

# Unit 1: Income and Careers

**FitKit**  
Student Book



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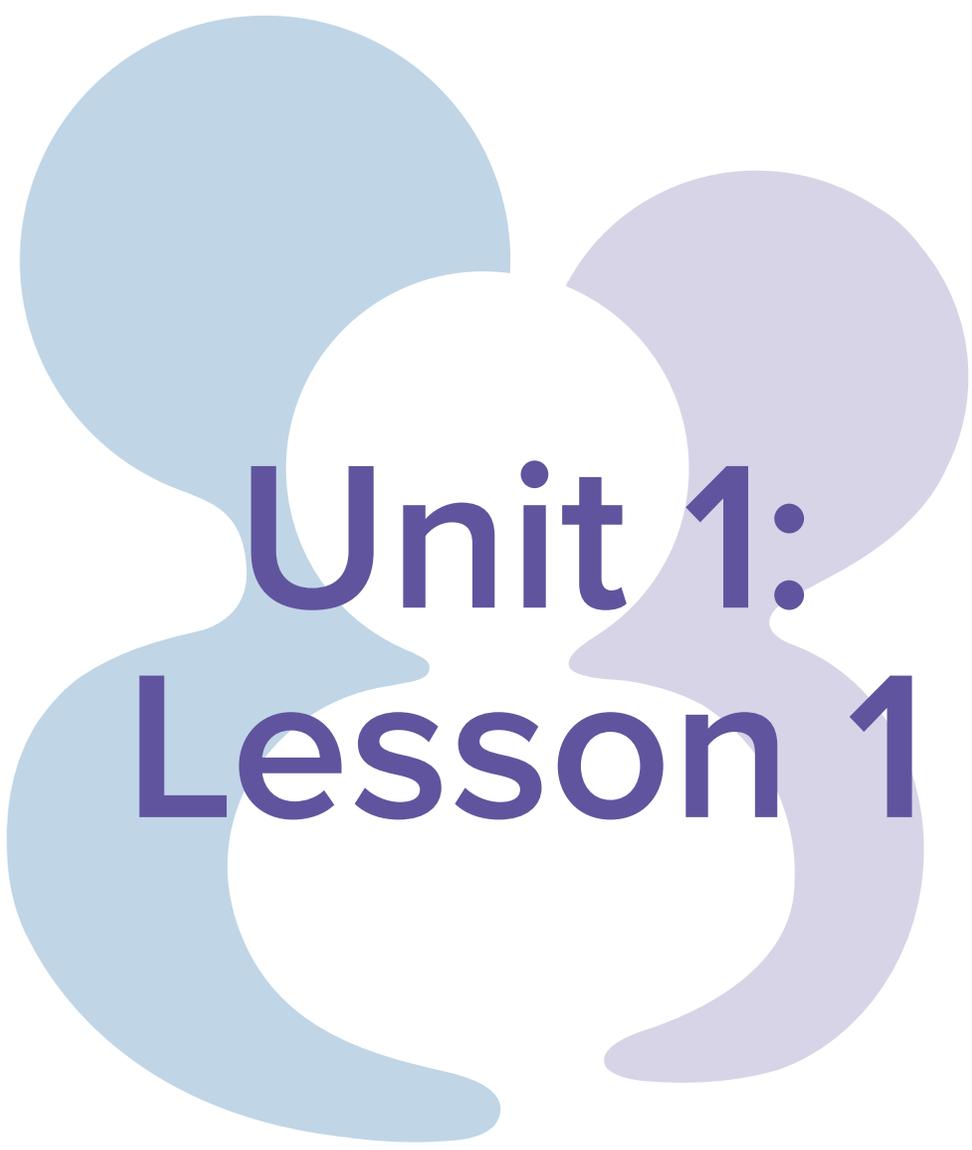
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# Unit 1: Lesson 1



# Unit 1: Income and Careers

## Lesson 1: Setting Goals and the Need for Personal Financial Literacy

### 1.1 STUDENT BACKGROUND

Welcome back to school. Like every other new class you have, you are wondering “Why do I have to take this course?” Who hasn’t wondered about “What does Ancient Medieval History have to do with my future? What good is Trigonometry going to be for me?”

You take a lot of different classes in high school. Some are required, some you choose. High school is the start of making you open your eyes to the question that you have heard before: “What do you want to do when you grow up?” It will be here sooner than you think.

Some classes are there to expose you to a variety of things to help you make decisions about your future. When you were little, you may have wanted to be an astronaut, a rock star, an actor/actress, a firefighter, or a pro athlete. Some of you still have the same dreams, some dreams have changed, and for most of you, you really don’t have a clue what you want to do.

Some classes are there to teach you some content, but others are there to help you develop your thinking and analytical skills. No, your teachers aren’t trying to make everyone grow up to be a great philosopher. Besides, there isn’t much of a demand for philosophers. However, Personal Financial Literacy is about teaching you some life skills, things you absolutely need to know. No matter what career path one chooses, Personal Finance is going to help you to achieve what you want in the future.

Before you got to high school, your idea of Personal Finance was asking Mom or Dad for \$20 to go to the movies; this is not very sophisticated. But now, many of you have started working and you’re wondering why all that money comes out of your paycheck. Many of you are thinking about going to college and how you are going to pay for it. There are lots of things that you want out of life, and they aren’t free, and, even though you haven’t even finished high school, you really have to start thinking about those things, including retirement.

Everyone will have some personal, professional, and financial goals in life. Many of you will want to go to college, get a good job/career, have a family, make big bucks, and have a lot of fun. Goals are important, but regardless of your goals, decisions you make now will affect your chances of achieving those goals, and most of the goals involve money in one shape or another. You want some new clothes? You need some money. Want to go to the prom? More money. Want to get a car? Money. Want to go to college? Money with more zeros at the end. Want to raise a family? More zeros. Want to chase the American dream and buy a house? Even more zeros.

We are not trying to scare you, but things you decide now are important. We want to show you how this course will help you understand how all these things affect your future. Your education choices affect your career opportunities, and your income. Your income, not to mention your benefits from work and those dreaded deductions from your paycheck, and your lifestyle affect your ability to spend and save, and these affect your ability to reach your goals. If you go at things blindly, it probably won't work out very well. But if you budget, and a budget is nothing more than a plan, then you have a road map towards success. But you also need to understand that there are other tools to help you reach those goals. Investments, credit, and insurance can also help you reach those goals if you use them properly. On the other hand, if they are used poorly, you won't be in a good place.

Is this course going to make you a financial expert? Nope. But it will give you a background on the things you need to know or the questions to ask. Your teacher is here to help you understand what you need to do. In the future, you will get help from others: bankers, brokers, insurance salesmen, and other financial advisors. If you pay attention and put in the work in this class, you will have an idea of what you should be doing and getting the help you need.

What if your teacher asked you to get up, go over to the windows at the side of the classroom, open one of them, and throw all your money out? Does anyone think that would be a good

idea? Well, that is kind of what you would end up doing if you don't take Personal Financial Literacy seriously. If you don't develop these life skills, you will waste a lot of money, make a lot less money, and get into some financial trouble.

Pay attention, there are plenty of statistics that will show you how few people are really prepared for the future, and we will talk about them. It is scary how few people are really prepared for life. Half of all families get hit each year with some major unforeseen expense; either an accident, or an illness, or something else and most don't have enough set aside in an emergency fund to cover these events. In addition, most people live paycheck to paycheck; they will be in a bind if they get sick or get laid off from work. Also, most people have next to nothing saved for retirement. That comfortable retirement, which could include playing shuffle-board in Florida, may not happen for most people.

Most people are not handling their financial life properly and we are not trying to scare you. This course is being taught to show you how every one of you, regardless of whether you are a teacher, a high-tech executive, or a small business owner, can start to manage this process, and the process starts now.

## Activity 1.1.a

### Ten Reasons Why Schools Should Be Teaching Financial Literacy To Our Kids

by Kelly Walsh on April 24, 2011

Thanks to guest writer Krisca C. Te for working with me to develop this feature post on the importance of financial literacy education for our high school and college students.

In the past, a teacher telling kids how to spend their allowance money might be promptly put in her place by the PTA. Money matters were personal, and to be kept within the family. With the increasingly difficult financial conditions brought on by recession and other fiscal challenges in the US and abroad, it would be a great time for schools to help to give our kids a fighting chance. In recent years, many academics have pushed for the introduction of financial literacy into the school curriculum.

The need to educate our kids about money is simply greater than ever. Here's 10 reasons why.

**They don't know enough.** Studies by the Jumpstart Coalition for Personal Financial Literacy and the National Longitudinal Survey of Youth have shown that many young people have little understanding of finance and economics. They are spending and borrowing without knowing that interest builds up, or that credit cards aren't free money.

**They are starting younger.** The weekly-allowance system is used in many families. Five dollars for the candy store may not seem so bad, but pre-teens stretching \$25 over one week will need a bit more guidance.

**There are greater temptations.** A few minutes on the Internet and a kid can find more than a few toys or CDs to ask for. When they're old enough to buy, online shopping makes it a little too easy. It's more important than ever to tell them the value of saving and delayed gratification early on.

**They have more debt options.** A report by the Federal Reserve showed that 53,000 student credit card accounts were opened in 2008, and by 2009 there were some 2 million student credit cards in circulation. Agreements between banks and colleges have made it easy for students to get debt— more students are paying tuition with credit cards every year in addition to charging schoolbooks and other expenses.

**They have more debt in general.** Many college students between 18 and 25 have at least one credit card. By the time they graduate, half of them have four or more, with an average balance of over \$3,000. That means they learn to take out more credit in the four or so years that they're in college. If a financial literacy program is implemented in high schools and colleges, they could graduate with less debt.

**Student loans are costlier.** In 2011, student loans accounted for a greater slice of the debt pie than credit cards for the first time in the U.S. While the costs of education have grown, incomes and government aid aren't keeping up. Students are taking on more debt, and with banks tightening their belts, many of them are turning to riskier subprime lenders.

**People are going bankrupt younger.** Bankruptcy doesn't discriminate: in 2001, almost one in five Americans from age 18 to 24 declared bankruptcy, according to USA Today. The same age bracket is the fastest growing demographic in bankruptcy cases. Most bankruptcies are the result of accumulated debt, so people as young as 15 may already be on the road to bankruptcy.

## Activity 1.1.a

**They start saving later.** More kids are taking their time in school and starting their careers—and retirement plans—later than their parents. It's not uncommon for a student to start a stable career only in his 30s. If they learn the importance of saving and investing in high school or college, it will encourage them to get started earlier, and to work harder to avoid “taking their time” in college. This is more important than ever because...

**The government won't always have their backs.** With the retirement boom looming, it's highly likely that the next generation of retirees won't enjoy the same benefits as their parents did from the government. More than ever, young people today are going to have to save more and invest wisely if they want a comfortable retirement someday.

**Not everyone is given the same chance.** The Jumpstart Coalition surveys showed that the most financially literate youngsters are mostly white, male, and come from well-educated families. A separate study by the NLSY showed that financially literate young adults have parents with ample retirement savings, often invested in stocks. The data suggests that financial literacy is concentrated in the middle and upper classes, but everyone is faced with the same financial decisions. Teaching all kids in schools helps to ensure that all kids are on the same footing when it comes to handling their own money.

## Activity 1.1.b

### ESPN: 30 for 30 – Broke Questions

1. By the time athletes have been retired for two years, \_\_\_\_\_ of former NFL players have gone bankrupt or are under financial stress.
2. Within five years of retirement, an estimated \_\_\_\_\_ of former NBA players are broke.
3. What did New York Giants Victor Cruz want to buy?
4. What was the date that the New York Post reported this about Victor Cruz?
5. Reggie Wilkes stated, “Most athletes come out of college:

#### Bling Bling – 13:00

6. In the “Bling bling” era, Andre Rison said that he guarantees he spent how much on jewelry?
7. Hip Hop journalist, Dan Charnas says “Making it rain“ is like:
8. What three things did Keith McCants buy himself?
9. Keith McCants spent how much money?

#### Keeping up with the Joneses – 18:00

10. What does “Keeping up with the Joneses” mean?
11. When people open up the newspapers, they see Sam Bradford makes how much?
12. When people open up the newspapers, they see A-Rod makes how much?
13. You got \_\_\_\_\_ taste but you only got \_\_\_\_\_ money.

#### Hustler’s Paradise – 28:00

14. What are some of the bad investments these athletes make?

## Activity 1.1.c

### Where I See Myself Assignment – Part 1

Whether or not you have spent a lot of time strategically planning out your future, you have probably at least thought about what it would entail.

This assignment will have multiple components/steps.

First, you will be asked some questions about ‘where you see yourself’ in your adult life.

Where do you see yourself?

1. Do you have a dream school/university that you would like to attend? If so, what is it?
2. Based upon your current knowledge/understanding of these job or career positions, which one of these career choices would you prefer? Circle one career below:

• Construction Manager	• Architect
• Restaurant Manager	• Engineer
• Insurance Agent	• Zoologist
• Marketing Research	• Social Worker
• Accountant	• Teacher
• Computer Programmer	• Lawyer
• Graphic Designer	• Radio Announcer
• Dentist	• Doctor/Surgeon
• X-Ray Technician	• Firefighter
• Police Officer	• Chef
• Food Serving Worker	• Groundskeeper/Maintenance
• Tour/Travel Guide	• Postal Service Worker
• Carpenter	• Auto Mechanic

- 3 Do you think that you will choose to live in an apartment or a house? Shop around to find the total value of a house, or the monthly rent for an apartment.
- 4 What kind of car will you drive? Shop around for the car you would like.
- 5 Create a list of at least five other types of assets which you would like to own. (smart phone, tablet, dishwasher, washing machine, etc.)

## Activity 1.1.c

### Where I See Myself Assignment – Part 2

Now that you have done a bit of thinking about ‘where you see yourself’ in the future, we will learn a bit more about the personal finance implications of this ‘lifestyle’. Utilizing yesterday’s assignment, follow the instructional prompts below:

#### Where do you see yourself?

1. If you have identified a dream school, then utilize the College Board website to research how much it would cost to attend this school for one year, and then multiply that number by four, for four years.

[College Board](#)

2. After determining the total cost of four years of attending this school, utilize the FinAid website to determine how much your monthly student loan payment would likely be.

[FinAid Loan Calculator](#)

3. Now that you are aware of the national average pre-tax annual income for these professions, utilize the paycheckcity website to determine the amount of income one could expect for this type of work per month, after taxes. After determining the numeric value of this profession’s average post-tax monthly income, assess how this compares to your expectations.

[Paycheck City Payroll Calculators](#)

*Teacher should guide students before using the loan calculators by giving them an interest rate and a loan term. Teacher should research the average interest rate and loan term before reviewing an example with the students.*

4. If you researched the cost of an apartment, then you are all set. However, if you researched the cost of a house you may like to own, then you will need to utilize Google’s Mortgage Calculator to determine the monthly mortgage expense.

Google Search: “Mortgage Calculator”

## Activity 1.1.c

The federal government's Bureau of Labor Statistics website indicates that the national average income (before taxes) is, as follows, for the career options provided for this assignment:

Construction Manager • \$95,000	Architect • \$82,000
Restaurant Manager • \$53,000	Engineer • \$95,000
Insurance Agent • \$65,000	Zoologist • \$63,000
Marketing Research • \$68,000	Social Worker • \$45,000
Accountant • \$74,000	Teacher • \$55,000
Computer Programmer • \$84,000	Lawyer • \$129,000
Graphic Designer • \$51,000	Radio Announcer • \$44,000
Dentist • \$170,000	Doctor/Surgeon • \$195,000
X-Ray Technician • \$60,000	Firefighter • \$48,000
Police Officer • \$59,000	Chef • \$45,000
Food Serving Worker • \$22,000	Groundskeeper/Maintenance • \$33,000
Tour/Travel Guide • \$26,000	Postal Service Worker • \$51,000
Carpenter • \$46,000	Auto Mechanic • \$41,000

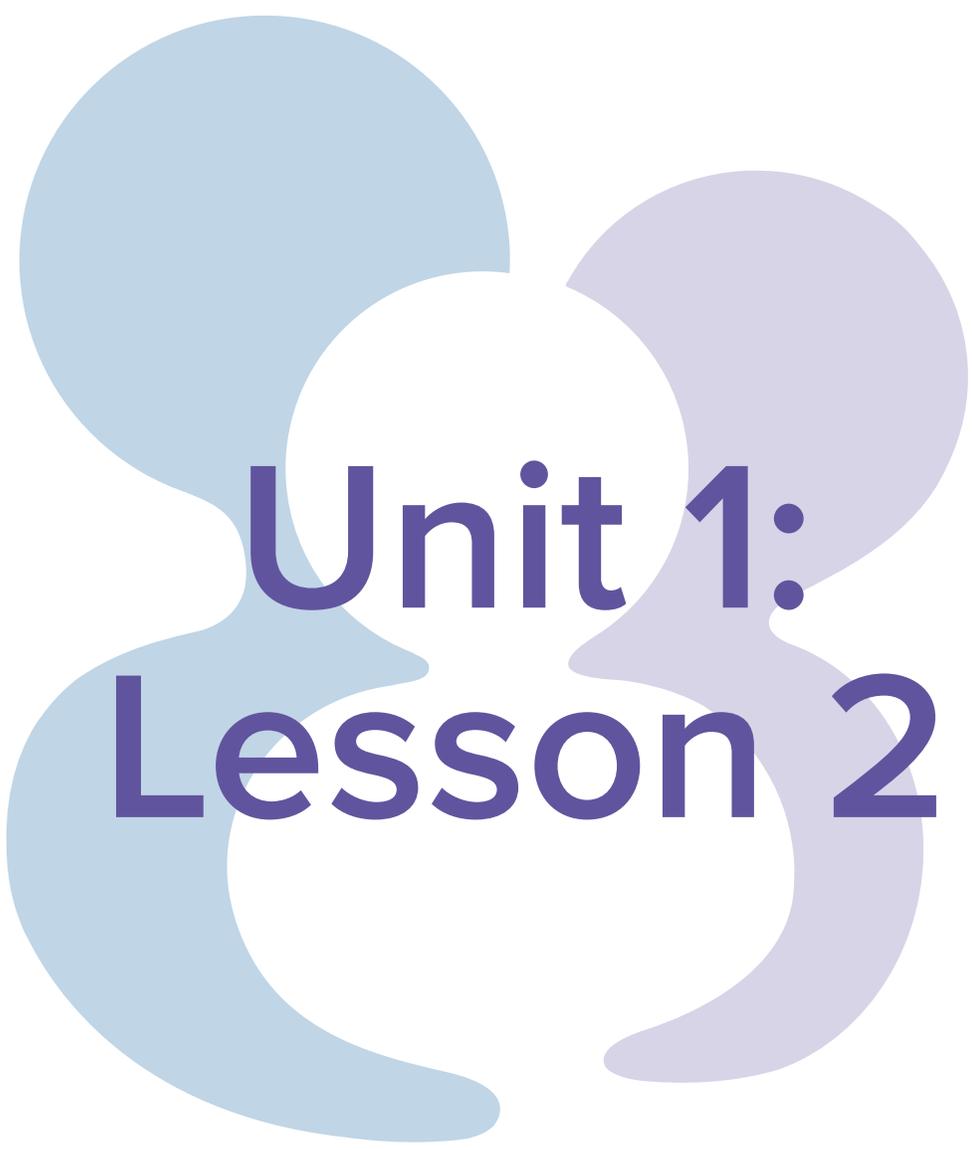
- Now that you have researched the value of a car you would like to drive, you will utilize the auto loan calculator on the bankrate website to determine how much the monthly auto loan expense would be.

### [Bank Rate Calculator](#)

- Complete Google searches to determine the cost of each of the various assets that you included in your response to this prompt. While these numbers represent the total cost for these assets, and they all would not likely be purchased at the same time, it is important to think about how the costs of these assets must be considered when planning to obtain them and still pay for all of one's other normal monthly budget expenses.
- Now that you have addressed the assignment instructions for following-up with each of the five prompts, you are asked to reflect on the information discovered in this activity. In your reflection, consider several of the following prompts:
  - After making monthly payments for student loans, home loans/apartment rent, and car loans, how much money would be left, in this scenario?

## Activity 1.1.c

9. How has this assignment's content matched up to your expectations?
  
10. This activity represents several components of a monthly budget. What other types of expenses would be included within a monthly budget?
  
11. What components of the 'lifestyle' imagined for this activity would be easy and/or difficult to manage?
  
12. At this moment, would you say that the completion of this activity has affected your mindset about the future? If so, how?



# Unit 1: Lesson 2

# Unit 1: Income and Careers

## Lesson 2: The Value of Education



### 1.2 STUDENT BACKGROUND

Is your social life important? Of course it is, but your high school years are spent juggling your studies, your sports or other extracurricular activities, your social life, and your family responsibilities. It can get complicated.

But does it really make sense that the average high school student will spend more time trying to pick out their prom dress or tux than the amount of time they spend on trying to understand how they are going to pay for their education beyond high school? Think about it. Which is really more important to your future?

The decisions you make today about both your current education and your higher education or career training goals will affect your future income. You will make important personal decisions each day about your studies, your job and career possibilities, and your free time. Every decision will play a part in determining your future income.

Bill Gates, the world's richest man and founder of Microsoft, once said that everyone should be nice to the nerds; you will work for one someday. If you work hard at getting good grades, you will

have more opportunities in the future. Will you definitely earn more? No, but you change the odds in your favor.

If you decide to participate in sports or other activities, how will that affect your future? Your commitment to these activities takes away time and may hurt your grades. These activities give you some life lessons about goal-setting, commitment, hard work, taking risk, overcoming failure, teamwork, and developing leadership skills, among other benefits.

The value of sports or other activities is not about getting a scholarship. The odds of that happening are not great. But if you handle these activities well and they are significant, the real value of these activities is that they will help you get into a better college than you would otherwise deserve.

What if you decide to have a part-time job? Some of you may have to work to help out your family or for you to have money to pay for a car or auto insurance. That's OK. But also understand how the job may affect your grades, and it will take away from your ability to participate in other activities. This will affect your future.

### **Career Planning**

Career planning begins now. It doesn't matter whether you are rich or poor, whether you work part-time or not, whether you plan to go to college or not.

The beginning of any career planning starts with self-assessment. Students must understand their skills, talents, interests, and values in order to start to match these with potential career paths. In simpler language, this means you have to start to figure out 1) what you are good at? 2) what do you like? and 3) what jobs and career paths make sense?

This decision is yours. You will have plenty of people to help you, but it is your decision. It is not your parent's decision. It is not your friend's decision. It is not your teacher's decision. It is not about where you can make the most money or what is cool. It is about you.

The job market is constantly changing and most of today's jobs require some form of further education beyond high school. Where are the jobs? Our economy is not agricultural anymore. It really isn't industrial anymore, either. We are a service-based economy. Do we still have farmers and people who actually produce a physical product? Yes, these are still important parts of our economy but job opportunities are limited there. We really don't need many farmers or factory workers. The job opportunities there are just with replacing the people that are retiring and even that number is getting smaller as technology reduces the amount of labor we need in these areas.

The largest number of jobs, and most of the job growth (new, additional jobs) is with the service side of our economy. So, what are we good at? We are good at innovating. We need people in the technology area. You probably have started to hear the term, STEM, tossed around. STEM stands for Science, Technology, Engineering, and Math. We need people with these technology skills and business people. That is where the new careers are.

### **The Cost of Education**

You need to understand not only the value of further education, but also its cost. While student loan debt is increasing, most students do not

truly understand the cost, and many students are unaware of the alternatives that exist before them to further their education.

**Bottom-line:** Education matters. If you want a good career and be paid well, you need to continue your education. And the statistics show that it is worth it.

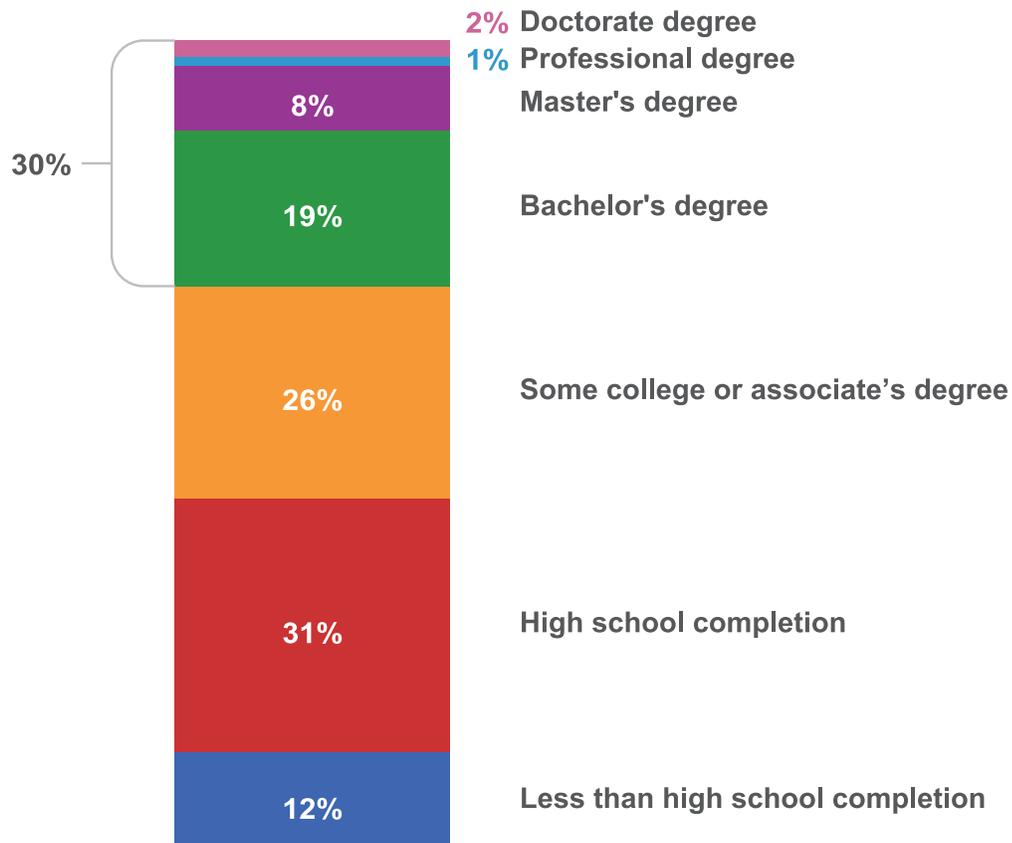
But at \$65,000 a year? The final thing you need to understand is the true cost of college. There are many alternatives to 4-year colleges and even that \$65,000 a year number for a private university is not a real number, unless your family is loaded. The true cost of a private university, after financial aid, could actually be less than your in-state, public university.

Don't ever limit your future opportunities because of the price tag. It isn't always real. You won't know the true cost of a private university until you see the financial aid package.

## Activity 1.2.a

### Does Education Pay?

#### Educational Attainment of the Population 25 Years and Older: 2011



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2011  
Percentage with a professional degree is not statistically different from the percentage with a doctorate.

1. What percentage of our population has a high school diploma or higher?
2. What percentage of our population has a Bachelor's (4-year college) degree or higher?

## Activity 1.2.a

### Poverty Rates based upon Education Level:

Poverty Rate for the Population 25 Years and Over for Whom Poverty Status is Determined by Educational Attainment Level	
Less than high school graduate	23.6%
High school graduate <i>(includes equivalency)</i>	11.5%
Some College or associate's degree	7.8%
Bachelor's degree	4.1%
Graduate or professional degree	3.0%

Source: U.S. Census Bureau. 2006-2008 American Community Survey

3. What happens to the poverty rate as the education level rises?

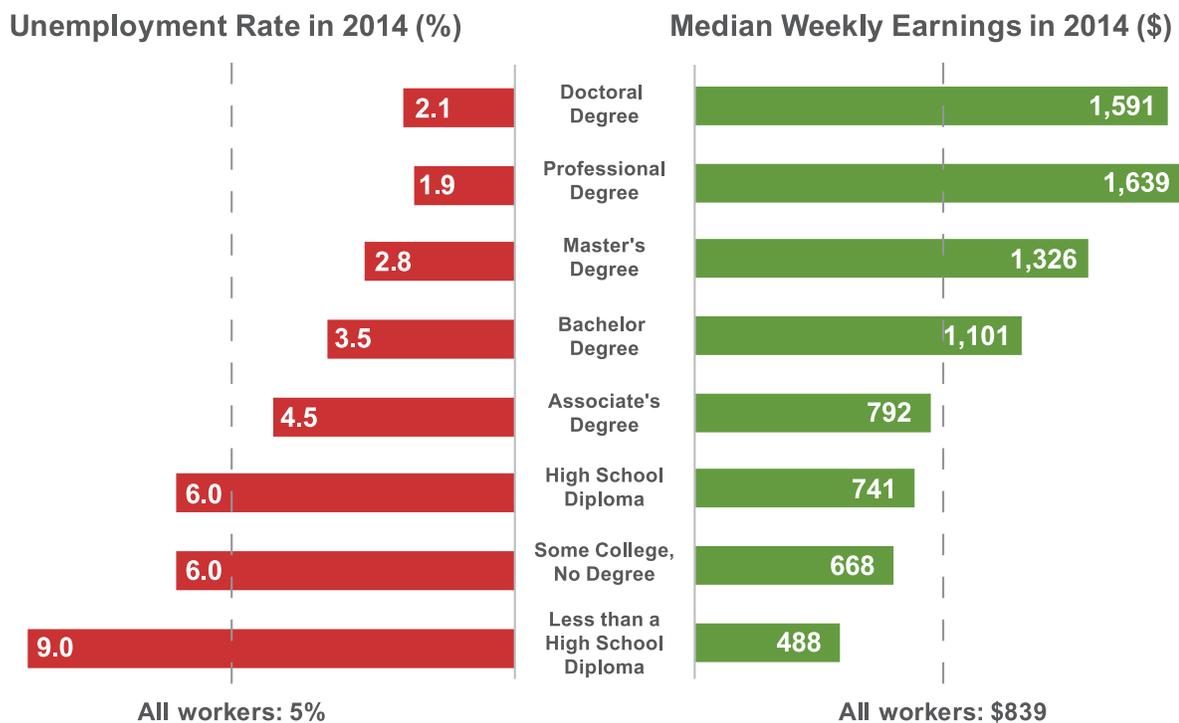
4. How does the poverty level for a high school dropout compare to a high school graduate?

Median Earnings in the Past 12 Months (in 2009 inflation-Adjusted Dollars)	
Subject	Total
Less than high school graduate	19,989
High school graduate <i>(includes equivalency)</i>	27,448
Some College or associate's degree	33,838
Bachelor's degree	47,853
Graduate or professional degree	63,174

Source: U.S. Census Bureau, 2006-2008 American Community Survey

## Activity 1.2.a

5. What happens to average annual earnings as the education level rises?
6. What is the earnings difference between a high school graduate and a high school dropout?
7. What is the earnings difference between a high school graduate with some college experience versus a high school graduate?
8. On a percentage basis, how much higher are the annual earnings for a college graduate (with a Bachelor's degree) than someone with a high school diploma?



Note: Data are for persons age 25 and over. Earnings are for full wage and salary workers.  
 Source: Current Population Survey, U.S. Bureau of Labor Statistics, U.S. Department of Labor

9. What is the relationship between education level and the unemployment rate?
10. If the economy slows down, which group do you think gets laid off first?
11. In summary, what happens to your earnings as your education level increases? What happens to your chances of living in poverty or being unemployed as your education level increases?

## Activity 1.2.b

### Career Research Assignment

Some of you have indicated that you know exactly what career you would like to pursue, while some of you have also indicated that you have no idea. The completion of this assignment will allow you to see what types of jobs or careers may match your interests, skills, personalities, and subjects you enjoy the most in school. To complete this assignment, you will begin by completing the provided 'career cluster interest survey'. Then, you will investigate some of the career clusters and careers that seem interesting to you. Follow the prompts listed below.

#### Career Cluster Interest Survey Prompts:

- Go to the following URL:
- [ISEEK Career Cluster Interest Survey](#)
- Click "GET STARTED" to begin the career interest survey
- Check the box next to the activities you like to do, clicking 'Next' after you finish the 'Activities', 'Activities (part 2)', & 'Activities (part 3) pages
- Check the box next to the personal qualities that describe you, clicking 'Next' after you finish the 'Personal Qualities', 'Personal Qualities (part 2)', & 'Personal Qualities (part 3) pages
- Check the box next to the topics or school subjects you like, clicking 'Next' after you finish the 'School Subjects' & 'School Subjects (part 2)' pages

### Careers

You have now been directed to the 'Matching Clusters' page, in which the career clusters that most matched your input are indicated towards the top of the page, while the rest of the clusters are shown in the order in which your input matched the types of careers/responsibilities which these clusters generally call for. At this time, you should write down the career clusters that most matched your input.

This is important, because if needed, you will be able to access the cluster groups at the following link: [Career Clusters](#), preventing the need to have to complete the interest survey again, should you run out of time in class.

## Activity 1.2.b

To complete the next part of the assignment, address the prompts below:

### Career Research Prompts:

Read the following prompts & record prompted data on the provided pages that follow.

- Scroll over and click on the name of one of the 'Top Matching Career Clusters' that seems interesting to you (record)
- Read the introduction to this career cluster towards the top of the page
- Then click on 'Careers in this cluster'
- Scroll over and click on the name of a career that seems interesting to you (record)
- The 'Overview' page will be visible, but you will utilize the various links on the left-side of the page to access specific information about this career.
- Scroll over and click on the 'Wages & Outlook' link.
  - Make note of the 'US Median Salary' (record).  
Note: This website is from Minnesota, so we will take a look at the US-specific wages.
- If you visit the My Next Move Website, you will be able to look up wages by specific state or zip code. [My Next Move](#)
- Scroll over and click on the 'On the Job' link.
  - Make note of the 'Physical Demands' for this career (record).
  - Make note of the 'Typical Work Tasks' for this career (record).
  - Make note of the 'Typical Working Conditions' for this career (record).
- Scroll over and click on the 'Education & Credentials' link.
  - Make note of the 'Work Experience and Training Requirements' for this career (record).
  - Make note of the 'Fields of Study (Majors)' for this career (record).
- Scroll over and click on the 'Skills & Knowledge' link.
  - Make note of the 'Most Important Skills' for this career (record).
  - Make note of the 'Most Important Knowledge Areas' for this career (record).
  - Make note of the 'Interests' for this career (record).
- Then, 'click backwards' on your web browser to return to the 'Careers in this cluster', or to the career cluster listing as a whole. Repeat the process of researching a specific career for two more careers, recording the prompted information in this packet.
- Once you are done recording the prompted information, answer the 5 questions at the end of the assignment.

## Activity 1.2.b

Student Name:			
Career Research Assignment			
	Career A	Career B	Career C
Career Cluster:			
Career:			
US Median Salary:			
State Median Salary:			
Physical Demands:			
Typical Work Tasks:			
Typical Working Conditions:			
Work Experience and Training Requirements:			
Fields of Study (Majors):			
Most Important Skills/ Knowledge Areas:			
Interests:			

Now that you have researched three careers you might be interested in, and compiled data about these careers, what is your overall impression of this assignment? Compose a written response addressing the prompts below. You may use the rest of the page to compose your response.

- Have you learned more about how your personality and/or interests can be associated with some possible careers?
- Did you learn more about careers that you were already somewhat interested in?
- Did you learn about new careers that you are now interested in?
- Overall, what have you gotten out of the completion of this assignment?
- Do you think that the completion of this assignment will help to shape your future career goals?

## Activity 1.2.c

### Vocational Opportunities

Vocational Examples: Medical Assistant or Nurse (Allied Health field), Automotive Technology, Building Trades or Construction, Child Development, Clinical Care, Commercial Art, Cosmetology, Criminal Justice, Culinary Arts, Electrical Technology, Exercise Physiology, Information Technology, Office Systems, Digital Media, Graphic Design, Horticulture, Military

1. Pick and list a vocation or military pursuit.
2. Why does this interest you?

Visit [Bureau of Labor Statistics](#) for the following information:

3. What is the work environment like (typical duties, work setting, hours, seasonality, etc.)?
4. What are the education, training, and other qualifications needed to enter the occupation?
5. Are there licenses, certifications, or registrations needed?



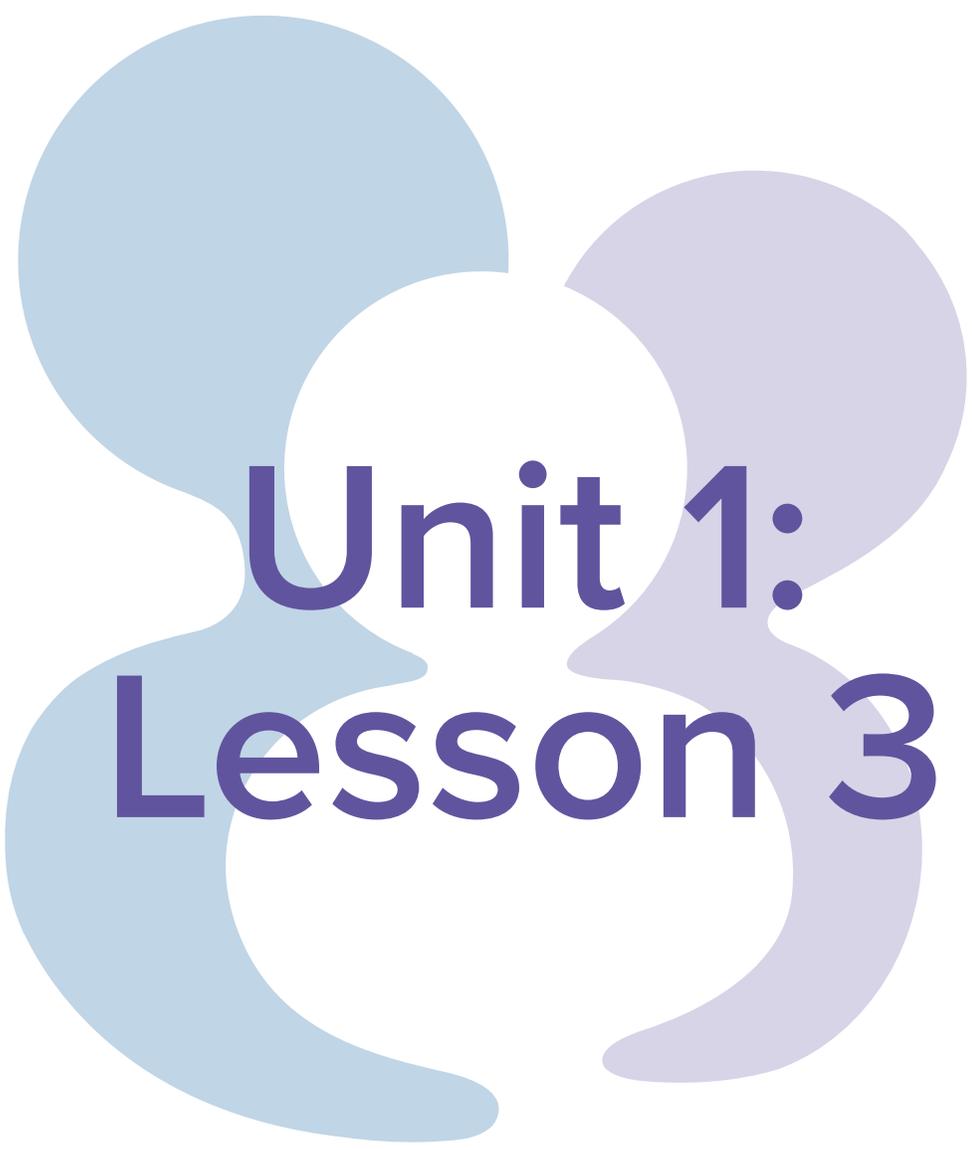
### Activity 1.2.c

12. What is a local, post-secondary training program that specializes in this occupation?

13. What is the duration of this program?

14. What is the cost of this program?

15. What, if any, certification do you receive at the end of the program?



# Unit 1: Lesson 3



# Unit 1: Income and Careers

## Lesson 3: Paying for Post-Secondary Education

### 1.3 STUDENT BACKGROUND

People will often say that their high school years fly by. Freshman year quickly becomes Sophomore year, and then before you know it, you are walking out of your graduation ceremony, and are off to do great things. However, as we have already learned, these great things will likely be on hold until you can obtain the education, knowledge, and training that you will need to be as successful as possible within your version of “Great”.

Many of the conversations that are initiated with high school students about the future focus on the ‘what’ and the ‘where’, but Uncle Don never really asks you ‘how’; referring to “How do you plan to pay for vocational school or college?”

With the growing costs of obtaining a post-secondary education (education beyond high school), it is super important that you are paying attention to the costs associated with some of your top choices. What are the pros and cons associated with the different options which you are considering? Hey, isn’t that opportunity cost? Yup, sure is.

Being aware of the price tags of vocational schools or colleges is just the start of this whole

“How” thing. What about the means that you will use to pay for it? Does your family have a college savings account for you? If so, then that is great, and you are fortunate.

If you are like most people, and will need to pay for your education, then you will be able to apply for student aid from the federal government by completing The Free Application for Federal Student Aid (FAFSA). The FAFSA will determine one’s need for financial aid, and can reduce the amount that you would owe for your education expenses. Who wouldn’t want to see the price for their education decreased?

Alright, so does this mean that if your family doesn’t have money saved to pay for vocational school or college, and you didn’t see the price of your education reduced greatly by completing the FAFSA, then you have to pay for the costs of your education up front in cash?! Thankfully, this is definitely not the expectation. You will be able to apply for student loans, which would pay the costs of obtaining the education, knowledge, and training that would be necessary to gain, in order to fulfill career goals, and be your version of “Great”.

## Activity 1.3.a

### FAFSA Scavenger Hunt

**Directions:** Please answer the questions.

To begin log on to the FAFSA website below and use the search bar in the upper right hand corner to complete the Scavenger Hunt - [Filling out the FAFSA](#)

- If you're hoping to attend a 4-year college, check "1st Bachelor's Degree."
- If you're planning to attend a 2-year college, check the "Associate" box that best describes your program.
- If you're planning on a program that gives you a certificate or diploma, check the box for "less than two years" or "two or more years."
- If you're not sure, you can check the "undecided" box.

#### **SECTION 1 - STUDENT INFORMATION:**

1. Who is eligible?

2. What do you need to complete FAFSA on the Web?

## Activity 1.3.a

3. Explain Selective Service Registration  
Who?

What?

Why?

4. What is Student Aid Eligibility Drug Convictions?

## Activity 1.3.a

### SECTION 2 - STUDENT DEPENDENCY STATUS:

4. List three ways you can be considered independent; student will not have to provide parental information.

### SECTION 3 - PARENT INFORMATION:

5. Who is considered a parent?

### SECTION 4 - STUDENT INFORMATION:

6. What tool is the easiest way to provide accurate tax information

## Activity 1.3.a

### GETTING HELP:

7. List 3 options for getting help in completing the FAFSA. Note: All are available via the website.

Phone:

E-mail:

Chat:

### FINDING AND USING FEDERAL SCHOOL CODES:

8. Where can you find Federal School Codes?

9. What are they used for?

10. What if you want to apply to more than 10 schools?

### DEFINITIONS:

Define each of the terms below.

11. PIN --Personal Identification Number:

## Activity 1.3.a

12. EFC --Expected Family Contribution

13. SAR -- Student Aid Report:

14. COA Cost of Attendance:

### TECHNICAL QUESTIONS:

15. How do I save my application so I can return to it later?

16. How do I return to my saved application? How long will my application be saved?

### THE FAFSA: FACT OR FICTION?

Read each prompt below and check each box that makes the statement true. (NOTE: You can check as many boxes as you wish in each category.)

17. You must complete the FAFSA in order to receive

- Financial aid from the federal government.
- Financial aid from your state government.
- Financial aid from many schools.

18. Government aid may be used to pay for

- Full-time attendance at 4-year colleges.
- Full-time attendance at community colleges.
- Full-time attendance at some tech and trade schools.

19. The FAFSA includes financial information about

- The student who will be attending school.
- The student's biological or adoptive parent(s).
- The student's stepparent with whom s/he lives.

20. The FAFSA should be completed

- No earlier than January 1 of the year before beginning college.
- By a deadline that varies from state to state.
- As early as possible to receive the maximum financial aid.

## Activity 1.3.b

### Federal Student Loans

Now that we have been introduced to the types of student loans offered by the federal government, let's look at the [U.S. Dept. of Education](#) website to enhance our understanding of the types of loans that are offered.

	Lender	Borrower	Amount Available	Subsidized?	Current Interest Rate	Repayment Period
Stafford Direct Subsidized Loan						
Stafford Direct Unsubsidized Loan						
Direct Plus Loans						
Perkins Loan						



# Extension Activity

## Extension Activity 1.3.c

### The True Cost of College

Go to [The Rising Cost of College](#) and read the article.

1. Calculate the percentage change in room & board from 1993-94 to 2013-14.
2. According to the Note at the bottom of the table, what was the percentage change in the published average price for tuition and fees from 1993-94 to 2013-14?
3. According to the Note at the bottom of the table, what was the percentage change in the average net price for tuition and fees for the same time period?
4. Looking at the table, compare the total net cost for tuition and fees and room and board to your state university. How much of a difference is there?

“The Group of 62”. Go to [Best Value Schools](#) and read article.

5. How is the need-based financial aid determined?
6. In providing 100% of this need-based financial aid, what types of financial aid could be offered? Describe the differences between these different types of aid.
7. What type of need-based aid is the most preferable? Why?

Click on the link for “Best Value” and explore the list of schools that exist under each tab. Pick a school and look for information on financial aid. On most university websites, Financial Aid might be a stand-alone tab or it might be under Undergraduate Admissions. Explore their financial aid policies.

8. How much of demonstrated need do they promise to meet?

### Extension Activity 1.3.c

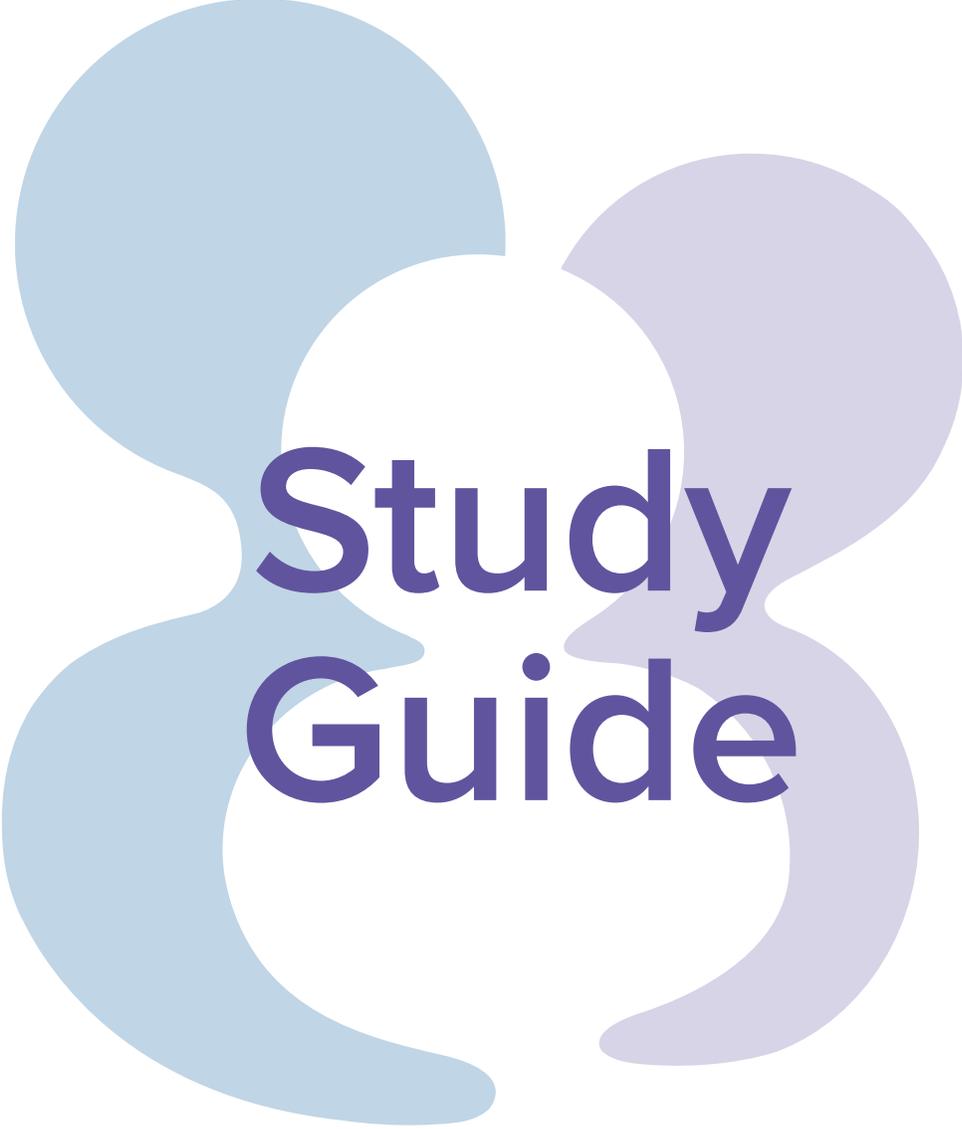
9. What is the composition of the need-based aid? (i.e., are loans part of the package, or is there a prohibition or limitation on loans?)

10. Do they also offer merit-based scholarships?

11. Explore the university's Net Price Calculator. You will have to provide some individual and family financial information but it will give you an estimate of what the net cost of attendance will be.

Go to [Public and Private - Tuition Discount Rates](#)

12. What is tuition discounting? Why are colleges discounting?



# Study Guide

## Unit 1: Income and Careers - Study Guide

1. What is the first step in career planning? Why is this important?
2. What happens to 78% of NFL players within two years of retiring?
3. What are the elements for the true cost of attending college in order from highest to lowest?
4. What are subsidized loans?
5. In 2001, what was the ratio of people aged 18-24 that declared bankruptcy?
6. What is vocational school? Why is it appealing?
7. What is opportunity cost? Give an example.
8. How does the pay disparity continue to increase?
9. What is a FAFSA? Why do you need to complete this?
10. What is the purpose of financial planning?

## Unit 1: Income and Careers - Study Guide

11. Explain the difference between a job and a career?
  
  
  
  
  
  
  
  
  
  
12. What are financial goals? What are the terms of these goals?
  
  
  
  
  
  
  
  
  
  
13. What is it when 50% of the salaries are higher and 50% of the salaries are lower?
  
  
  
  
  
  
  
  
  
  
14. If person A makes \$42,000 a year and person B makes \$31,000 per year, what is the percentage difference?
  
  
  
  
  
  
  
  
  
  
15. Generally, what is the correlation between poverty and lower education levels?

### Words to know:

Associate's Degree -

Bachelor's Degree -

Budgeting -

Career Cluster -

Disposable Income -

Earned Income -

Personal Finance -

Poverty -

Private College -

Public College -

Student Loans -

## Unit 1: Income and Careers - Study Guide

### Open-ended:

16. What are the “10 Reasons why schools should be teaching Financial Literacy to our Kids?” Be able to explain what each reason means.

17. Explain how to make informed decisions about going to college and choosing a career/major.

18. How do you calculate cost of attendance for college? How many semesters per year? How many years is a typical program?

# Glossary

## A

**Associate's Degree:** a degree awarded by a college, usually by community or junior colleges, for the completion of studies typically completed in two years

## B

**Bachelor's Degree:** a degree awarded by a college for the completion of a typical, 4-year undergraduate program

**Budgeting:** a plan for using money to meet wants and needs

## C

**Career:** an occupation that a person has for a significant portion of their life with opportunities for advancement

**Career Cluster:** a group of careers that share common features. If you like one job in a cluster, you will likely find other jobs in that cluster that you will like as well.

**Career Goal:** an individual's preference in a career, which may include the field, position, or earning potential

**College Major:** the primary area of study pursued by a student

**Community College:** a local college that offers courses to the people living in that particular area

## D

**Direct Plus Loan:** a low-cost student loan offered to parents of students currently enrolled in post-secondary education. With a PLUS loan, the parent borrows money on the student's behalf.

**Disposable Income:** the amount of one's net pay that is left over after paying for the essentials, such as; food, clothing, shelter, transportation, and medication, to be used however one sees fit, either to spend on more wants or to save

**Doctoral Degree:** the highest academic degree offered by a graduate school, not just in medicine

## E

**Earned Income:** income derived from paid work

## F

**FAFSA (Free Application for Federal Student Aid):** form used to determine one's need for financial aid and to apply for federal education grants and loans

**Financial Goal:** an objective expressed in or based upon money (examples: debt reduction, saving for college, opening up a business, etc.)

**Financial Planning:** arranging to spend, save, and invest money to live comfortably, have financial security, and achieve goals

**Financial Aid:** form used to determine one's need for financial aid and to apply for federal education grants and loans

## G

**Grant:** financial aid provided by an organization or government that does not have to be paid back

## I

**Interest Inventory:** utilized in career assessments to provide insight into a person's interests, so that they may have less difficulty in deciding on an appropriate career choice for themselves

## L

**Local Income Taxes:** the amount required by law to be deducted (withheld) from earned wages (in the form of an artistic, or athletic capabilities of the students

## M

**Master's Degree:** a degree awarded by a graduate school for the completion of a graduate study program (generally 1-2 years of detailed study, after obtaining a Bachelor's Degree)

**Median Income:** the midpoint in the range of incomes; half of earners above it and half below it

# Glossary

Merit-based Financial Aid: financial aid, usually in the form of grants, that is based upon merit, not financial need.

## N

Need-Based Financial Aid: Financial aid, in the form of loans, grants, and work-study, that is granted based upon the financial need of the student.

## O

Opportunity Cost: the cost of making a choice, including the explicit and implicit costs

## P

Pay Disparity: the difference in pay between the richer and poorer parts of society

Perkins Loan: a low-interest loan made available to undergraduate and graduate students with exceptional financial needs

Personal Finance: financial management, what an individual or a family unit is required to do to obtain, budget, save, and spend money over time, taking into account various financial risks and future life events

Poverty: the state or condition of having little or no money, goods, or means of support; condition of being poor

Private College: a college or university not operated by the government

Public College: a college or university supported and operated by the government

## R

Room and Board: cost of housing and meals while living on campus at college

## S

Self-Assessment: the first step of the career planning process. It is the process of gathering information about oneself in order to make an informed career goal decision. A self-assessment should include a look at interests, personality, and skills.

Stafford Direct Subsidized Loan: a loan for undergraduate students with financial need. One's school will determine the amount which can be borrowed, and the U.S. Dept. of Education pays the interest while in school, during the grace period, and during any period of deferment.

Stafford Direct Unsubsidized Loan: a loan available to all students where there is no requirement for financial need. One's school determines the amount which can be borrowed, and the borrower is responsible for interest on this loan during all periods.

Student loan: money borrowed, which is used to pay for educational expenses

## T

Tuition: cost of receiving teaching or instruction by an educational institution

## V

Vocational School: an educational option for students interested in practical secondary education and job/career training. Vocational schools typically offer relatively short, career-focused programs that quickly prepare graduates for the workforce in a particular field.

# Resources

1.1.a

[10 Reasons Why Schools Should Be Teaching Financial Literacy To Our Kids](#)

1.1.b

[ESPN: 30 for 30 Broke Why Athletes Go Broke](#)

[Bloomberg: Helping Pro Athletes Hang Onto Their Money](#)

1.1.c

[FinAid Loan Calculator](#)

[Paycheck City Payroll Calculators](#)

[College Board](#)

[Bank Rate Calculator](#)

1.2.b

[ISEEK Career Cluster Interest Survey](#)

[Career Clusters](#)

1.2.c

[Bureau of Labor Statistics](#)

1.3.a

[FAFSA Website](#)

[Filling out the FAFSA](#)

[Article to fill out the FAFSA \(Creating a Pin\)](#)

[FAFSA Filing an Application](#)

[How to Fill out the FAFSA: Step by Step](#)

[Federal Student Loan Programs](#)

[FAFSA Video - Myths About Financial Aid](#)

[FAFSA Video - Overview of the Financial Aid Process](#)

1.3.b

[Federal Student Loan Programs](#)

1.3.c

[The Rising Cost of College](#)

[Colleges that Claim to Meet Full Financial Need](#)

[Public and Private - Tuition Discount Rates](#)

[Best Value Schools](#)