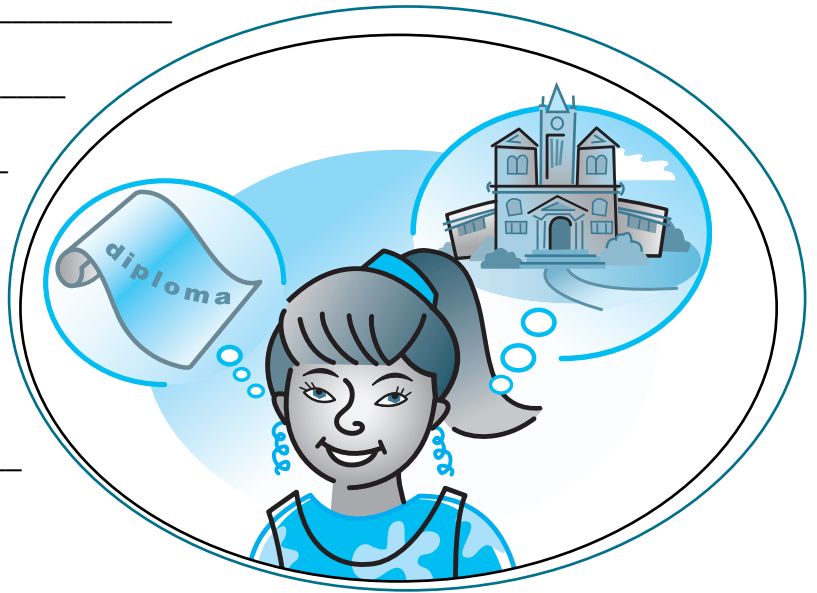
List three needs and three wants you have in your personal and school life.

Area of your life	Needs	Wants
Personal	1. _____	1. _____
	2. _____	2. _____
	3. _____	3. _____
School	1. _____	1. _____
	2. _____	2. _____
	3. _____	3. _____

We all have needs and wants.

What can you do now to meet your future needs and wants? _____

Is going to college a need or a want? Explain your statement. _____



Show Me the Money!

Let's face it. Everyone needs money to survive. We need money to pay for a place to live, food, clothing and other necessities. There are several ways to get money. You can:

- Earn money by working
- Receive money through the exchange of goods or services
- Receive money from someone as a gift

Anyone at any age can earn money.

Put a check (✓) in the box next to what you like to do or what you don't like to do. You may add other ways to earn money on the blank lines.



	What I like to do	What I don't like to do
Baby-sit	<input type="checkbox"/>	<input type="checkbox"/>
Clean	<input type="checkbox"/>	<input type="checkbox"/>
Run a lemonade stand	<input type="checkbox"/>	<input type="checkbox"/>
Mow lawns	<input type="checkbox"/>	<input type="checkbox"/>
Sell old books and toys	<input type="checkbox"/>	<input type="checkbox"/>
Shovel snow	<input type="checkbox"/>	<input type="checkbox"/>
Wash cars	<input type="checkbox"/>	<input type="checkbox"/>
Collect loose change	<input type="checkbox"/>	<input type="checkbox"/>
Have a garage sale	<input type="checkbox"/>	<input type="checkbox"/>
Walk dogs/pet-sit	<input type="checkbox"/>	<input type="checkbox"/>
Rake leaves	<input type="checkbox"/>	<input type="checkbox"/>
Sell cookies	<input type="checkbox"/>	<input type="checkbox"/>
Fix bicycles	<input type="checkbox"/>	<input type="checkbox"/>
Wash windows	<input type="checkbox"/>	<input type="checkbox"/>
Paint	<input type="checkbox"/>	<input type="checkbox"/>
Invent something	<input type="checkbox"/>	<input type="checkbox"/>
Make/sell crafts	<input type="checkbox"/>	<input type="checkbox"/>
Tutor	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

What is the main idea of this activity? _____

When you have a **goal** you want to reach, it's a good idea to **plan ahead** and **figure out the steps** to reach your goal. Goal setting increases your chances of getting many of the things you want in life. In the following activity, figure out how much work you need to do to save for each goal if you received the following amounts.

I make:	If I:
\$1.50	Walk the dog
\$1.50	Sell an old DVD
\$3.00	Mow a lawn
\$4.50	Wash a car
\$6.00	Shovel snow

1. Your favorite video game costs \$30, and you want to make money washing cars. How many cars will you need to wash to make enough money to buy your favorite video game?



2. If you sell five DVDs and shovel snow once, will you have enough money to buy the video game?



3. If you mow three lawns, what else could you do to earn the \$18 you need to buy the video game?



Budgeting Basics

A budget helps you keep track of how you want to spend your money. It helps you track how much money you have coming in (income, allowance, gifts) and how much you have going out (expenses for needs and wants). How much you can save will depend on how much you must spend to pay your other bills.

Why do you think it is important to have a budget? _____

What can happen if you don't keep track of how you spend your money? _____

Put a true (T) or false (F) next to each statement. Using a budget will help me:

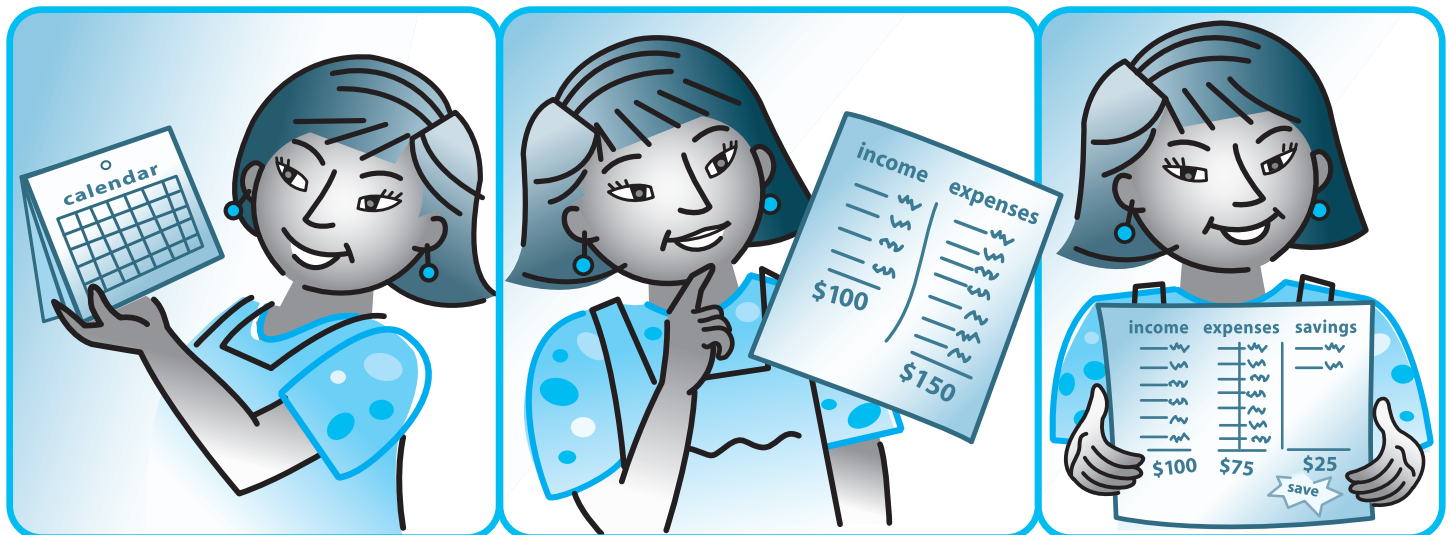
- | | |
|---|--|
| <input type="checkbox"/> Figure out how much money I have available to spend. | <input type="checkbox"/> Get good grades. |
| <input type="checkbox"/> Find out if I like school. | <input type="checkbox"/> Stay out of debt. |
| <input type="checkbox"/> Decide what I want to do with my money. | <input type="checkbox"/> Keep track of how I spend my money. |
| <input type="checkbox"/> Save money for college. | <input type="checkbox"/> Deal with unexpected expenses. |
| | <input type="checkbox"/> Pick classes in high school. |

Building a budget plan is as easy as 1-2-3:

1 Choose a time frame for your budget.

2 Estimate what your income and expenses will be for the chosen time frame. What are your priorities?

3 Make sure your expenses aren't more than your income. Remember to include savings in your plan.



Maylee



Maylee has \$20 in savings for college, and she just received \$50 from her aunt for her birthday. She made a budget to decide how she would spend and save her money.

The budgeted amount is what she thought she was going to spend, and the actual amount is what she actually spent. Add the amount of money she spent.

Budget Dates: November 1 - November 14			
Item	Amount budgeted	Actual amount spent	Amount spent above or below the amount budgeted
Savings for college	\$10	\$10	\$0
Baseball cap	\$10	\$15	Spent above budget by \$5
Candy	\$5	$\$3 + \$4 + \$2 = \9	Spent above budget by \$4
Eating out	\$5	$\$2 + \$4 = \$6$	_____ by _____
Mom's birthday present	\$10	\$18	Spent above budget by \$8
CDs	\$10	\$0	_____ by _____
TOTAL	\$50	\$ _____	_____ by _____

Which items did she overspend on? _____


What happens when you overspend on some items? _____

Do you think it is okay to overspend? Why or why not? _____

If Maylee continues to tap into her college savings fund, what do you think the consequences will be? _____

Keeping Track of Your Money

To have control of your money, it's important to know where your money is going.

 In this activity, you will create your own budget for the next week. Use the table below to create a budget for the week. Write down the dates you will be monitoring your budget. Include a start and end date on the **Budget Dates** line. On the **Amount Available** line, write how much money you have to spend.

Budget Dates: _____		Amount Available: \$ _____	
Item	Amount budgeted	Actual amount spent	Amount spent above or below the amount budgeted
TOTAL	\$ _____	\$ _____	_____ by _____

What was it like to follow a budget? Was your budget realistic? _____

What patterns do you see in your spending habits? Where did you overspend or underspend?

Were you able to save any money? Why or why not? _____

What would you change in your budget? _____

Your Spending Habits


Did you know that your spending habits can make or break your budget? Some people spend more money in certain areas than others.

Circle an item from each pair you would most likely buy if you had an extra \$50 to spend.

clothes <i>or</i> food	CDs <i>or</i> hobbies	DVDs <i>or</i> savings
video games <i>or</i> food	food <i>or</i> savings	savings <i>or</i> books
clothes <i>or</i> savings	video games <i>or</i> CDs	CDs <i>or</i> books
savings <i>or</i> CDs	CDs <i>or</i> food	CDs <i>or</i> DVDs
clothes <i>or</i> CDs	hobbies <i>or</i> video games	DVDs <i>or</i> hobbies
hobbies <i>or</i> savings	food <i>or</i> hobbies	hobbies <i>or</i> books
hobbies <i>or</i> clothes	DVDs <i>or</i> clothes	video games <i>or</i> books
savings <i>or</i> video games	clothes <i>or</i> books	video games <i>or</i> DVDs
video games <i>or</i> clothes	food <i>or</i> DVDs	books <i>or</i> DVDs

Now, count how many times you circled each item, and write the total next to the item below.

___ hobbies ___ savings ___ video games ___ food
 ___ CDs ___ clothes ___ DVDs ___ books

 The items you scored the highest on are areas you are most likely to spend your money impulsively. When you make an unexpected purchase, it is called **impulse buying**. This means you did not intend to buy an item but saw and bought it because you wanted it.

Which factors often influence your decision to buy an item? _____

Is there anything you bought that you haven't used yet? _____

Remember, deciding how you are going to spend your money ahead of time will help you decide if you really need something. When you see something you really want, don't buy it right away. Wait, go home and think about whether or not you really need the item you're tempted to buy. Will you have to give up something else if you buy the item?

Banking Basics

You can open a bank account at any age. **Savings accounts** and **checking accounts** are the two common types of bank accounts. You can save money in both types of accounts, but a checking account allows you to write checks up to the amount in your account.

A **deposit** is the amount of money you add to a bank account. When you put money into a bank account, you fill out a deposit slip. A **withdrawal** is the amount of money you take out of a bank account. When you take out money, you fill out a withdrawal slip. Once you have a bank account, it's important to keep a log of your transactions to monitor your income and expenses.

Writing checks and keeping records are a good way to track my spending. I've seen my uncle use something called a "debit card." Do you know what a debit card is?

So if I use a debit card, I won't go into debt, but I should still be smart about what I spend my money on.

A debit card can be used at my gas station to pay for things. A debit card takes the money from your bank account right away so if you don't have money in your account, the debit card will not work.

Peter



“I’m learning how to be smart with money, but I need your help,” said Peter. “Here are some of my transactions from the past two weeks. I started to balance my checkbook, but I need your help to finish. Help me figure out how much money I have left by adding the following transactions to the table below.”

- 11/13 I wrote a check at the bookstore for three comic books which cost me \$17.40.
- 11/14 I received \$25 from my sister for my birthday.
- 11/18 I took out \$20 from the cash machine to buy game cards and a used video game.
- 11/20 I deposited \$12 of my allowance money into my savings account.

Check #	Date	Code	Description of Transaction	Payment Fee or Withdrawal (-)		Deposit or Interest (+)		Starting Balance	
								\$65	00
1000	11/1		Bob's Gifts Gift for Ilhan	\$10	50			-10	50
								\$54	50
	11/1	deposit	Deposit from part-time job			\$25	00	+25	00
								\$79	50
	11/2	debit card	A & B Food Groceries	\$8	35			- 8	35
								\$71	15
1001	11/5		Music Emporium CD store	\$15	00			-15	00
								\$56	15
	11/6	ATM	Withdrawal for spending money	\$20	00			-20	00
								\$36	15
1002	11/13								
	11/14	deposit	Deposit						
	11/18								
	11/20								

Savings Basics

Saving is the best way to make the most of your money. To save money is to put money aside for future use, like for your college education. You can save money at home or you can put your savings in a bank savings account where it earns **interest**.

Interest is the money you earn on your money that is in the bank. The longer your money sits in the bank, the more interest you will receive. The higher the interest rate, the more interest you earn.



“Whether you want a new bicycle, your favorite group’s latest CD or money for college, saving is a good habit to learn,” explained Ms. Jackson. “How much can you save each month? In 10 years?”

Monthly Savings	Number of Months	Annual Savings	Number of Years	Total Savings
\$10	x 12	= \$120	x 10	= \$1,200
\$20	x 12	= \$ _____	x 10	= \$ _____
\$50	x 12	= \$ _____	x 10	= \$ _____
\$100	x 12	= \$ _____	x 10	= \$ _____

1. If you saved \$50 every month, how much money would you have for college after one year? _____ After five years? _____ After 10 years? _____
2. If you saved \$100 every month, how much money would you have for college after one year? _____ After five years? _____ After 10 years? _____

What is the main idea of this activity? _____

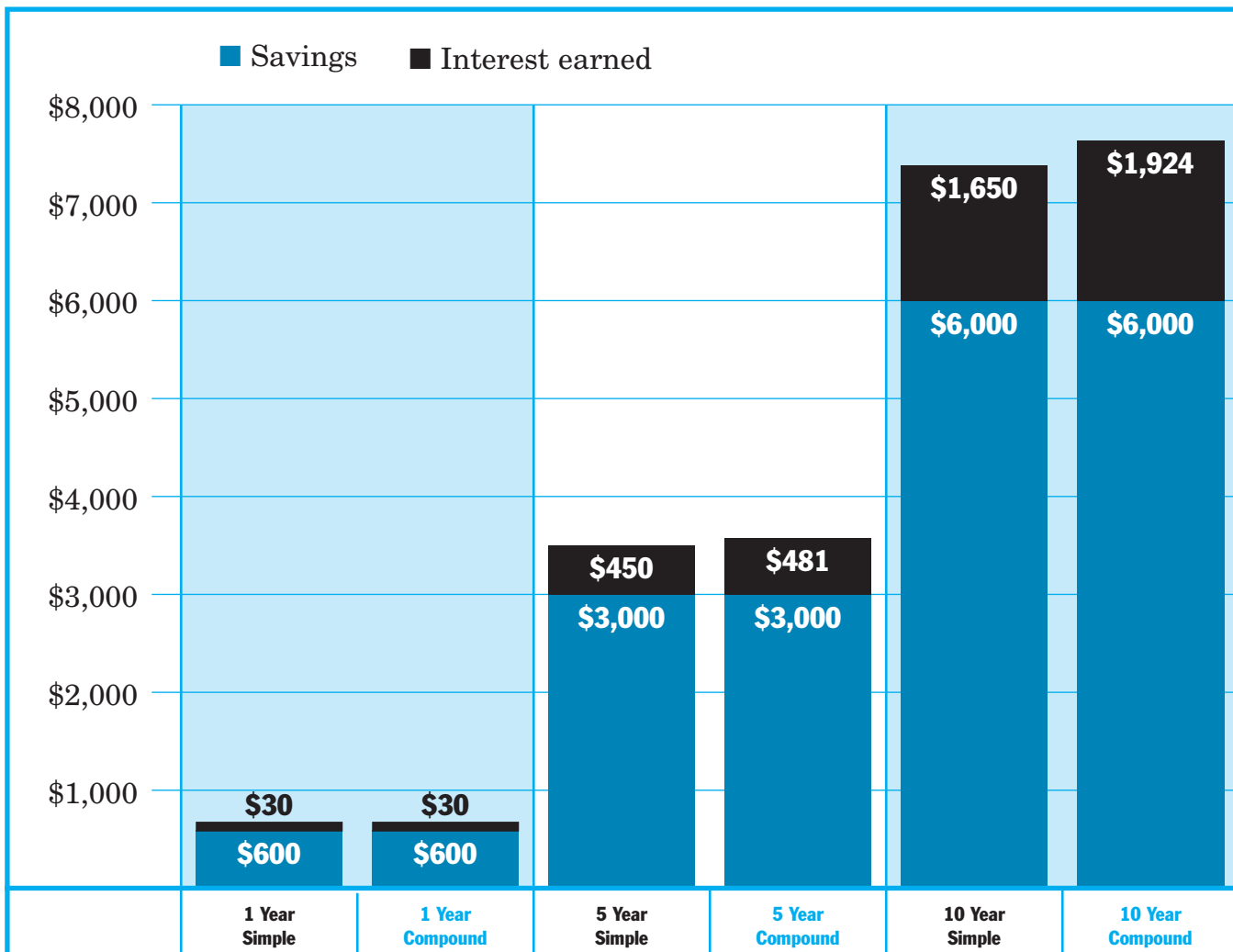
When you save, interest can help your money grow over time. There are two different types of interest:

- **Simple interest** is the money earned on your original money. Interest earned on your original money does not earn interest.
- **Compound interest** is different. When the money you save earns interest, the interest earned makes interest.

The difference may not be so obvious at first, but over time you'll notice that compound interest makes your savings grow faster.

How Interest Works

The chart below shows how much more you will earn in an account that pays compound interest if you save \$50 per month at 5% interest.



Figuring Out Simple Interest



“I have \$100 in my savings account, and I wonder how much it will be worth in one, three, and five years at different interest rates,” said Chris. “The table below explains how to calculate simple interest.”

Your Money Today	Annual % of Interest	Annual Interest Earned	Number of Years	Total Interest Earned	Your Money Today	Total Value of Your Money
\$100	x 5%	= \$5	x 1	= \$5	+ \$100	= \$105
\$100	x 5%	= \$5	x 3	= \$15	+ \$100	= \$115
\$100	x 5%	= \$5	x 5	= \$25	+ \$100	= \$125
\$100	x 10%	= \$10	x 10	= \$100	+ \$100	= \$200

Using the table above and the following steps, help Chris figure out how much his \$10 will be worth in five years at different interest rates.

1. Multiply **Your Money Today** by the **Annual % of Interest** to find your **Annual Interest Earned**.
2. Multiply your **Annual Interest Earned** by the **Number of Years** you will keep the money in the bank to find your **Total Interest Earned**.
3. Add the **Total Interest Earned** to **Your Money Today** to calculate the **Total Value of Your Money**.

Your Money Today	Annual % of Interest	Annual Interest Earned	Number of Years	Total Interest Earned	Your Money Today	Total Value of Your Money
\$10	x 5%	= \$ _____	x 5	= \$ _____	+ \$10	= \$ _____
\$10	x 8%	= \$ _____	x 5	= \$ _____	+ \$10	= \$ _____
\$10	x 10%	= \$ _____	x 5	= \$ _____	+ \$10	= \$ _____

The Benefit of Compound Interest



“High interest rates hurt you when you owe money but help you when you save money,” said Angela. “Compound interest is the way to go. If I put \$100 into a savings account that pays 10% interest compounded annually, I would make a total of \$61.04 in interest in five years.”

Year	Amount at Start of Year	Annual % of Interest	Total Interest	Amount at Start of Year	Amount at the End of the Year
1	\$100.00	x 10%	= \$10.00	+ \$100.00	= \$110.00
2	\$110.00	x 10%	= \$11.00	+ \$110.00	= \$121.00
3	\$121.00	x 10%	= \$12.10	+ \$121.00	= \$133.10
4	\$133.10	x 10%	= \$13.31	+ \$133.10	= \$146.41
5	\$146.41	x 10%	= \$14.64	+ \$146.41	= \$161.04

Would you prefer an account that paid **simple** or **compound interest**? Explain your answer.

List three habits that might prevent you from saving:

1. _____
2. _____
3. _____

Are these good reasons for not saving? Why or why not? _____

How could you deal with these reasons and still manage to save some money? _____

What are some things you may want to start saving for **now**? _____



Understanding Debt



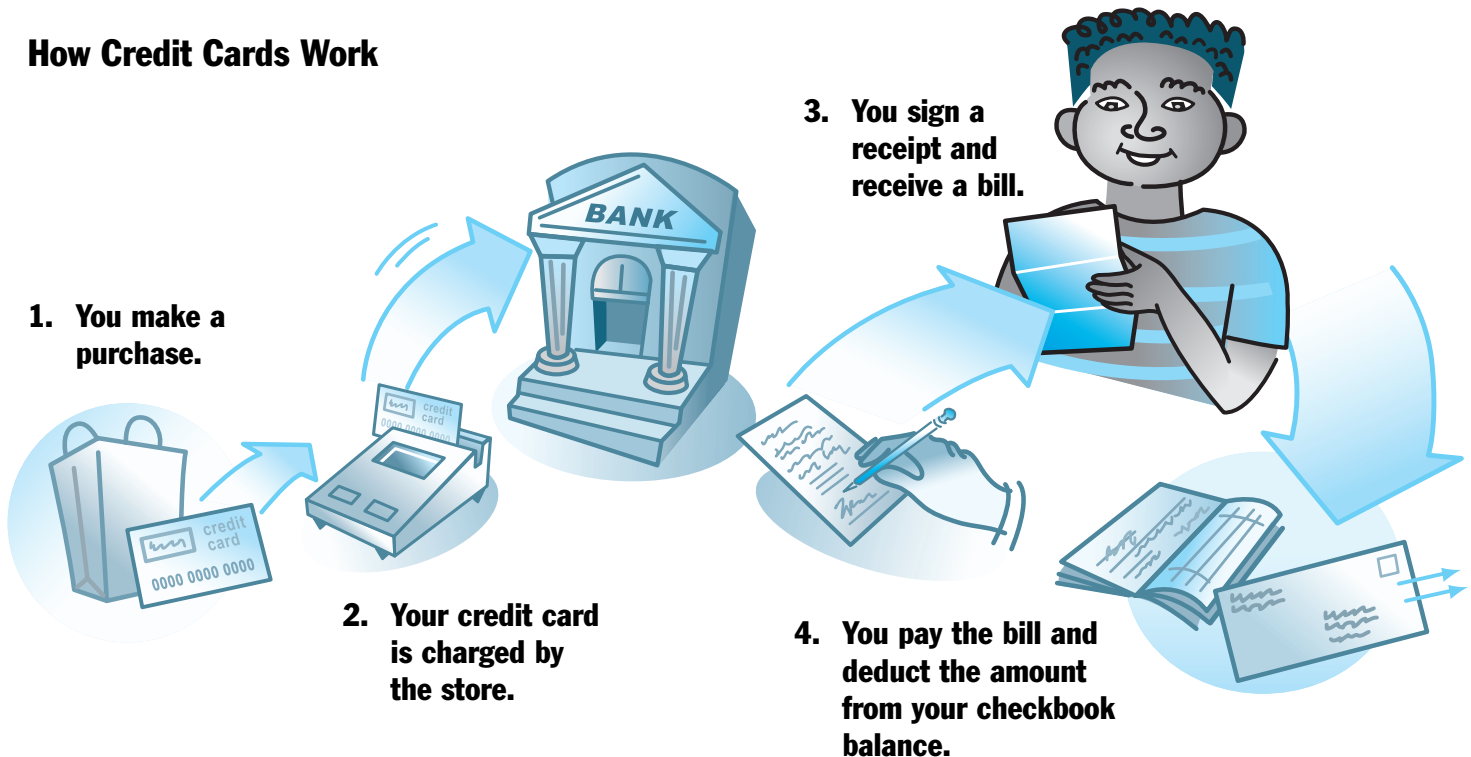
“**Debt** is money you owe to someone else,” said Ms. Jackson. “You acquire debt by **borrowing money** that must be repaid, typically with **interest**. This allows you to purchase items and services that you may not be able to afford otherwise.

“**Borrowed money is not free money or additional income.** Having debt can help you build a credit history and pay for college, a home or a car, but too much debt can bankrupt you, damage your credit history, and prevent you from saving or borrowing money for those things you really need.”

▶ **The most common ways to acquire debt are through loans and credit cards:**

- **Loans** make it possible for people to afford more expensive items, like a house, car or college education. Like credit cards, most loans charge interest on the amount you have not paid back. Unlike credit cards, loans have lower interest rates and offer a wider variety of borrowing and payment options.
- **Credit cards** allow people to borrow money on a short-term, revolving basis. This means that purchases must be paid back in part or in full every month. When you don't pay the full amount (this is called **carrying a balance**), you are charged interest each month on the amount you have not paid back. Many credit cards require a minimum monthly payment based on your current balance. Some also charge an annual fee for use of the card.

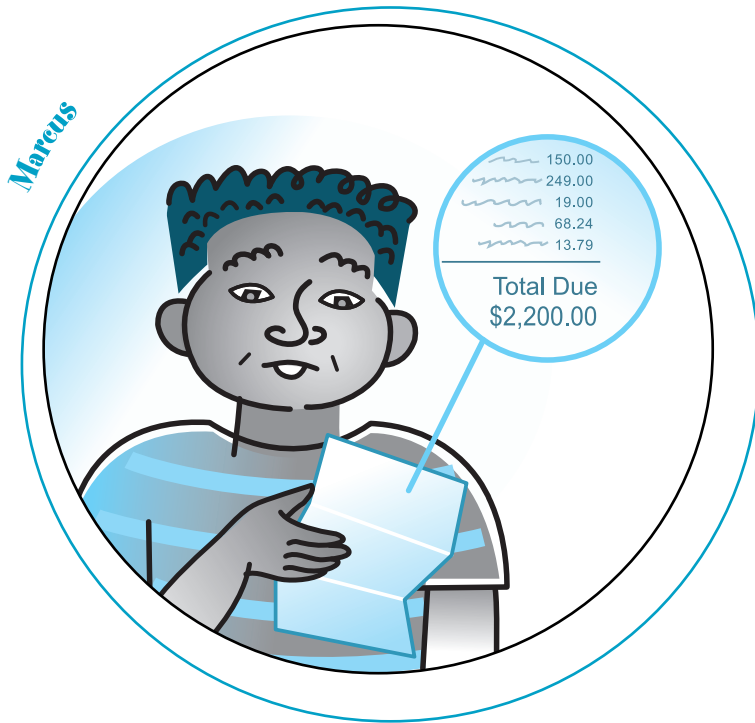
How Credit Cards Work



Compound interest works in your favor when saving money. But when credit card companies charge you interest on the unpaid balance, your original purchase can become very expensive.

Year Owed	Amount You Owe	Annual % Interest	Total Owed	Amount Plus Interest	Amount Owed
1	\$50.00	x 15%	= \$7.50	+ \$50.00	= \$57.50
2	\$57.50	x 15%	= \$8.63	+ \$57.50	= \$66.13
3	\$66.13	x 15%	= \$9.92	+ \$66.13	= \$76.05

Interest adds up quickly. If you're not careful, you could end up paying more in interest than the actual price of the item you purchased. The best advice is to use credit cards only when you are able to pay the full amount each month. This will save you money in the long term, and help you build a good credit history



“More than 75% of families in the United States have at least one credit card with an average interest rate of 14.3%,” said Marcus. “Of these, 45% have an average of \$2,200 in debt!”

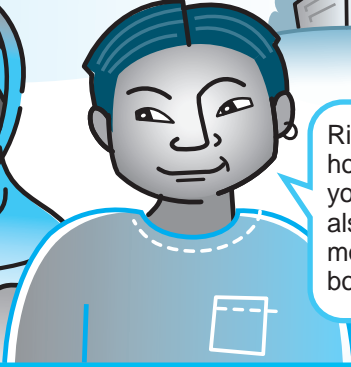
What is the main idea of this activity? _____

The College Connection

Why do you think learning how to spend and save money now will help you get ready for college later?



Using a budget helps me pay more attention to my spending and savings habits. If I know where my money is going, it will help me save money every month for college.



Right! We also learned how interest can increase your savings, but that it also increases how much money you owe when you borrow money.



Good job. But remember that loans also help students pay for their college education.



Hmm. I'd forgotten about that. But won't the price of college increase by the time we get there? How are we going to afford it?

Well, college prices will get higher, but billions of dollars in financial aid, like grants and loans, are available from the government, colleges and other sources to students who need help paying for their education.



Saving money right now will help, too. Interest will help it grow!



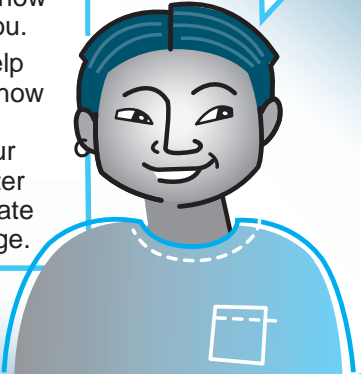
But how will we know which type of college we should go to?

If you know which careers interest you, you'll be able to figure out which type of school to go to, how long you'll need to attend and how much it will cost you.

It'll also help you learn how education affects your income after you graduate from college.



Wow, it sounds like it's all connected!



Types of Colleges

Most postsecondary schools can be described as public or private two- or four-year colleges.

Public colleges and universities are usually less expensive than private schools because they receive much of their funding directly from state government.

Private colleges and universities are self-supporting with funding coming from tuition, fees and private sources.

School Type	School Characteristics	Possible Careers
Technical or Career College	<ul style="list-style-type: none"> • Classes prepare students for specific careers, especially careers that involve working with your hands • Heavy emphasis on job skills and placing students directly into jobs • Small class sizes • Awards certificates, diplomas or associate degrees • Usually takes two months to two years to complete 	Dental hygienist, truck driver, mechanic, welder, computer programmer, plumber, medical assistant, florist, cosmetologist
Community College	<ul style="list-style-type: none"> • Can often transfer credits to a four-year college or university • Some programs focus on skills necessary for a specific career • Often smaller schools found in your communities • Evening and weekend classes offered • Awards certificates, diplomas or associate degrees • Usually takes one to two years to complete 	Technician, dental hygienist, teacher's aide, hotel/restaurant manager, nurse, legal assistant
Four-year College or University	<ul style="list-style-type: none"> • Colleges are generally smaller in class sizes and more personal • Universities are generally larger in size and offer more course selection • Universities usually have dorms on campus • Can be public or private • Awards bachelor's degrees or graduate degrees • Usually takes four years to complete 	Social worker, accountant, teacher, pilot, journalist, engineer, pharmacist, writer, dietitian, graphic designer

Career Connections

There are many reasons besides money to continue your education past high school. Many people go to college because they like to learn. Many people determine their career path based on classes they took in high school and how much they enjoyed the classes.

Think about your favorite classes or subjects. List each below and explain why you like it. Then come up with as many different careers that might relate to the subject, and try to figure out which type of education you might need.

Draw a line to match the characters to the type of school each could attend for the career goal. There may be more than one answer.



Peter
Career Goal: Landscape Architect



Angela
Career Goal: Florist



Marcus
Career Goal: Teacher



Maylee
Career Goal: Veterinarian



Chris
Career Goal: Artist



Ilhan
Career Goal: Newspaper Reporter



Look to the Future

Ms. Drucker



“When you think about your future, what do you see for yourself?” asked Ms. Drucker. “Everyone wants to be successful and able to do all the fun things that come with success, whether it’s traveling, raising a family or just living comfortably.”

“But success doesn’t just happen. It requires careful planning and hard work in school. Consider this: high school graduates make more money than those who drop out of high school. College graduates make more money than high school graduates.”

“The amount of education you choose goes a long way in determining the financial security you enjoy in life. Not all jobs require a college education, but graduating from college opens the door to more career options, better jobs and more opportunities. It also means you’re less likely to be unemployed or underemployed.”

Amount of Education	2006 Average Income per Year for People 18 Years and Older			
Less than High School Diploma	\$20,901			
High School Diploma (or GED)	\$31,071			
Associate Degree	\$39,724			
Bachelor’s Degree	\$56,788			
Master’s Degree	\$70,358			
Doctorate Degree	\$103,944			
Professional Degree	\$116,514			
	\$25,000	\$50,000	\$75,000	\$100,000

(Source: U.S. Census Bureau, 2007)

What is the relationship between education and earnings? _____

How Much Does College Cost?

✦ The price of college depends on the type of school you choose. Read each definition below and fill in the blanks next to each definition to learn the different costs associated with attending college.

Different college costs

t _ _ tion and f _ _ s

r _ _ m and boa _ _

boo _ _ and su _ _ lies

per _ _ _ al ex _ _ _ ses

trans _ _ _ _ ation expenses

Definitions

What it costs to take classes and use certain facilities at the school such as the library, health center or student activities.

The cost of housing, whether you live in a dormitory on campus or an apartment off campus, and the cost of eating, whether it's in the college cafeteria or buying food and cooking for yourself.

Includes books, pencils, paper and whatever you need to complete your courses.

Includes what you will spend on items like laundry, clothing, recreation and insurance.

Travel and commute from home to school or from school to home.

College can cost a lot of money, but there are ways you can reduce the cost. Think about the different costs of attending college and brainstorm ways you can save money in each area.

Room and Board

Example: Making dinner at home instead of eating out.

Books and Supplies

Example: Buying used textbooks instead of new ones.

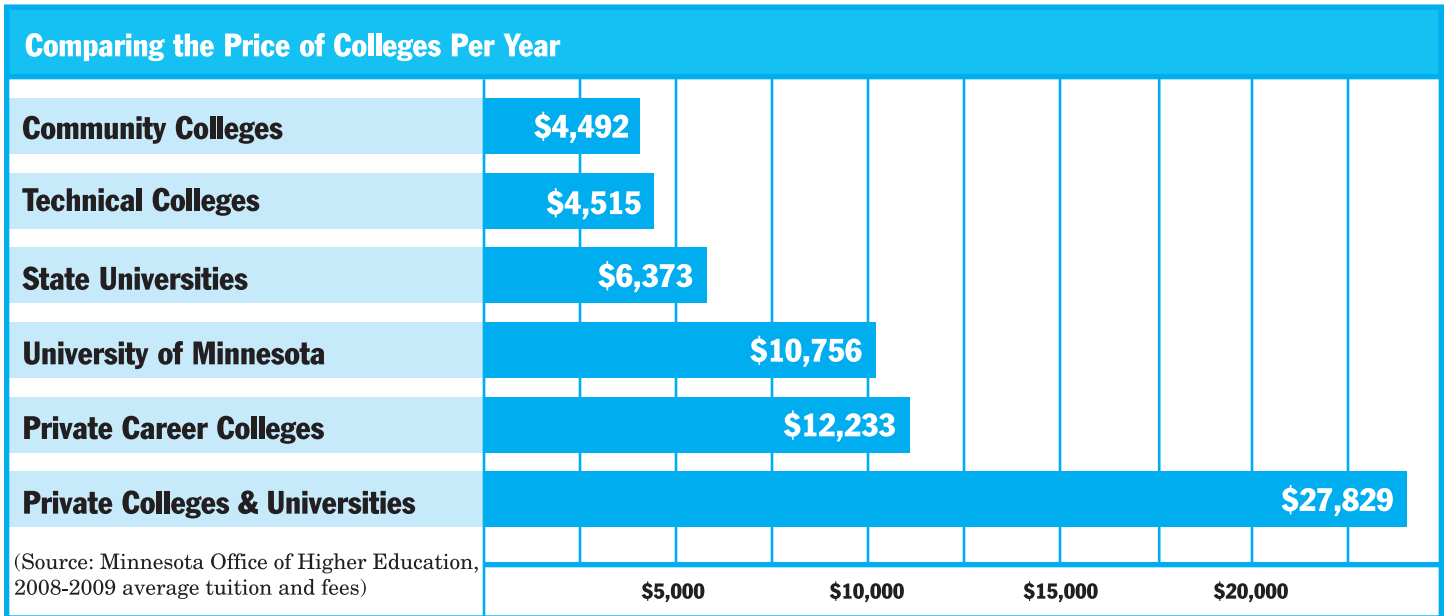
Personal Expenses

Example: Buying generic shampoo instead of brand name shampoo.

Transportation Expenses


Example: Walking or riding a bike instead of taking the bus or driving to school.

Comparing College Prices

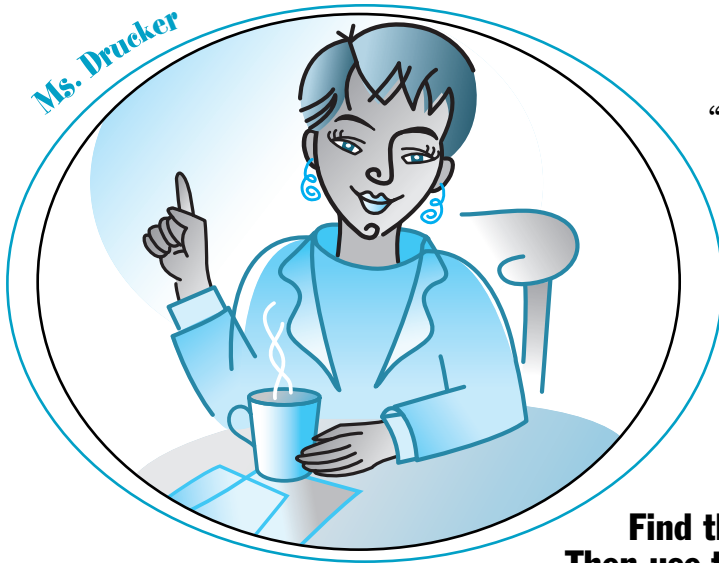


Enter the tuition and fee amounts from the above graph on the lines below. Then enter the other annual costs. Add lines 1 through 5 to find the total price of attending the type of college for one year.

- Average Annual Cost:**
- \$6,500** Room and board
 - 1,000** Books and supplies
 - 1,200** Personal expenses
 - 900** Transportation expenses

 Total Cost of Attending (average annual cost)	Technical or Career College	Community College	Four-year College or University
1. Tuition and fees	\$ _____	\$ _____	\$ _____
2. Room and board	\$ _____	\$ _____	\$ _____
3. Books and supplies	\$ _____	\$ _____	\$ _____
4. Personal expenses	\$ _____	\$ _____	\$ _____
5. Transportation expenses	\$ _____	\$ _____	\$ _____
Total Price for One Year	\$ _____	\$ _____	\$ _____

Ways to Pay for College



Ms. Drucker

“College costs money, but don’t worry,” said Ms. Drucker. “There are many ways to pay for college.”

Find the eight ways to pay for college below. Then use the remaining letters to solve the riddle.

Ways to Pay:

- family
- loans
- savings
- income
- grants
- military service
- scholarships
- work study

S	F	U	T	U	G	R	E	C	O	L	L	E	G	E
E	C	I	V	R	E	S	Y	R	A	T	I	L	I	M
G	R	H	A	A	Y	D	Q	L	Y	P	I	Y	C	E
P	T	N	O	L	Q	A	W	D	R	X	N	L	D	K
H	T	N	I	L	I	Y	U	O	L	T	C	S	G	G
S	Q	M	I	I	A	T	A	T	F	L	O	G	N	Z
R	A	S	Y	Y	S	R	B	W	X	K	M	N	G	C
F	B	J	C	K	S	P	S	R	P	K	E	I	U	U
F	X	K	R	N	B	P	P	H	D	Q	D	V	M	I
H	N	O	A	H	R	Y	U	A	I	Y	I	A	Y	N
W	W	O	O	W	P	M	Q	F	I	P	T	S	T	C
Z	L	K	B	T	K	B	Q	V	B	B	S	C	J	C
E	G	O	O	R	K	M	Z	F	N	Y	J	C	Y	W
L	N	A	W	A	H	J	X	U	T	E	I	E	U	S
E	Q	J	C	S	D	D	Q	B	Q	F	U	J	H	D

You are a _____ !

Anyone who wants to go to college should not let the cost stop him or her from going. Whether you go for six months or six years, there are several ways to pay for college.

Savings

Savings, or past income, is the best way to pay for your education. It allows you to use money you already have. The more you save, the less you'll have to borrow because your money earns interest over time. Even saving a small amount each month can help. Almost all states, including Minnesota, offer college savings plans.

Family Support or Current Income

Parents are asked to help pay for college out of their current income unless it would be a financial burden to do so. Talk with your parents, grandparents or other family members to learn how they can help financially.

Military or Community Service

Each branch of the military has education programs to help you pay for college, and additional aid is offered by both federal and state governments in exchange for serving in the military. You also may be able to earn aid by completing community service.

Can you think of ways your family could help you pay for college now and when you're actually in college?

Ways my family can help NOW:

- Set up a college fund
- Ask for birthday money to be put into savings
- _____
- _____
- _____

Ways my family can help LATER:

- Let me live at home
- Help with food and transportation
- _____
- _____
- _____



Financial Aid 101

Financial aid is another way to pay for college. You don't have to pay for the entire cost of college by yourself. Most students who need financial help receive some type of financial aid. It comes from a variety of sources, and there are several different types of financial aid.

Grants

Grants are like a gift and do not need to be repaid. Grants are usually given to those with the greatest financial need. Grants come from the federal and state governments.

Scholarships

Scholarships, like grants, don't need to be repaid and are awarded for good grades, sports, creative abilities, cultural or religious backgrounds, career interests and many other reasons. Scholarships come from the colleges themselves, community organizations and businesses. Some companies award scholarships to their employees and their employees' children. You may even receive a scholarship for community service efforts.

College students in Minnesota receive \$1.8 billion in aid each year from a variety of public and private sources.

Mrs. Girard



“The only way to gain a scholarship is to apply for one,” said Mrs. Girard. “It’s important to apply for as many scholarships as you can find. Many students will be competing with you for the same scholarship.”

In the following activity, look at each area and think about whether you could receive a scholarship for that area. Check (✓) the appropriate column.

Area	Yes	No	Maybe
Art	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Athletics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Community service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Computers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Creativity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cultural background	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Drama	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Good grades	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Music	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Racial background	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religious background	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Loans

Loans, unlike grants and scholarships, are money you must repay with interest. Loans are available to students and parents. It's important to borrow only as much money as you can afford to repay (with interest) after college.

Work Study

Work-study programs are jobs offered through the college to help you earn money for your education. The college determines how many hours you can work based on your class load and financial need. Working while in college earns you money and experience, but remember that school is your first priority. Never work so many hours that it interferes with your studying.

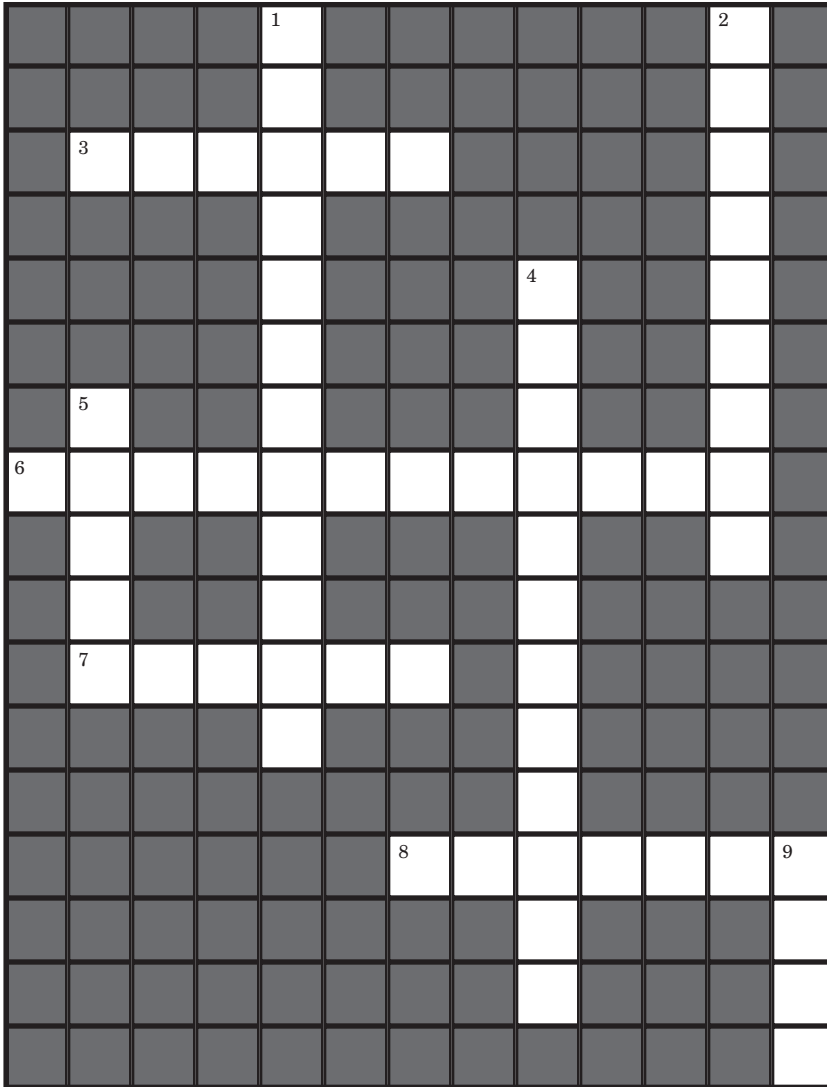
Paying for your college education is shared between you, your family and the government.

Add the numbers listed in each column and then subtract the total from the total cost of college. Write the remaining amount on the blank line.



Annual tuition, room and board: \$15,800	Student #1	Student #2	Student #3
Student Contribution			
Savings	\$ _____	\$2,015	\$3,150
Scholarship	\$1,800	\$ _____	\$1,000
Work (Work Study)	\$2,500	\$2,500	\$2,500
Loans	\$1,500	\$1,885	\$ _____
Family Contribution			
Savings and Income	\$1,200	\$500	\$6,850
Government Contribution			
Federal Grant	\$3,200	\$2,200	\$0
State Grant	\$4,100	\$3,300	\$500
Total Financial Contributions	\$15,800	\$15,800	\$15,800

Financial Aid Crossword Puzzle



Across:

3. Money from the government that does not have to be paid back.
6. Living and eating meals on campus is called _____.
7. When you put money in the bank, you are _____ money.
8. The cost of taking classes at college and using its facilities.

Down:

1. Money that helps students go to college.
2. When colleges help a student find a job it is called _____.
4. Money that is given by businesses and private organizations to help students go to college.
5. Money that is borrowed from a bank or the government. It must be paid back.
9. Some scholarships are based on special abilities. Others are based on financial _____.

Choosing the Best College for You



“Now that you understand how to pay for college,” said Tommy, “it’s time to learn how to choose the one that’s best for you based on your needs, interests and goals.”

“Choosing a school is a big decision. There are more than 6,500 postsecondary institutions in the United States. Minnesota alone has more than 170 public and private schools that offer hundreds of interesting academic and career programs.”

With all these choices, how do you choose the best college?

Look at the list of college characteristics below. Circle five and then number them in order of importance to you (from 1 to 5), with 1 being the most important characteristic. If you think of other characteristics, write them on the blank lines below.

- | | |
|---|--|
| <input type="checkbox"/> Large number of students | <input type="checkbox"/> Have intercollegiate athletic program |
| <input type="checkbox"/> Small number of students | <input type="checkbox"/> Close to home |
| <input type="checkbox"/> Attend with friends | <input type="checkbox"/> Far from home |
| <input type="checkbox"/> Make new friends | <input type="checkbox"/> In home town |
| <input type="checkbox"/> Four-year program | <input type="checkbox"/> Live on campus |
| <input type="checkbox"/> Two-year program | <input type="checkbox"/> Live off campus |
| <input type="checkbox"/> In big city | <input type="checkbox"/> Live at home |
| <input type="checkbox"/> In suburb | <input type="checkbox"/> Cost to attend |
| <input type="checkbox"/> Small town | <input type="checkbox"/> Programs or subjects offered |
| <input type="checkbox"/> Technical or career school | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Public school | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Private school | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Have extracurricular activities I like | <input type="checkbox"/> Other: _____ |

Where Do You See Yourself?

Picture yourself as an adult 15 years from now. What will your life be like? DREAM BIG!

What do you do for a living?

Your career: _____ Your salary: _____

Your work responsibilities: _____

Are you happy? Yes No

Where do you live?

Your city or community: _____

You live in a: House Apartment _____ _____ _____

You own a: Home Car Boat _____ _____

Do you like your lifestyle? Yes No

Who do you live with?

You are: Single Married _____ _____ _____

You have a: Child/Children Roommate Pet _____

Do you spend much time with your family or friends? Yes No

How much education do you have?

You graduated from: High school College Graduate school _____

Your college was a: Two-year school Four-year school _____

How did your education prepare you for your career? _____

Draw a picture of your life in 15 years

Glossary of Terms

Advanced Degree: A degree beyond the bachelor's degree such as a master's, doctorate or professional degree.

Advanced Placement (AP): College-level classes you take in high school that help you earn high school and possibly college credit.

Apprenticeship: Hands-on training in a career that allows you to earn money while you learn.

Bachelor's Degree: A degree earned after about four years of college.

Budget: A plan for how to spend and save money.

Campus: Where your college classes, buildings, teachers, friends and activities are located.

Campus Visit: A trip to a college or university to learn more about the school.

Career: Your area of work or the job you have.

College: A type of school you attend after high school that offers a degree. Universities are often referred to as a "college".

College Entrance Exam: A test often required by four-year colleges to help determine which students to admit to their school. The most common tests are the ACT and SAT.

College Fair: An event where people from colleges gather to talk with students and parents.

Community College: Schools that prepare students for certain jobs or to transfer to a four-year college.

Community Service Learning: Helping in your community as part of a college class.

Credit: A measure of how much a class is worth. You need a certain number of credits to graduate from high school and college.

Credit Card: A commercial card used by people to borrow money.

Debt: Money a person owes.

Degree: What you get after you graduate from a college, like an associate, bachelor's, master's or doctoral degree.

Dormitory: An on-campus building where students live during the school year. Also called a "dorm" or "residence hall".

Expenses: The money you spend.

Financial Aid: Money to help pay for college.

Financial Need: The difference between the price of attending a postsecondary institution and the family's ability to pay for those costs.

Free Application for Federal Student Aid (FAFSA): A form used to apply for financial aid.

Grade Point Average (GPA): The average of a student's grades, typically based on a four-point scale.

Grant: Money for college from the government that does not have to be repaid.

Guidance Counselor: A person at school who helps students prepare for college and careers.

Higher Education: Any education after high school. It's also referred to as "postsecondary" or "college".

Impulse-buying: Making unexpected purchases.

Income: The amount of money you earn through work.

Interest: Something you enjoy doing. Also, interest can be either a charge for borrowing money or the amount that money earns while sitting in a bank account.

Internship: Real-world experience related to your major that can give you college credit, mentors, references and might lead to a job.

Loans: Money college students or their parents borrow to help pay for college. It must be repaid with interest, even if the student doesn't graduate.

Major: An area of study that you focus on while in college. Students usually major in an area they might like to work in some day.

Mentor: An older person who gives support and guidance to a younger person.

Military Service: Joining the Army, Navy, Air Force, Marines or Coast Guard. This can earn you money to pay for college.

Minor: An area of study that you pursue, but it is not your major focus of study.

Postsecondary: Any education after high school. This is often called "higher education" or "college".

Postsecondary Enrollment Options (PSEO): Taking classes at a college for free while in high school.

Private College: Funding for the school generally comes from tuition, fees and private sources.

Public College: Funding for the school generally comes from the state government.

Resumé: A summary of a person's skills, activities and work experience often used when applying for a job.

Room and Board: Housing costs (room) and what it costs for meals (board) during the school year.

Salary: The amount of money a person makes per year.

Saving: Putting money aside for future use.

Scholarships: Money given to college students because of a special achievement, ability or background. It does not have to be repaid.

STEM Careers: High-demand jobs in science, technology, engineering and math.

Tax Credit: Reduces the amount of income tax you or your family may have to pay.

Technical College: Colleges that offer employment courses and programs which teach specific knowledge and skills leading to certain jobs.

Trade: A hands-on career that requires a high level of training and skills.

Transcript: A record of your academic progress.

Tuition: What it costs to take classes and use certain facilities at college. Tuition does not include room and board, books and other fees.

Tutor: A person who helps students with their school work.

Undergraduate Student: Any college student without a bachelor's degree.

University: A type of school you attend after high school that offers a degree and a wide variety of majors. Universities are often referred to as a "college".

Work Study: Jobs offered through a college and funded by the government to help students pay for college.



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My Personal Information

Name: _____
School: _____
Teacher: _____
Grade: _____

About Get Ready

The Get Ready program helps prepare students from low-income families and those from groups traditionally under-represented in college with college planning information, academic tutoring and information on career and higher education options. The program is administered by the Minnesota Office of Higher Education and is funded in part by the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP).

About GEAR UP

GEAR UP is a discretionary federal grant program of the U.S. Department of Education created to increase the number of low-income students who are prepared to enter and succeed in postsecondary education.

About the Minnesota Office of Higher Education

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education.



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