

# HOW TO PREPARE, PLAN AND PAY FOR HIGHER EDUCATION

A combination of three lessons



# PREPARING FOR HIGHER EDUCATION



# PREPARING FOR HIGHER EDUCATION

# REMEDICATION

**Remediation** – sequences of increasingly advanced courses designed to bring academically unprepared students to the academic skill level expected in higher education

# REMEDIATION CLASSES

If remediation classes are required...

They do not  
count toward  
your minimum  
degree or  
certificate  
credits



It may take  
you longer  
to finish  
school



It may add  
to the total  
cost of your  
education

# TAKE A PLACEMENT TEST WHILE IN HIGH SCHOOL

Admissions tests  
(ACT or SAT)  
provide an  
indication

Placement tests  
(Accuplacer  
Exams) at  
postsecondary  
institutions

Challenge yourself  
in high school



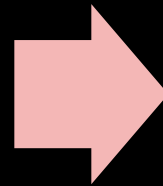


# GET INTO THE RIGHT HABITS

Develop positive behaviors that lead to  
post-secondary success!

# NOTE TAKING SKILLS

Challenge: you must determine the most important information



Solution: develop good note taking skills

Be prepared

Be a good listener

Develop a method that works for you

Pay attention to the content

Review and edit your notes



# STUDY SKILLS

## Challenge

- It's up to you to read and understand assigned materials

## Why?

- Lectures and assignments proceed with this assumption

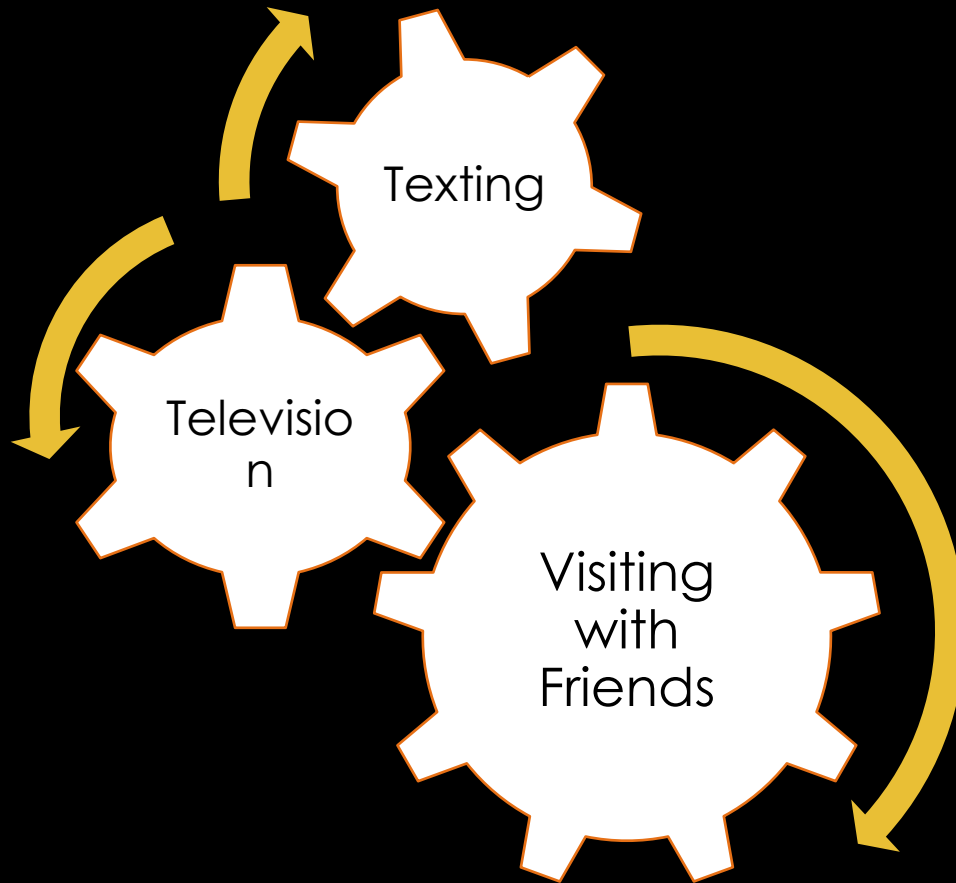
## Solution

- Become a good reader
- Create an ideal learning environment
- Demonstrate discipline
- Time Management
- Self-Monitoring

# TIP: IDENTIFY READING TECHNIQUES THAT AID IN COMPREHENSION

- Before reading, write down what you already know and what questions you have about a topic
- Read out loud and look up unfamiliar words
- While reading, summarize each section
- Outline what you have read
- Underline or highlight key facts or passages
- Read the information twice (once to get the main idea, the second time to understand the details)

# TIP: DEMONSTRATE DISCIPLINE



Identify and remove all possible distractions to focus on your main purpose – earning a higher education!

# TIME MANAGEMENT SKILLS

## Tips:

Use a calendar

Write down everything

Schedule time to relax and reward

Find what works for you

Plan backwards from major deadlines

Don't procrastinate

# SELF-MONITORING

- Complete your work on-time
- Know where to go when you need assistance
- Develop skills to be successful in higher education and seek out new strategies
  - Note taking
  - Study
  - Time management

You are  
responsible for your  
present self and  
future self!



# EXPLORE POTENTIAL INTERESTS

Develop skills of interest to schools and employers.



# BENEFITS OF EXPLORING INTERESTS

- ☐ Illustrate time management skills
- ☐ Showcases talents and leadership skills
- ☐ Exhibits transferable skills
- ☐ Contributes back to your community
- ☐ Demonstrates excellence
- ☐ Gives you a better sense of what type of higher education program and future work is best for you



- Identify three activities you participate in.**  
**For each activity:**
- **Provide a description**
  - **Identify leadership roles, awards or honors**
  - **Identify what the activity demonstrates to a potential employer**

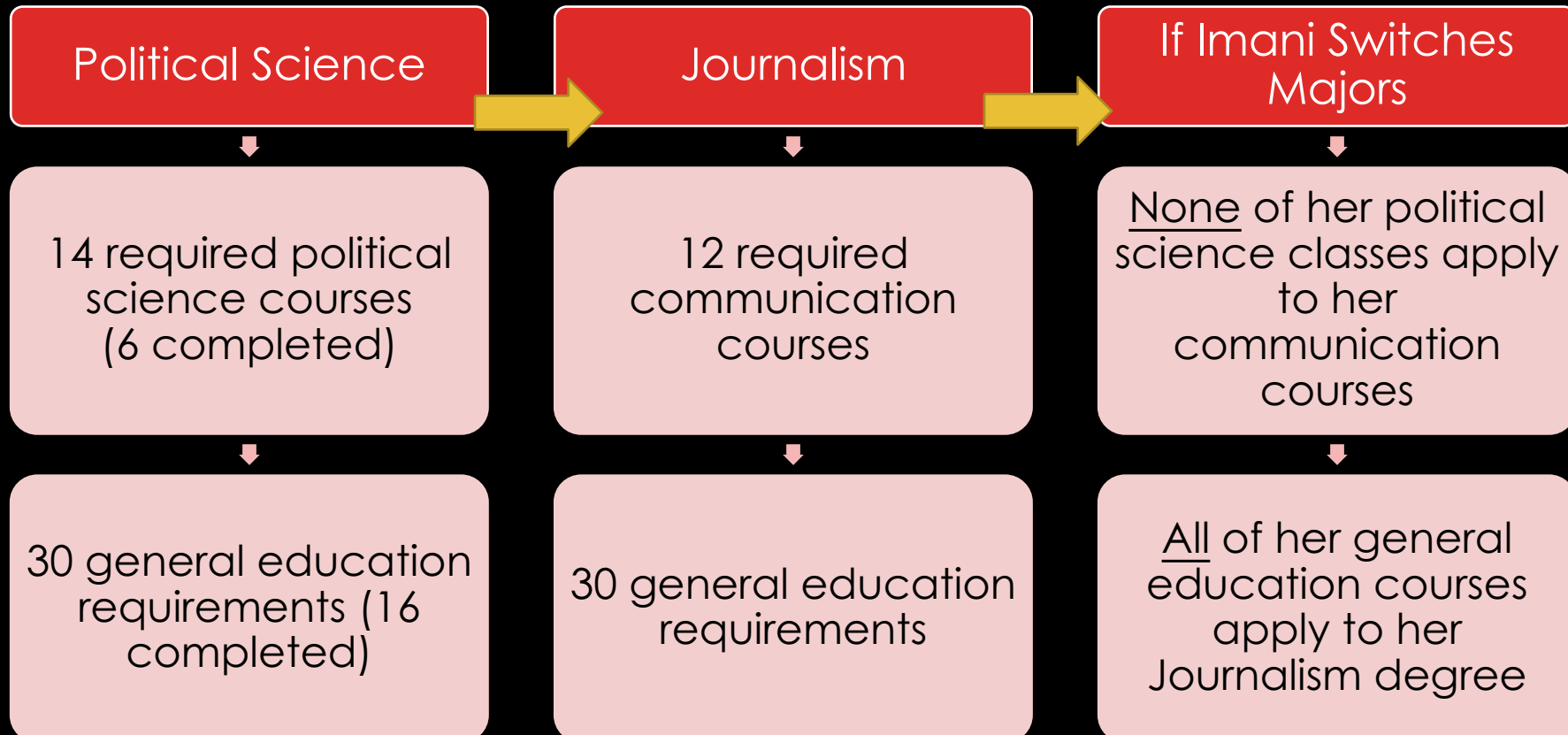
# IMPLICATIONS OF SWITCHING DEGREE PROGRAMS OR SCHOOLS

Each time you change your degree  
program or school, you...

# MINIMIZE THE RISK



# IMPACT OF SWITCHING MAJORS



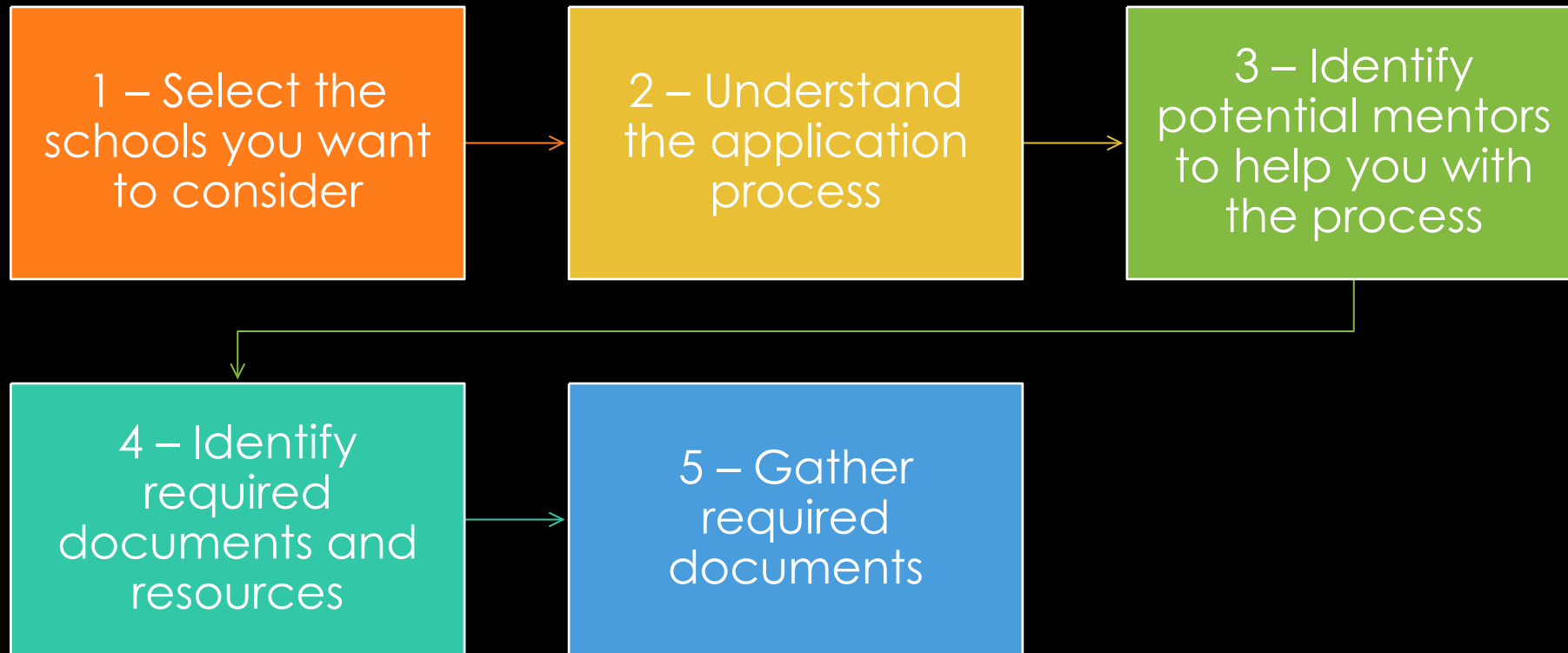
? How many more classes will Imani have to take to earn a Journalism degree?

? If Imani was a full-time student taking 5 classes each semester, how much more time would Imani need to complete her degree?



SELECT AND APPLY TO  
AN INSTITUTION RIGHT  
FOR YOUR CAREER  
GOALS

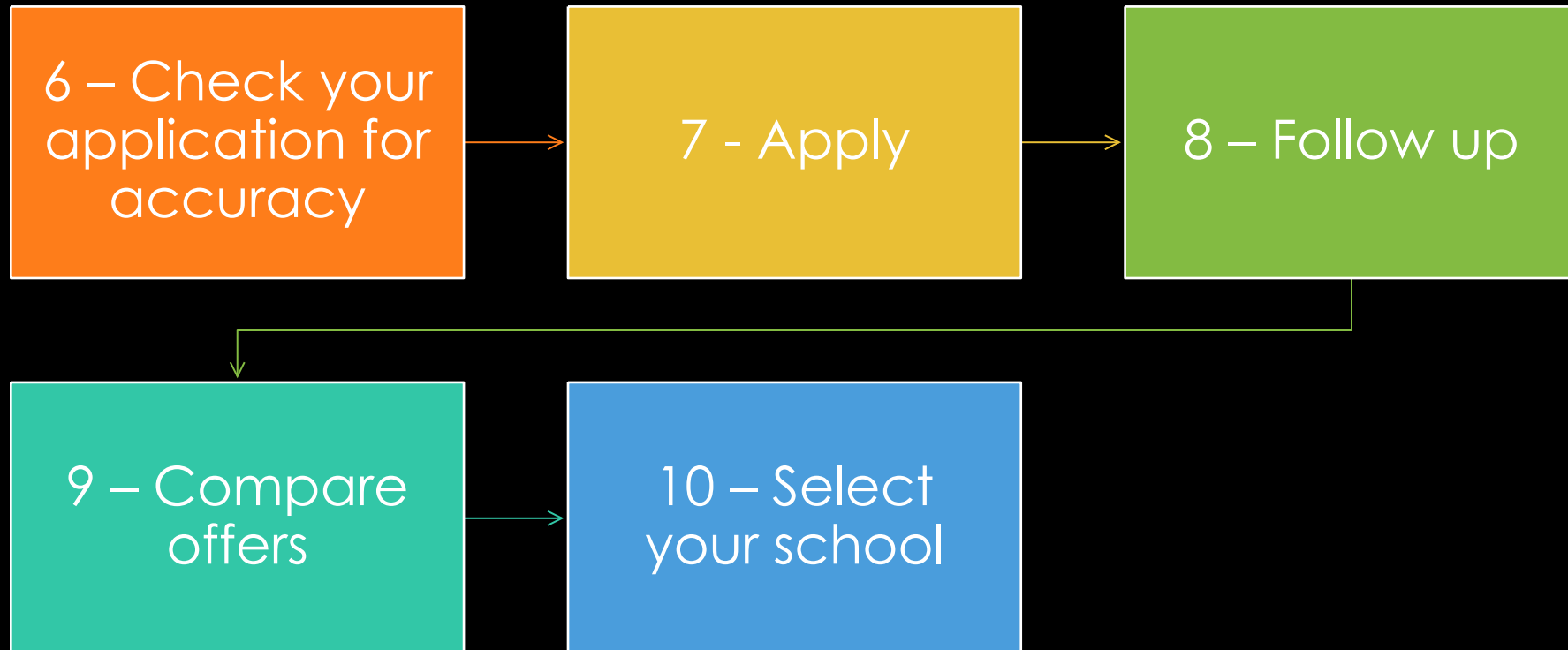
# APPLICATION PROCESS: 10 STEPS



**How long do you think each step will take to complete?**



# APPLICATION PROCESS: 10 STEPS, CONTINUED



How long do you think each step will take to complete?



# PLANNING FOR HIGHER EDUCATION

Advanced Level

# TO SET SMART GOALS, YOU MUST BE ABLE TO ANSWER THESE QUESTIONS...

What type of  
training and  
education do I  
need?

How much will my  
training cost?

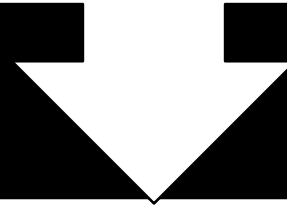
Is there a career  
pathway available  
if I continue my  
education and  
training?

Will I earn enough  
in my career to  
pay for the  
education and  
training it requires?

Will there be jobs  
available?

# CAREER PATHWAY

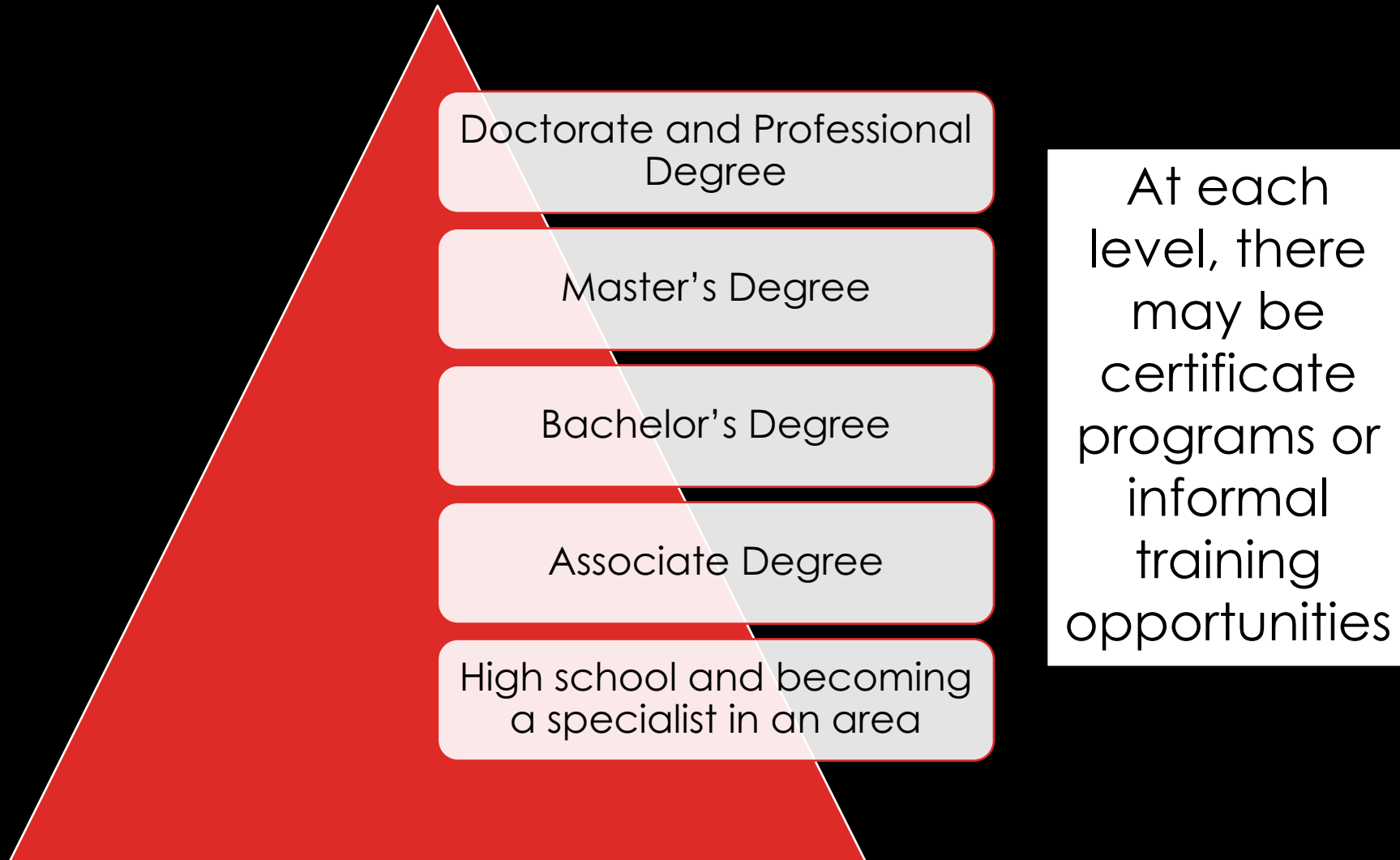
Career Pathway – series of connected education and training programs that allow you to secure a job and then to advance within an industry or occupation.



Sources of information:

- Bureau of Labor Statistics Occupational Outlook Handbook
- Academic advisors
- Individuals working in a career

# LEVELS OF FORMAL TRAINING



LET'S HELP IMANI!!

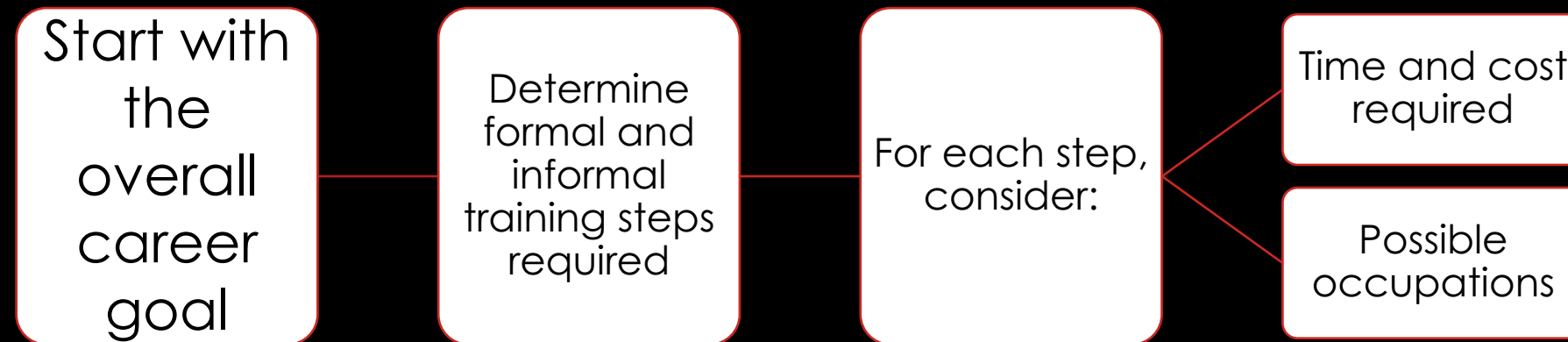
“THANK YOU FOR BEING MY FINANCIAL ADVISOR!HOPEFULLY, BY HELPING ME IN MY QUEST FOR PLANNING MY EDUCATION, YOU CAN FIND WAYS TO HELP YOURSELF!”





# CAREER PATHWAYS ARE ACCOMPLISHED USING BACKWARDS PLANNING

It is helpful to create several short-term goals that result in the overall career goal



# OPPORTUNITY COSTS

## Potential Costs

- Lost wages from not working while in school
- Cost of higher education/training programs

## Potential Benefits

- Opportunity to earn higher wages
- More employment opportunities

# STEP 1: DETERMINE IF JOBS ARE AVAILABLE IN YOUR DESIRED OCCUPATION

Job Outlook – demand for a particular job when you are qualified and ready to enter the field

Write a career  
goal

Research the  
job outlook in  
your state and  
nationally

Identify  
training  
required

List the types  
of jobs you  
could do with  
your training

# DETERMINE ESTIMATED EDUCATION AND TRAINING COSTS



The school's website will help you estimate the cost per year

Remember to include all costs such as tuition and books, room and board, etc.

# DEBT-TO-INCOME RATIO

Debt-to-Income Ratio – standard tool that calculates whether a borrower will have difficulty meeting his or her loan repayment obligations



Goal:

Debt-to-income ratio no more than 10 and 15% of your estimated starting income

# IMANI'S TOTAL ESTIMATED COST OPTION



## Step 4: Calculate Imani's Total Estimated Cost

Training	Number of years to complete	Potential cost per year	Total estimated cost per degree
Bachelor's degree	4 years	\$43,289/year	\$173,156
Master's/Professional degree	3 years	\$42,654/year	\$127,962
Potential Total Cost			\$301,118



# IMANI'S TOTAL ESTIMATED COST OPTION



## Step 4: Calculate Imani's Total Estimated Cost

Training	Number of years to complete	Potential cost per year	Total estimated cost per degree
Associate's degree	2 years	\$13,459/year	\$26,918
Bachelor's degree	2 years	\$43,289/year	\$86,578
Master's/Professional degree	3 years	\$42,654/year	\$127,962
Potential Total Cost			\$241,458

# IMANI'S MEDIAN MONTHLY WAGE



**Step 6: Calculate Imani's  
monthly wages**

Occupation: Lawyer	
Median annual wages	\$113,310.00
Median monthly wages (annual wages / 12)	\$9,442.50

# IMANI DEBT-TO-INCOME RATIO



## Step 6: Calculate Imani's Debt-to-Income Ratio

Option 1

<b>\$1,963.00</b> Monthly loan payment	=	<b>20.78%    debt-to-income ratio</b>
<b>\$9,442.50</b> Monthly wages		

Option 2

<b>\$1,574.13</b> Monthly loan payment	=	<b>16.67%    debt-to-income ratio</b>
<b>\$9,442.50</b> Monthly wages		

# HOW WOULD YOU ADVISE IMANI?



- Does either option provide Imani with an ideal debt-to-income ratio between 10-15%?
- How can Imani reduce her opportunity cost (high debt) to make her dream of becoming a lawyer a reality?
- Write a SMART goal for Imani to implement a plan to become a lawyer.

# SUMMARY

*The best way to take charge of your  
future is to plan for it*

- Refine your education and training SMART goals
- Answer the following questions:
  - How can I determine what type of training and education I need?
  - Will there be jobs available? If so, will I earn enough in my career to pay for the education and training required?



# PAYING FOR HIGHER EDUCATION

Advanced Level



# RECEIVING A HIGHER EDUCATION

Pros

Access to  
higher paying  
jobs

Lower  
chance of  
being laid off  
from a job

Cons

Cost

Plan Ahead!

Eight times as  
many students  
drop out of  
degree and  
certificate  
programs due to  
finances and  
debt than  
grades!

? What are other pros and cons of higher education?



# REDUCE COSTS BY PLANNING AHEAD



What are ways you can reduce the total cost of higher education?

Start saving early!

Take advanced placement courses or pass college-level exams

Avoid needing remediation classes in college

Begin career pathway planning early

Live at home

Work part-time

Attend a community or junior college first

Consider in-state and public universities

Carefully evaluate the cost of attendance and financial aid packages

# ACADEMIC ADVISORS



Meet  
Imani:  
  
About to  
graduate  
from high  
school

Imani's  
Goal:  
  
Become  
a lawyer  
or  
politician

Imani has  
little saved  
to pay for  
higher  
education

Based on  
Imani's  
grades and  
college  
entrance  
placement  
scores she  
may need  
remediation  
courses

*Imani has learned that a bachelor's and professional degree to become a lawyer could cost as much as \$301,118*

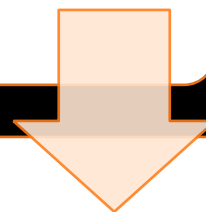
Your mission: Explore ways to help Imani pay for her



# IMANI'S PLAN

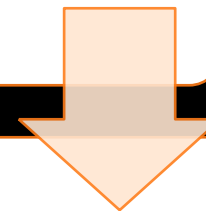
1. Go **out-of-state** to earn a two-year associate degree, bachelor degree and professional degree

Anticipated total cost: \$241,458



2. Attend **in-state** schools to earn her associate and bachelors degrees *while* living at home; go to an out-of-state college for a professional degree

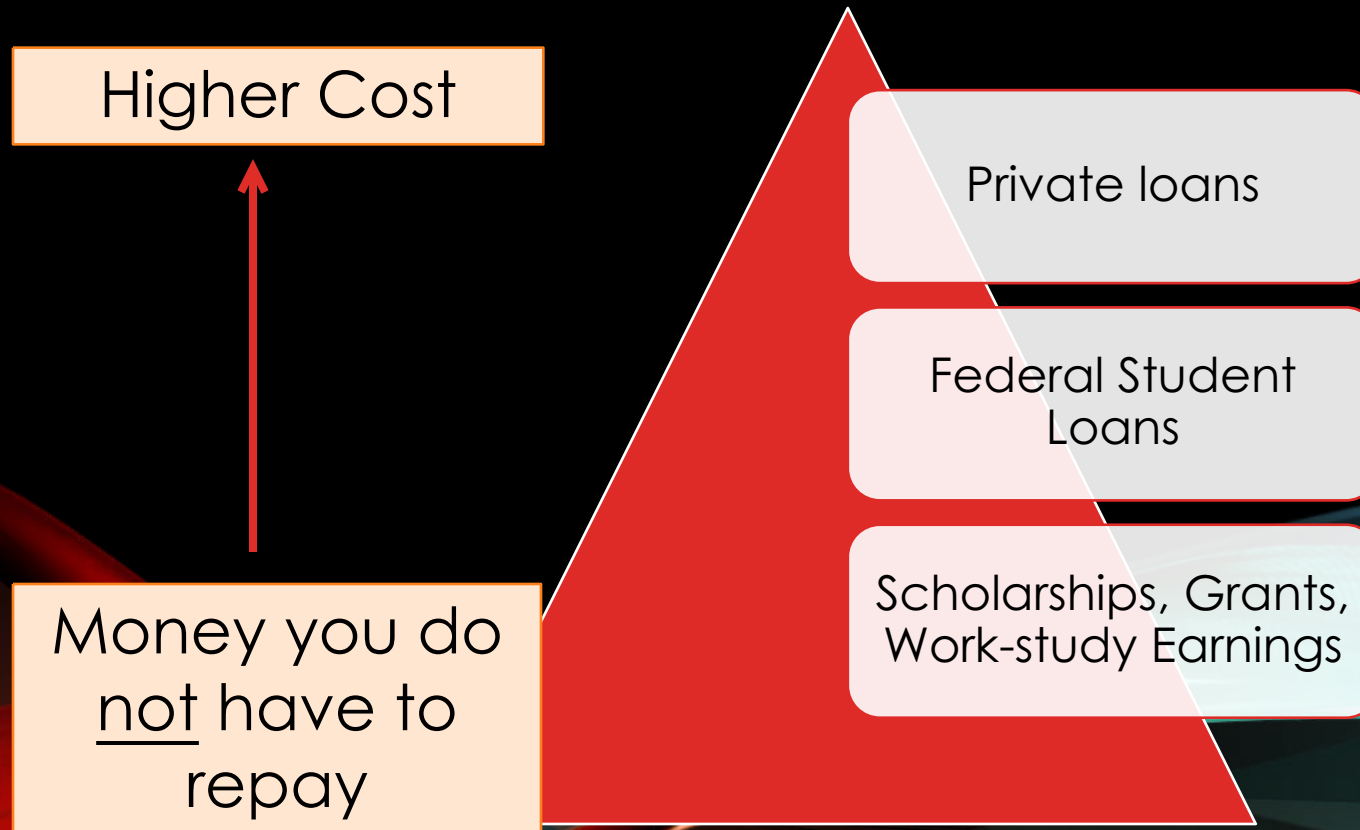
Anticipated total cost: \$178,294



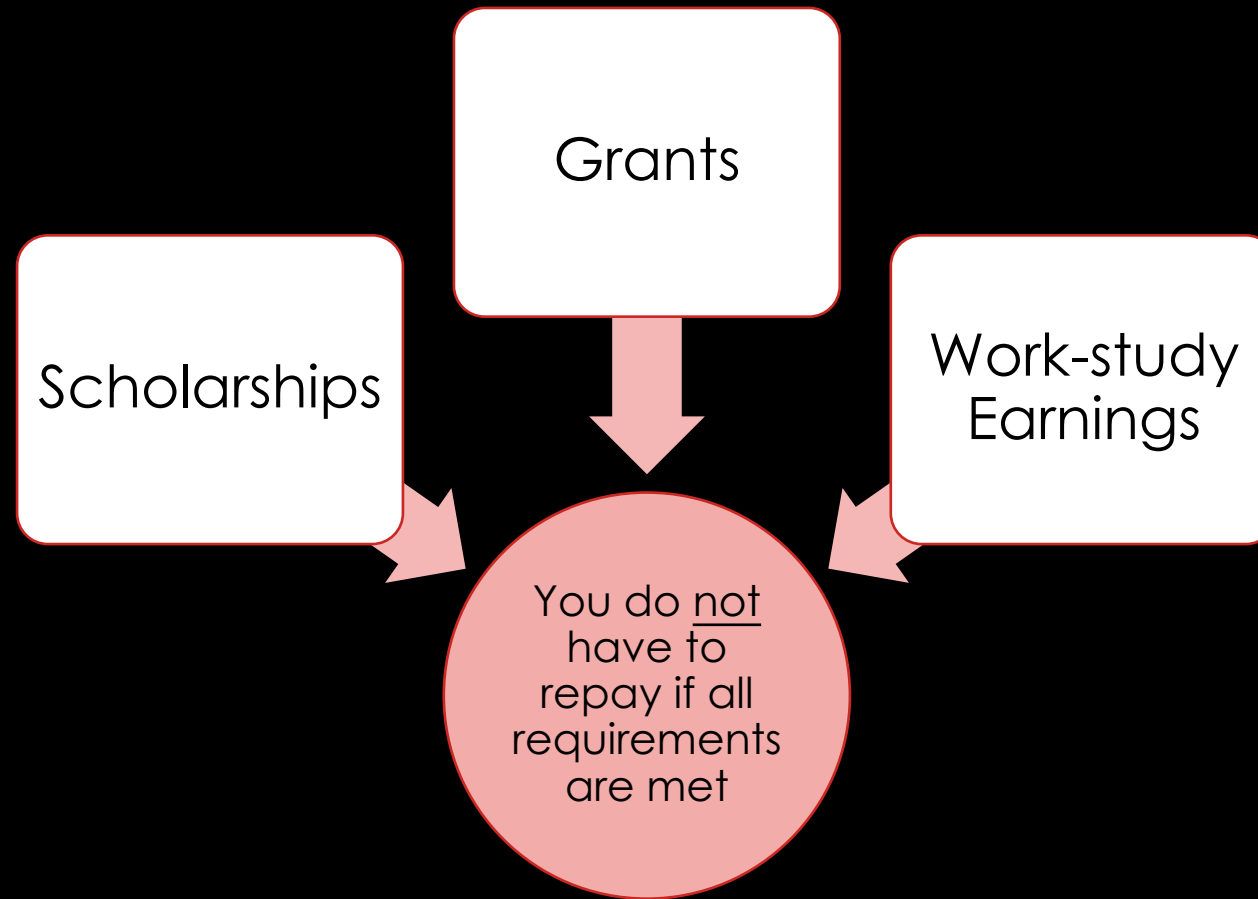
3. Go to **in-state** schools for *all* degree programs

Anticipated total cost: \$95,536

# THREE TYPES OF HIGHER EDUCATION FINANCIAL AID



# MONEY YOU DO NOT HAVE TO REPAY



# SCHOLARSHIPS

Typically an application process  
May have requirements before, during, and after the scholarship  
is awarded

Can be based on...

Who you are

Examples: gender,  
race, military  
background

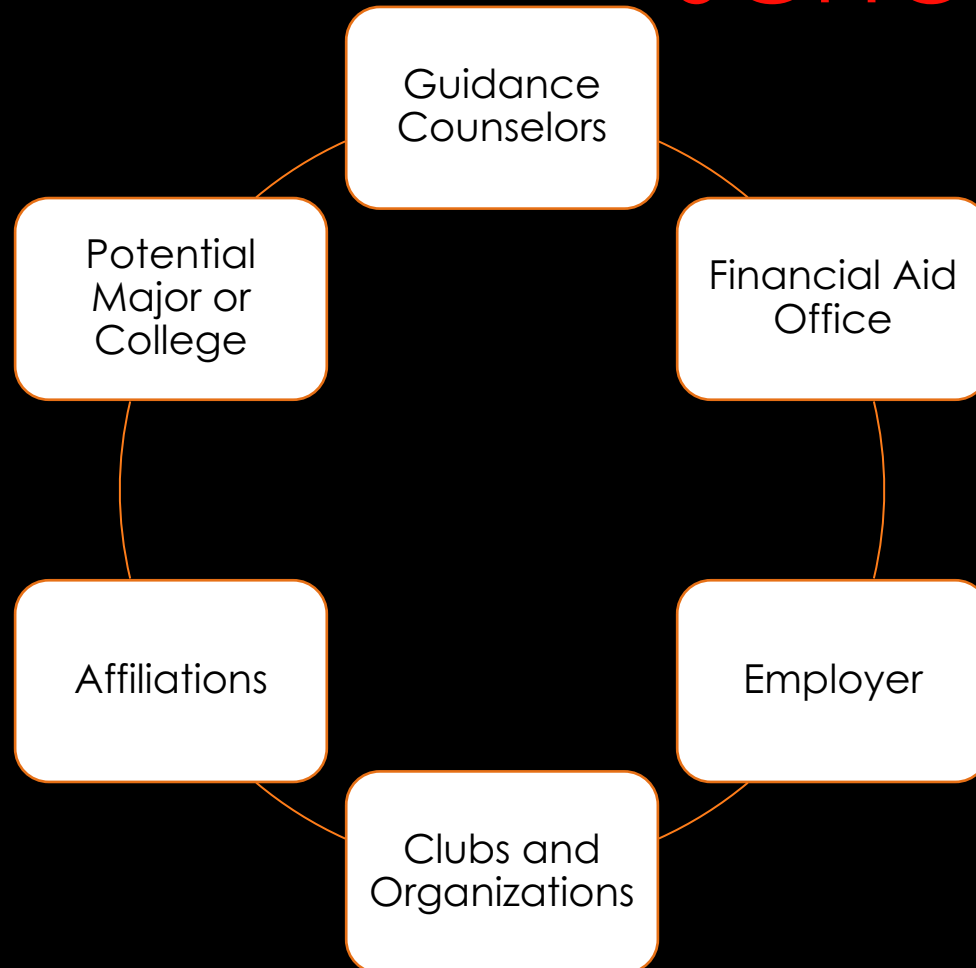
What you do

Examples: academic  
achievements,  
interests, community  
service

What your plans are

Example: your  
certificate or degree  
program

# SCHOLARSHIP SOURCES



You should never have to pay for a scholarship - watch for scams!

? What are sources of scholarships in your community?



# GRANTS

## Tax-exempt financial aid

### Purpose

- For specific projects
- Reports typically required to donor

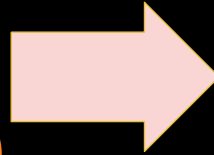
### Sources

- Non-profits
- Foundations
- Corporations

# FEDERAL STUDENT GRANTS

## Who

- Typically awarded to students with financial need



## How

- Complete the Free Application for Federal Student Aid (FAFSA)

## Examples:

- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant
- Teacher Education Assistance

# WORK-STUDY

- Provides part-time jobs to students with financial need
- Administered by the school (eligibility determined by FAFSA)
- Earnings may be used to help pay educational expenses

# LOW-COST FINANCIAL AID FEDERAL STUDENT LOANS

Characteristics include:

Lower and  
fixed interest  
rates

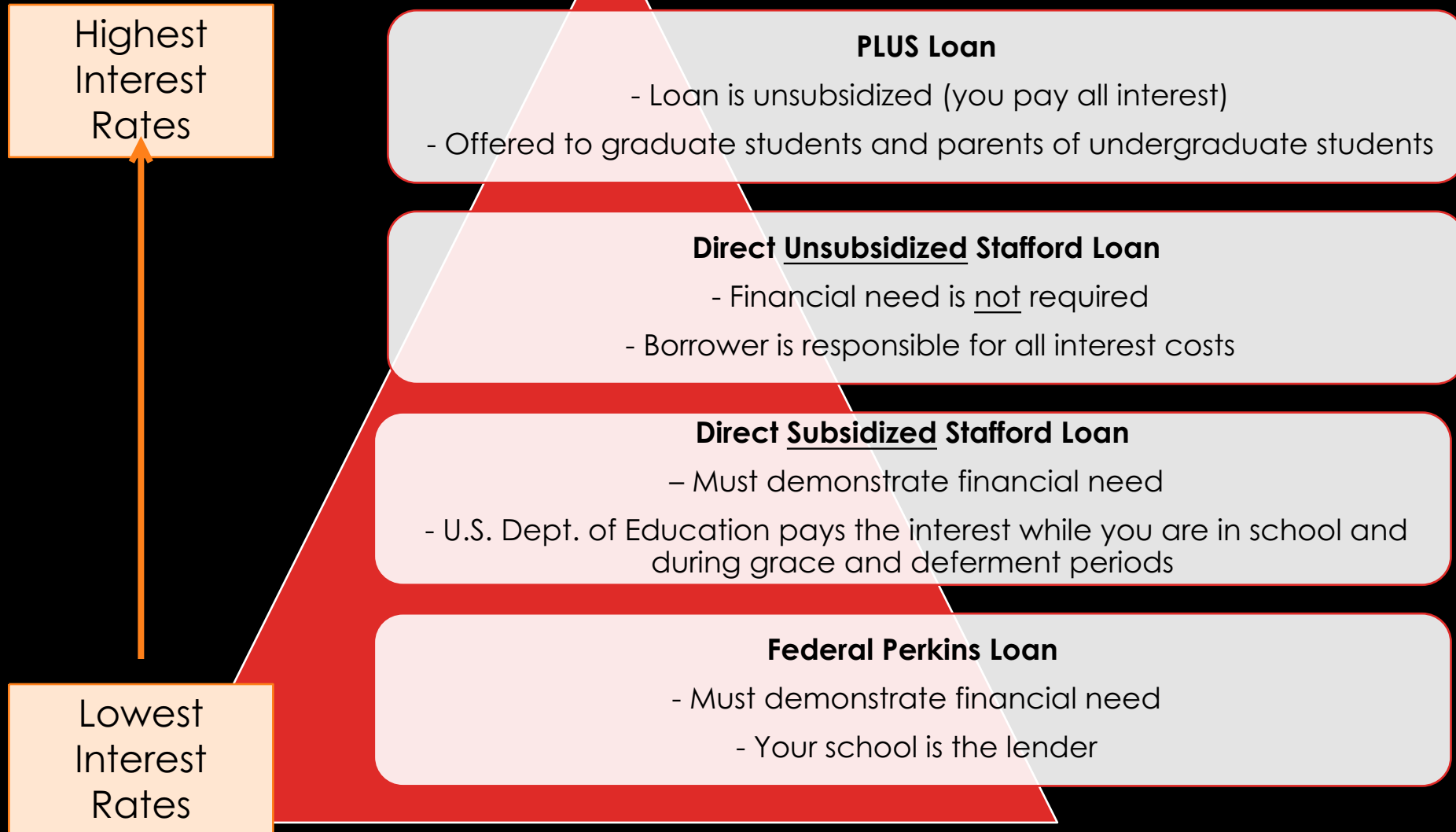
Generous  
repayment  
plans

No  
prepayment  
penalties

No credit  
checks (except  
for PLUS Loans)

Eligibility determined by FAFSA application

# TYPES OF FEDERAL LOANS





# FAFSA FORECASTER

FAFSA Forecaster = free financial aid calculator that provides an early estimate of federal student aid eligibility

? Your mission: work in small groups using the FAFSA Forecaster to estimate Imani's potential financial aid and expected family contribution

# WHY EVERYONE SHOULD COMPLETE THE FAFSA...

Gives you access to the largest source of financial aid!

Determines how much your family can afford to contribute

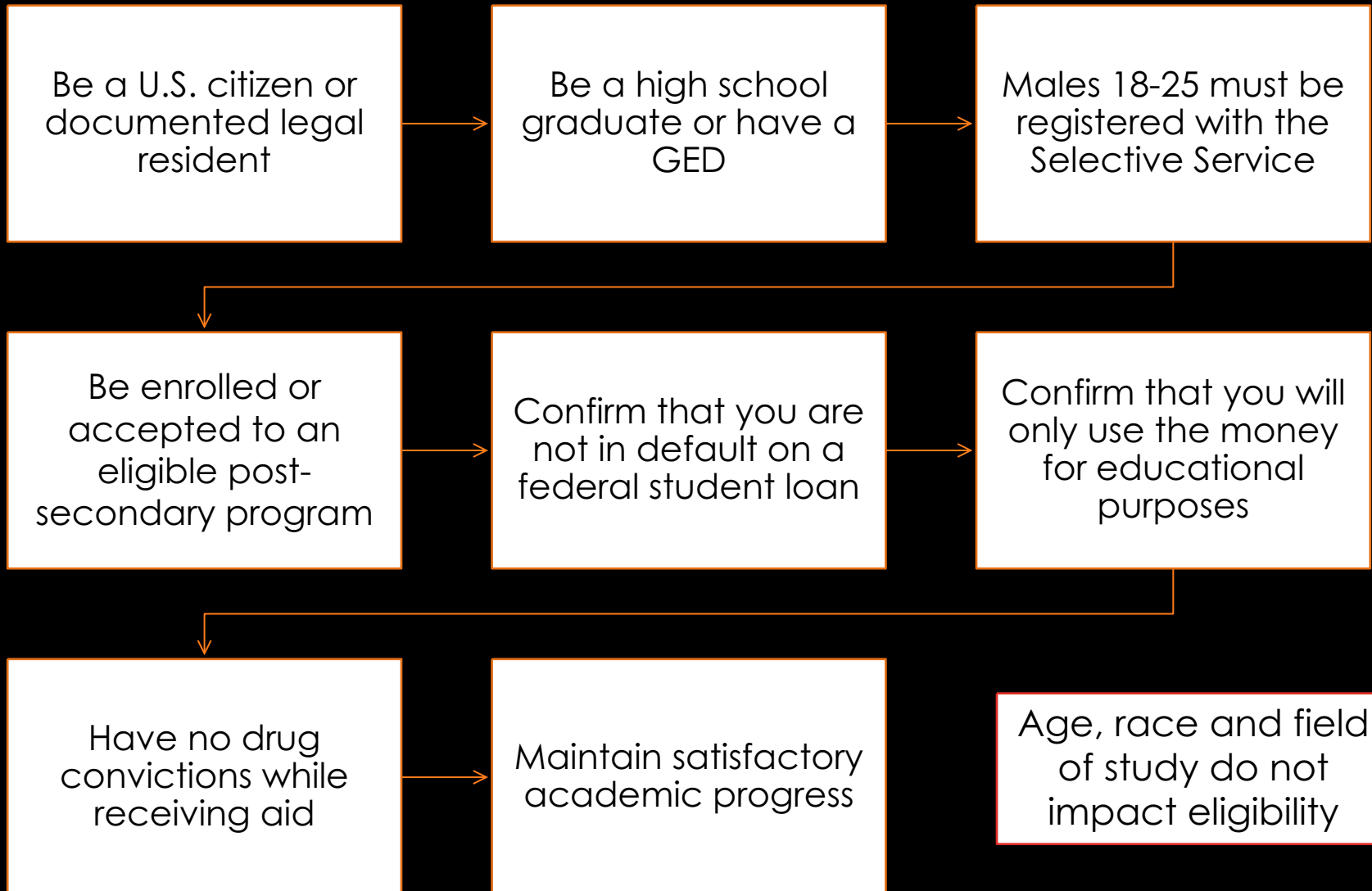
Applies to a variety of types of post-secondary institutions

Determines what types of aid you qualify for

Used by states and post-secondary institutions to determine aid



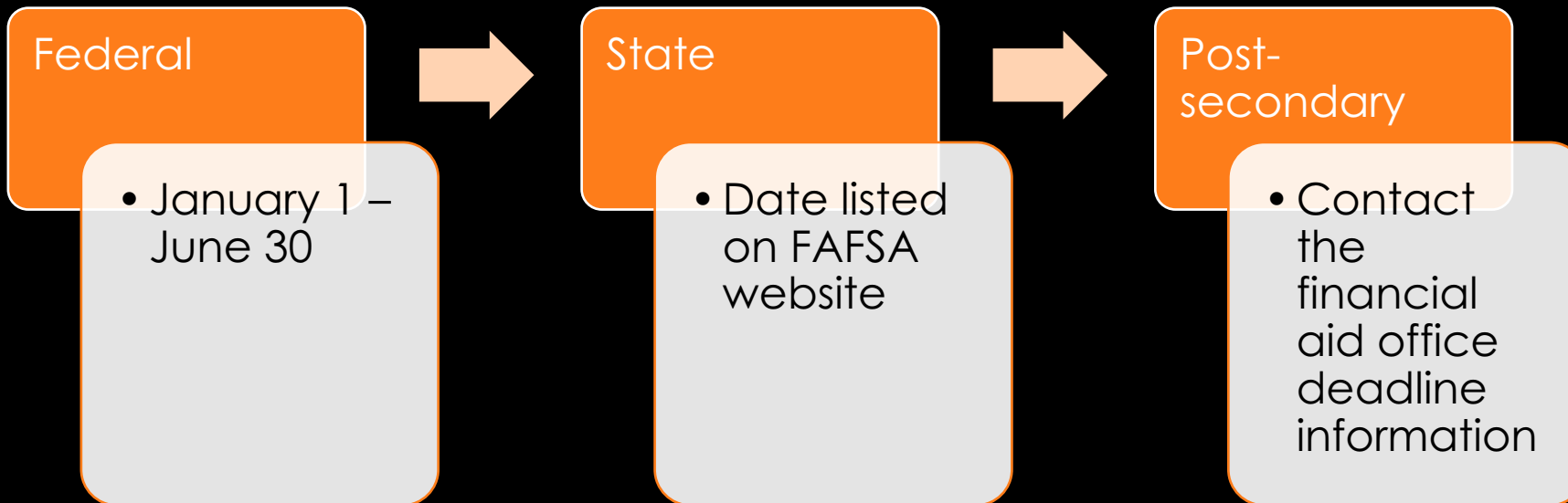
# TO RECEIVE FEDERAL STUDENT AID, YOU MUST...



# WHEN DO I FILL OUT THE FAFSA?

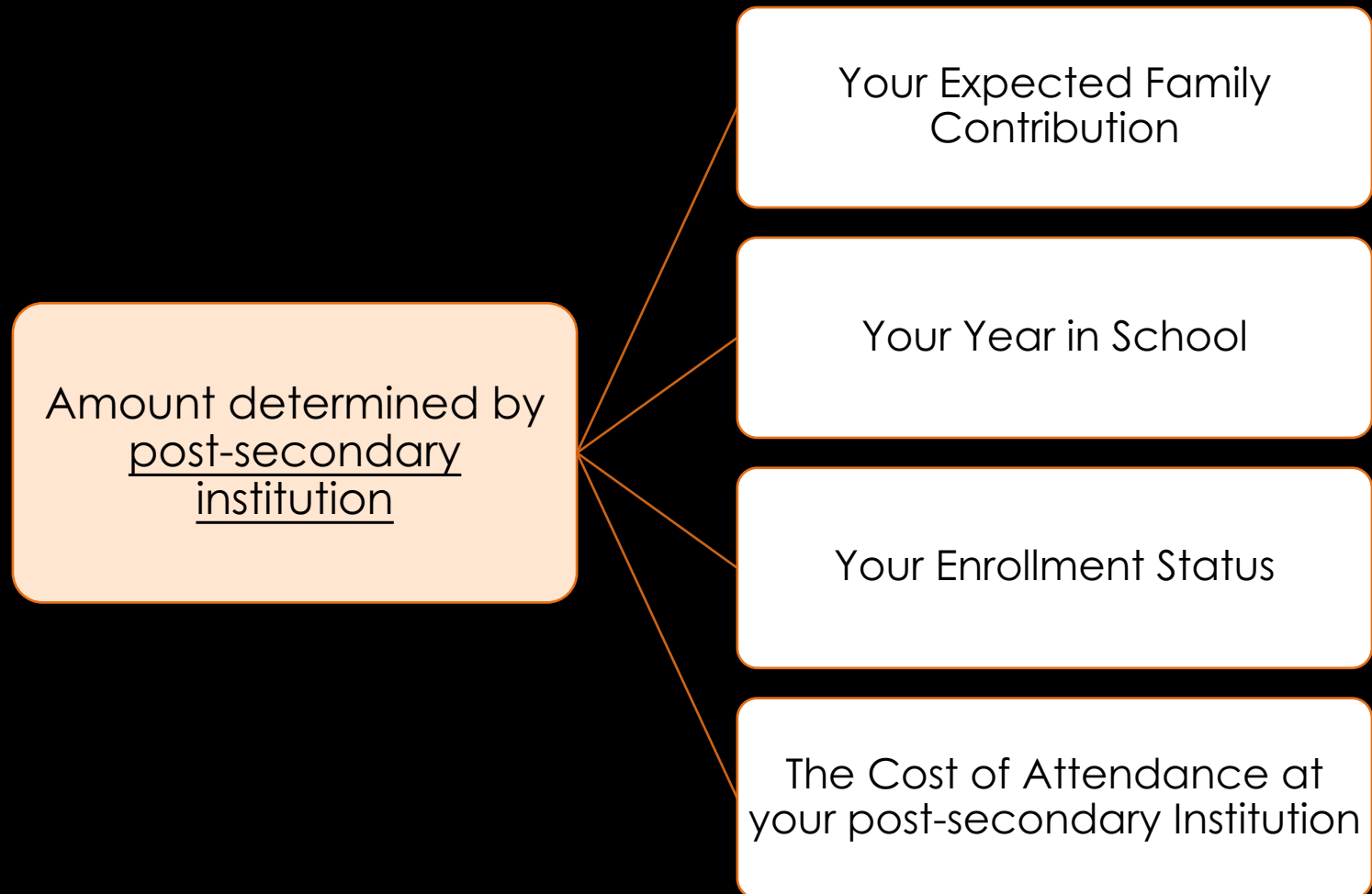
As soon as it is available!

*Some aid is awarded on a first come, first served basis*



The FAFSA Form must be completed each academic year!

# WHO DECIDES HOW MUCH AID I WILL RECEIVE?



# NEED-BASED AID

Awarded if you have financial need and meet other criteria

## **Cost of Attendance**

– amount it will cost you to go to school



## **Expected Family Contribution –**

estimate of the parents' and/or student's ability to contribute to post-secondary expenses



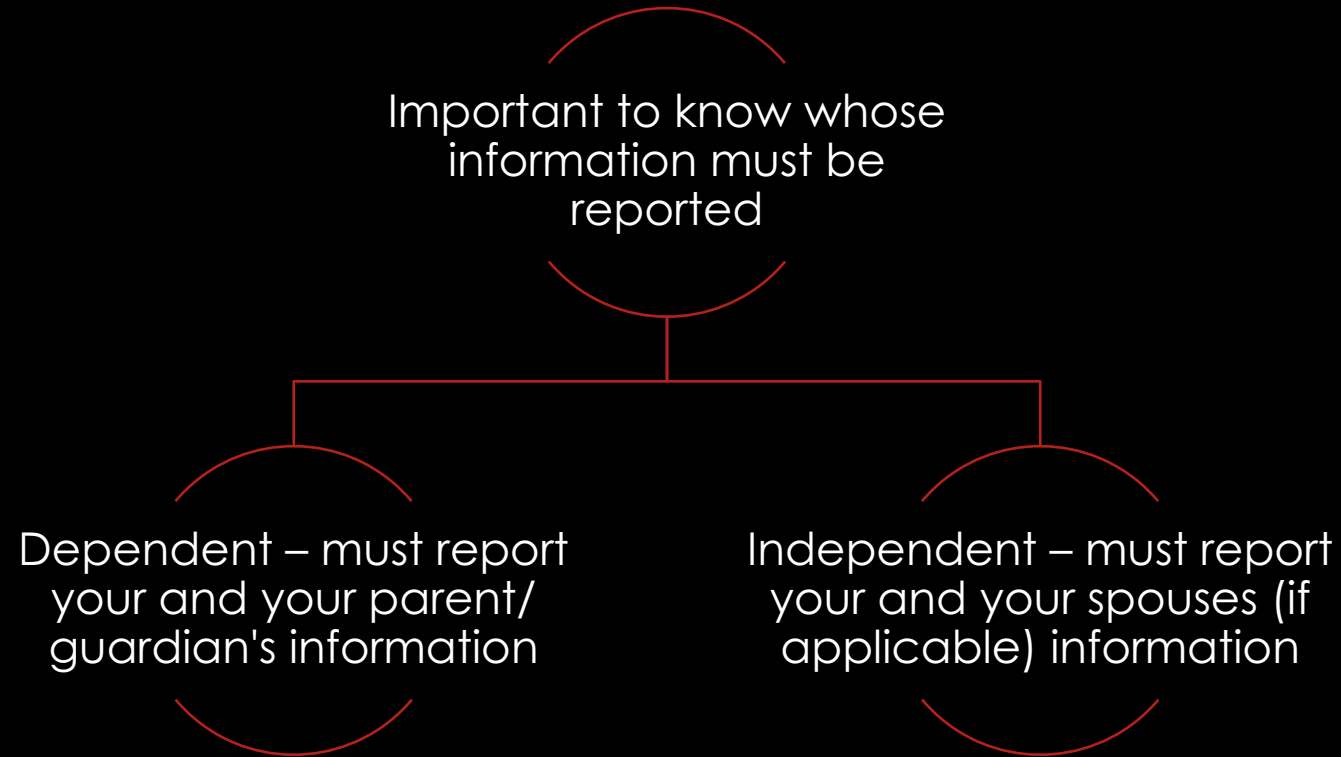
Financial Need



Does not change between post-secondary institutions

# FAFSA APPLICATION PROCESS

## DETERMINE DEPENDENCY STATUS



FAFSA website has a checklist to help you determine your dependency status

# FAFSA APPLICATION PROCESS

## CREATE A PERSONAL IDENTIFICATION NUMBER (PIN)

### What it is

- Four digit number used to identify you on the FAFSA website

### How it is used

- Used as your electronic signature (legally binding)

### How to get one

- Created online at [www.pin.ed.gov](http://www.pin.ed.gov)

If filing as a dependent – student and parent/guardian need a PIN

# FAFSA APPLICATION PROCESS

## GATHER REQUIRED DOCUMENTS



### Identification Documents

- Social Security Number, Drivers License, Alien Registration Card (if not a U.S. Citizen)

### Federal Tax Information from Previous Year

- W-2s, Federal 1040 Forms, Foreign Tax Return

### Records of Untaxed Income from Previous Year

- Child support, interest income, veterans benefits, etc.

### Current Asset Information

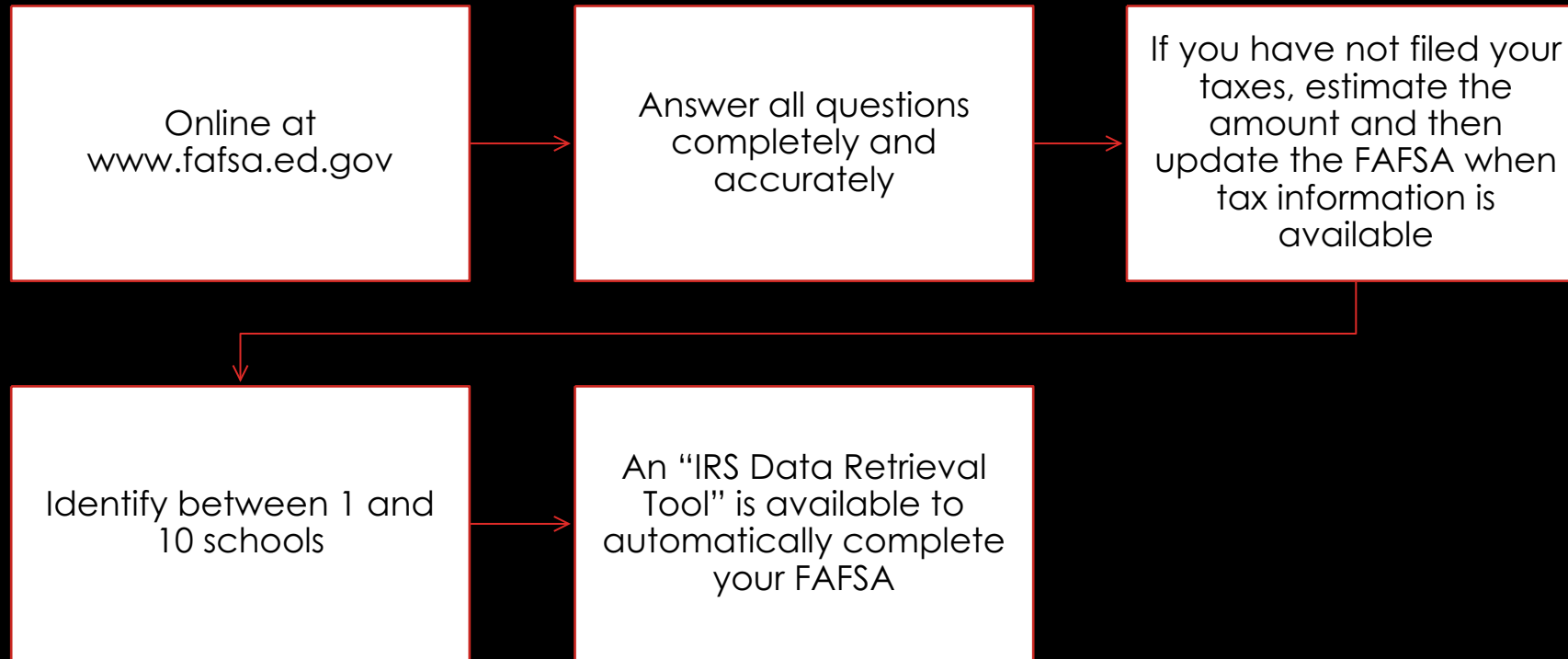
- Bank statements, investments, real estate, etc.

If filing as a dependent - documents are needed for student and parent/guardian



# FAFSA APPLICATION PROCESS

## COMPLETE THE FAFSA



Organize information in advance by completing the "FAFSA on the Web" worksheet

# FAFSA APPLICATION PROCESS

## SIGN AND SUBMIT



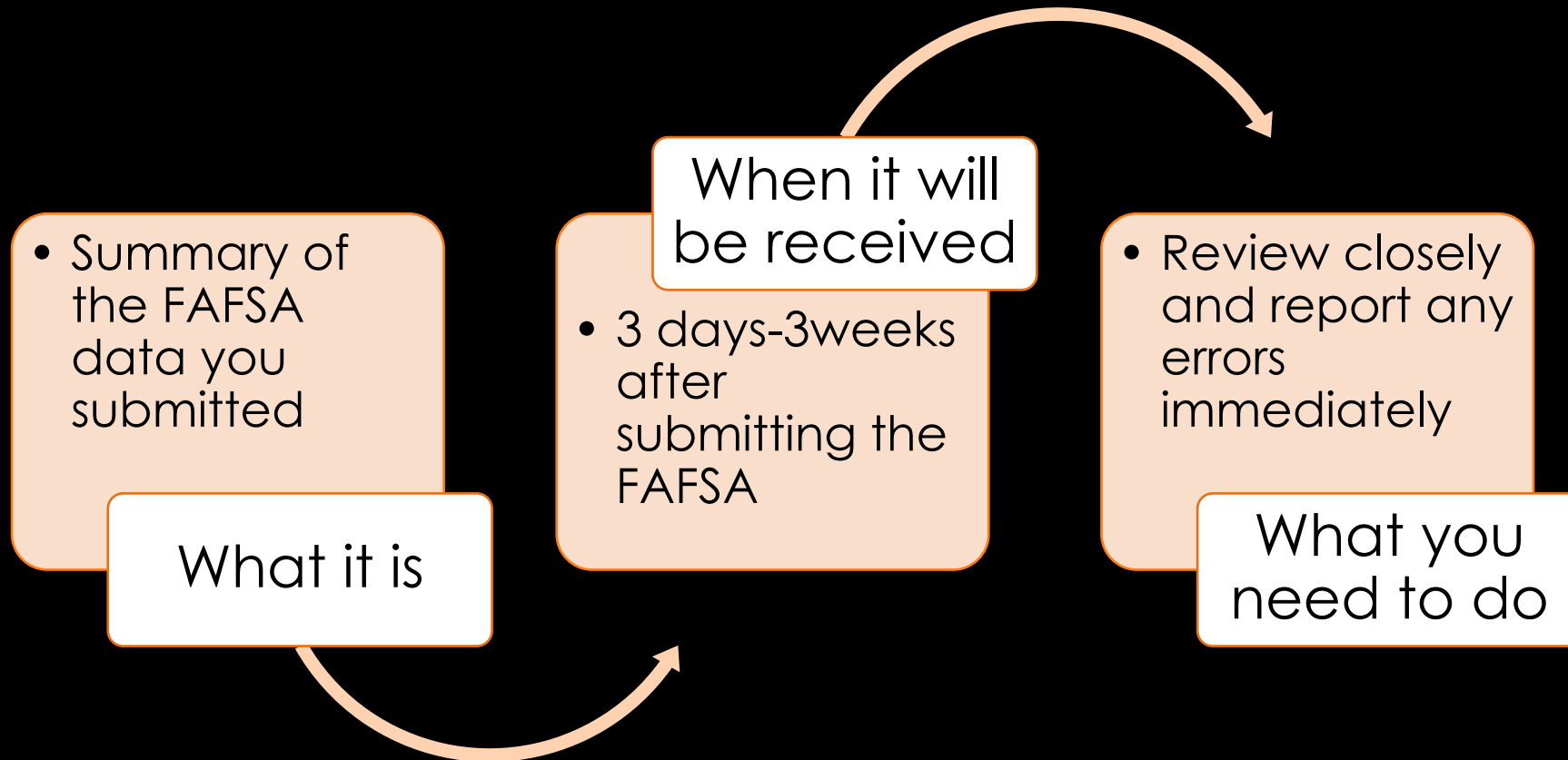
Sign using your  
PIN

If you are a  
dependent, your  
parent/guardian  
must also sign

Application not  
submitted until  
the confirmation  
page appears

# FAFSA APPLICATION PROCESS

## REVIEW YOUR STUDENT AID REPORT



# FAFSA APPLICATION PROCESS

## DETERMINE YOUR AID ELIGIBILITY

Post-secondary institutions will determine your eligibility for aid

Institution will send you an award letter outlining your aid package (must be eligible for aid and offered admission)

Institution may request more information

Must meet deadlines



# FAFSA APPLICATION PROCESS

## COMPARE AID PACKAGES

Evaluate aid offered by each school to determine which is the most affordable

### 1. Determine the Net Price



### 2. Evaluate student loans

- Understand what you are responsible for paying and by when

### 3. Only accept what you really need

# FAFSA APPLICATION PROCESS

## SUPPORT IS AVAILABLE!

**Free Application for Federal  
Student Aid**

[www.fafsa.ed.gov](http://www.fafsa.ed.gov)

**Post-secondary Institution  
Financial Aid Office**

**College Goal Sunday**

[www.collegegoalsundayusa.org](http://www.collegegoalsundayusa.org)

**Federal Student Aid**

<http://studentaid.ed.gov>

Student loans must be repaid!

## WHEN IT'S NOT FREE MONEY!





# IF YOU DEFAULT ON YOUR STUDENT LOAN...

Your loan balance  
will be due in full,  
immediately

You may be sent to  
collections and  
pay fees

Your wages may  
be garnished and  
tax refunds seized

Lose deferment  
and forbearance  
options

Lose future eligibility  
for aid

Your credit report  
will be negatively  
impacted affecting  
other financial  
areas

# IF YOU FIND YOURSELF IN TROUBLE...

## Defer

- Many lenders offer a grace period before you must begin paying

## Consolidate

- Consolidate several loans into one loan that has a lower interest rate and monthly payment

## Renegotiate Repayment Terms

- See if options are provided such as lower payments that increase over time or income-based payments

# YOUR GOALS:



Complete  
the FAFSA  
to be  
eligible for  
financial  
aid

Apply for as  
many loans  
and  
scholarships  
as possible

Never  
borrow  
more than  
you need

Be sure you  
can afford  
to pay back  
your loan