



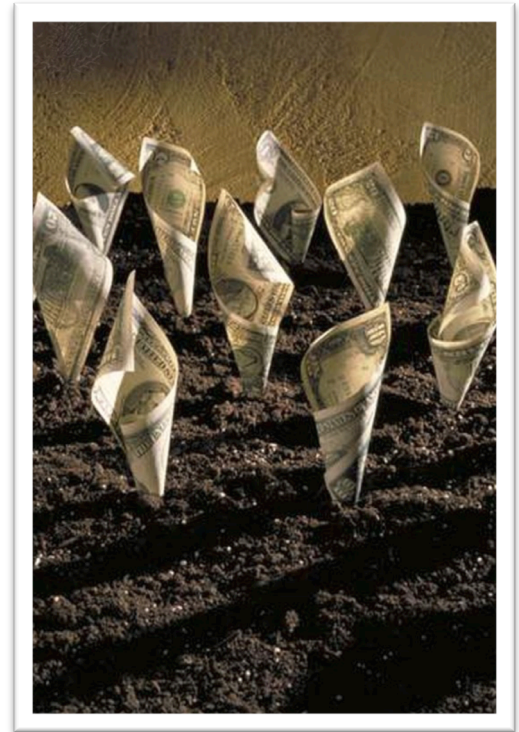
MODULE SIX

Money

Module Outline

- I. Budgeting
- II. Tuition
- III. Paying for College
 - a. Scholarships
 - b. FAFSA
 - c. Grants
 - d. Loans

If money isn't important to your students yet, it will be! These tips will give you a heads up on what to help students prepare for as life progresses. Most students are fortunate enough to have high school paid for thanks to the devotion of parents and other contributors. However, college expenses can quickly add up and you need to be prepared with a game plan in order to navigate the costs of college.



Money. Photograph. *Encyclopedia Britannica ImageQuest*. Web. 1 Apr 2015. http://quest.eb.com/search/139_1904544/1/139_1904544/cite

Budgeting

Expenses and income are the basics of building a budget. Budgets are essential to planning for the cost of attending college. In order to make a successful budget, students need to find out what their estimated tuition expense will be; this should include the actual cost of tuition for classes, as well as costs for eating, housing, textbooks, travel expenses, personal spending allowances, etc. It is important to understand that college classes are valued per credit hour and this makes up the bulk of the “tuition” in college; however, tuition and total cost of college rapidly balloon as smaller yet essential costs are added like housing and meal plans. The easiest way to work through a budget is to start by finding the expenses students should expect for their yearly/total time in college.

Tuition

Tuition varies by college and also can include only the class fee for the tuition of class, or it can refer to the lump sum estimated that a student will need for general tuition at a college (this number would generally include textbooks, housing, and even meal plans at some schools). Students should find out what is included in and excluded from tuition. This will help them understand what additional expenses



they will have. Most colleges publish a general tuition estimate on their website or in published recruitment and advertising materials; however, this number can vary by student as well. In order to get the most accurate idea of tuition, students should be encouraged to contact the college of their choice and speak with a financial advisor or admissions representative. These experts can help students identify how much college will actually cost. Students should additionally be advised, however, that there are hidden fees in college that they may not have planned for; this would include that party that they are expected to attend for their best friend, a weekly Chipotle study date, transportation costs, a personal clothing allowance, or even car maintenance fees. Tuition is important to understand and have accurate information about in order to correctly estimate for college expenses; however students need to keep additional monetary needs in mind as well as they start working on their budget for college.

Once you have the expenses listed, focus on the income that you have planned for; this would include any grants, scholarships, awards, parental/family contributions, or (if necessary) loans. Many additional resources are available on the internet for students and families needing budgeting work sheets. Dave Ramsey, a trusted financial advisor and author, offers resources for people in all stages of life who want to take control of their finances. Students may benefit from starting to think about their financial decisions before they get to college where they will be bombarded with hundreds and thousands of ways each day, week, and semester to spend money that they may or may not have.

Paying for college

Scholarships

Scholarships provide free money to students who meet certain requirements as specified by the scholarship details. Students can

typically find scholarships in a wide variety of places: local banks, state banks, agricultural operation companies, electric companies, 4H, rotary clubs, insurance agencies, local churches, conference offices, and many other locations. There are also online search engines that can help students find scholarships based on certain criteria like academic achievement, religious affiliation, ethnic or racial heritage, artistic talents, athletic ability, or even career plans or proposed fields of study. Of course, students should be



A Stack Of Coins Beside A Piggy Bank. Photograph. Encyclopædia Britannica ImageQuest. Web. 1 Apr 2015. http://aquest.eb.com/search/312_675512/1/312_675512/cite



warned to never use services that charge for their searching capabilities (these are typically scams); a generally great website that provides free scholarship searching capabilities is FastWeb Scholarship Search. Students should also never give out social security information, and if the scholarship seems too good to be true, it probably is! It is best to start looking for scholarships in the junior year, especially since most scholarships have early deadlines. Students can look anywhere and everywhere for scholarship opportunities: online, in school administration offices, local civic groups and organizations, the local bank, the local church or conference office, stores, restaurants, the library, and city or state officials that may know of scholarships for students in their area. Some general guidelines to maintain a student’s ability to apply for scholarships include keeping up their GPA, staying involved in school and community activities, and completing any and all paperwork that is required by the scholarship. Often, students are dissuaded from applying for scholarships simply because scholarships typically require a little leg work on the student’s part like creating a design or writing an essay on a specified topic.

FAFSA

FAFSA stands for the Federal Application for Student Aid and is the bane of existence for most seniors in high school, as it is required to complete before students can be eligible for federal loans. There is only one official FAFSA website; other sites do exist which require payment for the application; make sure students go to the correct site (www.fafsa.ed.gov). When to apply: early in January of the student’s graduating year - students can complete the majority of the application in the fall and then add the final information (usually parent tax information) in January and submit the form. Students should be motivated to apply early because the FAFSA allows colleges to know how much financial aid (including grants - free money) can be given to the student. Waiting until the final months of graduation cuts the student’s chances of getting the maximum amount of financial aid that could be available to them. The FAFSA also lets the student and college know how much loan money they can accept. All of these results play an important role in the finalizing financial planning that should take place in the final semester of high school as seniors get ready to head off to college. In order to complete the FAFSA, students will need to plan to have the following items available during the filling out of the application: their social security number; their most recent federal income tax returns, W-2s, and other records of money earned; and a Federal Student Aid PIN (signed up for on the FAFSA site) in order to sign the FAFSA electronically. Most students are also considered dependent so



Studio shot of woman plucking money off of money tree. Photography. Encyclopædia Britannica ImageQuest. Web. 1 Apr 2015. http://quest.eb.com/search/154_2887579/1/154_2887579/cite



will need the same information as above for their parents as well. Even though the process is lengthy and sometimes tedious, the FAFSA is an essential milestone in getting ready for college.

Grants

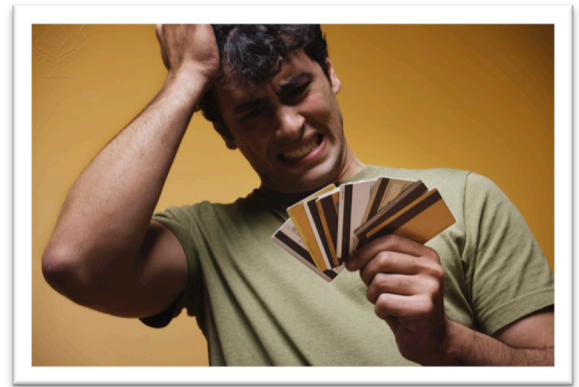
Grants equal free money. While scholarships are typically merit-based, grants are usually need-based awards to students. Students should try to find as many grants as possible, but these will depend largely on the information reported in the FAFSA. Students need to complete the FAFSA in early January in order to qualify for the most grants. There are several main types of grants including the Federal Pell Grants, TEACH Grants, Service Grants, and Federal Supplemental Educational Opportunity Grants. If students qualify for grants, they need to work closely with their college financial advisor to ensure that they get the most out of those opportunities. Free money is always best when trying to pay for college!

More Resources for Grants:

<https://studentaid.ed.gov/types/grants-scholarships>

Loans: Federal Subsidized, Federal Unsubsidized, and Private, Oh My!

Students should always be encouraged to try to find ways to pay for college without the use of loans. Loans are never free; they will have to pay them back plus interest. When deciding on what type of loan is the best option, it is important to know that there are many types of loans available including Federal Perkins Loans (for students with high financial need), Direct Loans (subsidized loans based on need and unsubsidized loans not based on need), Parent Loans, and Private/Alternative Loans. Most college resources provide several statements encouraging students to only take out loans if absolutely necessary after all other types of financial aid have been used up, never borrow more than they absolutely need, and only borrow what they can afford to repay. Students may need to calculate how much debt they can afford to pay off; Mapping Your Future provides a debt wizard free to students to help them plan ahead financially (<http://mappingyourfuture.org/paying/debtwizard/>). If students must get a loan (or multiple loans), federal subsidized loans are the lesser of the evils known as loans; subsidized loans have their growing amounts of interest covered by the federal government while a student in school (there are specific criteria that must be met), while unsubsidized loans continue to grow interest during the time the student is actively in school (this means there is more money to pay back in the long run). Private loans generally have a higher interest rate and are available through private (not federal) financial institutions. Students should also find out if loans have fixed or variable interest rates and what fees may be associated with the particular loan.



Frustrated man holding credit cards. Photography. Encyclopedia Britannica ImageQuest. Web. 1 Apr 2015.

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Students should know that, as borrowers, they have the responsibility and obligation to make their repayments no matter what happens (dropping out of school, not finding employment, or not liking the completed degree); otherwise, consequences may include hurting the ability to apply for future loans like home or car loans, seizure of tax refunds, confiscation of a portion of the student’s paycheck from their employer, and negatively impacting the student’s credit bureau report which is used in applications for apartment rentals, job applications, and even cell phone contracts. Students should be encouraged to never underestimate the seriousness of accepting a loan in any amount. In the event that a student cannot repay the loan appropriately, they should immediately contact their loan lender so they can discuss options to help them complete repayment.

Another option for paying for school is to work through school. Most colleges have a work-study program, which allows the student to work to put money onto their bills; other options for students include finding work off-campus or finding non-work study work opportunities on campus. The college financial office can best answer questions about work-study options for students. Working over the summer as well as during college can add substantially to the amount of money that students can place onto their total bill. The overall goal of a student should be to complete college studies with as little student debt as possible. Student loan debt not only affects the student as they begin their careers, but it also affects the economy of the country.



Group portrait of business people. Photography. Encyclopædia Britannica ImageQuest. Web. 1 Apr 2015. http://ciquest.eb.com/search/154_2881529/1/154_2881529/cite