



## **How are other students planning for life after high school?**

We asked students what education and career plans they have after graduation.

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**"I plan on going to business school and starting my own company."**

*Senior, Washington*

**"I plan to go to college for four or more years and find a job that pays well. I don't know what yet, to be honest."**

*Junior, Michigan*

**"I want to go to college and become a dental assistant or a school teacher."**

*Junior, Utah*

**"I am going to culinary arts school."**

*Sophomore, Arizona*

# Before You Begin

## Learning Outcomes

Once you've completed this chapter's videos, you will be asked to return to this list of learning outcomes and place a checkmark next to the items you've mastered.

### Section 1: Beware and Be Wise

- Understand the long-term impact of student loans.

### Section 2: Start With the End in Mind

- Identify reasons for not taking on debt to fund your education.

### Section 3: Cash-Flow Your College Education

- Develop a plan to attend college without acquiring debt.
- Demonstrate how to apply for financial aid.

### Section 4: Education Options for the 21st Century

- Identify the educational requirements, training and cost for your career of choice.
- Analyze post-high school education and career training options.

## Key Terms

Get to know the language of money.

- » **Free Application for Federal Student Aid (FAFSA):** A form that is completed annually by current and prospective college students to determine their eligibility for financial aid
- » **Grant:** A form of federal or state financial aid that does not need to be repaid; usually given to students who demonstrate financial need
- » **Scholarship:** A form of financial aid that does not need to be repaid; usually awarded on the basis of academic, athletic or other achievements
- » **Work study:** A program that allows students to work part time while continuing their studies

# Measure Your Progress

Before watching the video, read each statement below and mark whether you agree or disagree in the "Before" column. Then, after watching the video, do it again using the "After" column to see if you changed your mind on any statement.

BEFORE			AFTER	
Agree	Disagree		Agree	Disagree
<input type="checkbox"/>	<input type="checkbox"/>	1. I have a good idea as to what college I want to attend after graduation, and cost was a major factor in that decision.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	2. I believe that it is possible to go to college debt free.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	3. Everyone uses student loans to attend college. I don't see any reason I should be different.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	4. I have considered technical school and other 21st-century educational options for my career of choice.	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	5. I have discussed with my parents how we plan to cover the expense of my college education.	<input type="checkbox"/>	<input type="checkbox"/>



Not every career requires a four-year degree. Have you researched the education requirements for your career of choice? If so, what education options do you have? If not, research the education requirements for your career choice(s) and write them below.

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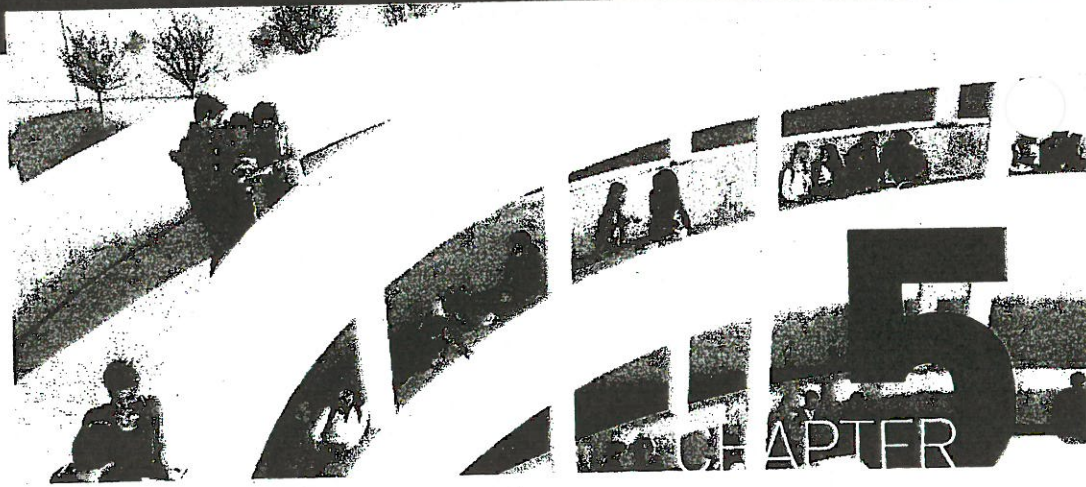
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There is roughly \$1 trillion in total outstanding student loan debt in the United States today.

Consumer Finance Protection Bureau



Nearly 20 million Americans attend college each year. Of that 20 million, close to 12 million—or 60%—borrow annually to help cover costs.

The Chronicle of Higher Education

## Section 1: Beware and Be Wise

Considering all your career and education options after high school can be overwhelming. After all, some of your decisions may open doors to endless opportunities while others may have long-term consequences. The good news is, planning ahead for

your career and education will help you find those opportunities. And learning about the dangers of student loans and credit cards will allow you to avoid those long-term consequences of a few bad decisions. Bottom line, you've got to beware and be wise.

### Wise People Invest in Themselves

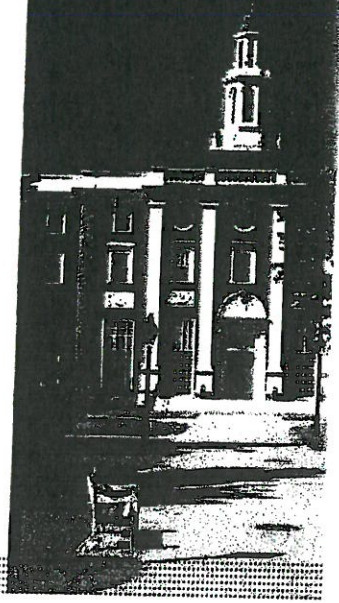
Before anything else and throughout your whole life, the best investment you can make is in yourself! Here are some ways you can invest in yourself.

- » Charlie “Tremendous” Jones said, “Five years from now you will be exactly the same person you are today except for the books you read and the people you meet.”
- » First, you have got to read. Leaders are readers!
- » Reality TV and video games are great distractions but they're just entertainment.

**“This debt has ruined relationships.”**

“My name is Andrea, and I currently have \$112,623 in debt. The short version of my story is simply that I used student loans for my entire education, which is how I earned a bachelor’s degree in Early Childhood Education. I’m currently a preschool teacher’s assistant, and I only make \$24,000 a year. As a result, I have a second job and work about 80 hours a week, every single week. The majority of ‘my’ student loan debt is a ‘stupid tax,’ because I co-signed on a student loan for an ex-boyfriend. I constantly tell my friends to work hard and save to pay cash for everything they buy. A few of them have listened, but I pray that no one else has to endure what I’m going through. This debt has ruined relationships, and there are many days that I can’t quite picture the end.”

**\* DISCUSS:** If Andrea could do college over again, what things might she choose to do differently? Why?



- » The average millionaire reads one nonfiction book a month!
- » Your net worth as an adult will be the average of the five people you hang out with the most.
- » The people you put in your life influence your career, your decisions and how you spend your money.
- » Have some mentors who have already had some success.

The average student loan debt has now surpassed \$27,000 for an undergraduate degree.  
The Project on Student Debt

*What is your plan for after high school graduation?*

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\_\_\_\_\_  
\_\_\_\_\_



During the last 20 years, tuition has increased at a faster rate than any other major product or service— four times faster than overall inflation. After adjusting for financial aid, the amount families pay for college has skyrocketed 439% since 1982.

CNN Money

*“Do more than is required. What is the distance between someone who achieves their goals consistently and those who spend their lives and careers merely following? The extra mile.”*

GARY RYAN BLAIR  
Motivational speaker  
and author

## Beware of the Student Loan Myth

Not all careers require the same type of post-secondary education. We are going to show you how to come up with the most cost-effective education plan for your career of choice. If a four-year college is the best education option for

you, we want to show you how to do it without student loans. Believing that student loans are a “good debt” because they are a path to getting an education is a *myth*. You can get your education without becoming a slave to debt.



THE FOURTH FOUNDATION

## Pay Cash for College

- » Our culture thinks student loan debt is okay—it seems totally normal. Some people even call it “good debt.”
- » When you receive your financial aid award package for college, you’ll see a list of all different types of awards like scholarships and grants.  

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\* **BE AWARE:** Student loans will be listed in your financial aid award package as well.
- » A student loan is NOT an award! It will take years to pay it back, plus you’ll have to pay interest.
- » Debt is owing anything to anyone for any reason.
- » There is no such thing as a “good debt.”
- » The total estimated student loan debt in our country is one trillion dollars.
- » Millions of people can’t afford to make their student loan payment every month.

## Debt Free

It might be tough to turn down what society considers “good debt” and find other ways to pay for college. But is it worth the extra work? Yes! If you make the sacrifice and effort right now, you’ll keep yourself from digging a hole you’ll have to start

climbing out of the moment you receive your college degree. How will you do it? By the end of this chapter, you’ll have more options than you can even imagine to get a great college education completely debt free.

Studies show that 30% of student loan borrowers drop out of school, and then have to find a way to pay back their student loans on a high school graduate’s salary.

Washington Post

## A Message From Dave



Piling up student loans throughout your college career is like keeping a monster locked in your closet. Every semester, that

beast gets bigger and meaner and nastier. Then six months after you graduate, whether you have a job or not, that monster busts out and starts wrecking your life! All of a sudden you have to make every decision based on tackling that mountain of debt you neglected for four years. It controls where you live, what you do, and what kind of job you can take. That’s definitely not a good way to start your career!

That’s why we want to teach you how to get through college debt free. You’ll learn about career education and training options, grants, scholarships, work programs, and how to “shop” for a college that’s within your budget.

I know college is a lot of hard work, and I know it can be a lot of fun. I want you to have plenty of both. But I don’t want you to end up with a four-year degree with 40 years of payments on it! Do whatever it takes to stay out of debt—whether it’s student loans or credit cards. Then when you graduate, you’ll really have a world of options because you won’t be worried about the time bomb of student loan payments waiting for you six months later!

*Why might people refer to student loans as “good debt”?*

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## Section 2:

### Start With the End in Mind

Two-thirds of college students graduate with student loans.

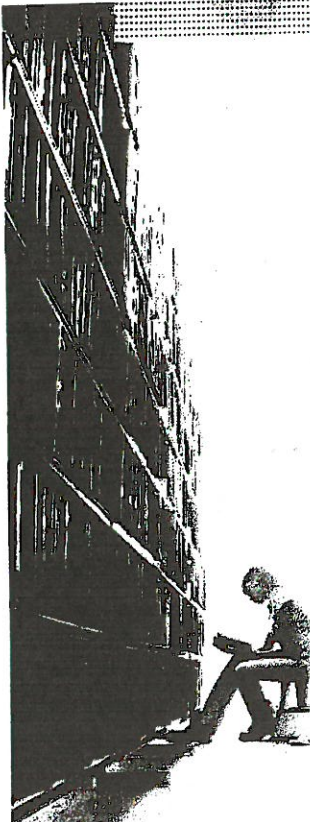
CNN Money

Debt is normal. Beweird!

So you've decided that you will continue your education at a four-year college. How do you plan to pay for it? If student loans are part of your plan, you may want to rethink that. Listen to the stories in this chapter and decide how you really want to begin your post-college life.

You can start making decisions right now that will allow you to avoid the mounds of debt that so many young adults begin their life with. One of those choices is to cash-flow (pay as you go) your college education.

Many people believe it's impossible to go to college without taking out a loan. They'll say things like, "The economy is down," or "Tuition is so expensive," or "I have no other options." Everyone takes out loans, so it's not a big deal, right? We hear it all the time. It's easy to think that because it's what we see all around us in our culture. In fact, almost 70% of college students graduate with debt! But just because it's easy to sign those student loan notes doesn't mean it's the only way. And it definitely doesn't mean it's the best way.



#### "I regret going to college when and how I did."

*"I regret going to college when and how I did. I didn't know how a credit card worked when I started college at 17. I was told I would get a fantastic job and wouldn't have to worry about those loans. I graduated a year ago, have the same jobs I had during college, and am deferring most of my \$40,000 of loans because I can't pay the bills. I am desperate to be a stay-at-home mom, and I can't because of my loans. I worked the entire time I went to college, but all of my money went toward my living expenses and a car, so I was not able to put any toward tuition."*

Foundations in Personal Finance High School Edition

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## Don't Steal From Your Future

Take a look at some of these statistics:

- » The total estimated student loan debt outstanding is more than \$1 trillion.
- » Of the total outstanding student loan debt, approximately \$85 billion is past due.
- » The percentage of student loan borrowers who paid on time without postponing payments or becoming delinquent? A mere 37%. In other words, 63% of borrowers had a hard time paying back their loans.
- » Nearly 30% of student loan borrowers wind up dropping out of school, and more than 50% of borrowers at two-year for-profit colleges never finish.


**Think about it:** You don't want to steal all of your future possibilities from yourself by going into debt to get your degree.

*"It's not hard to decide what you want your life to be about. What's hard is figuring out what you're willing to give up in order to do the things you really care about."*

*Bittersweet: Thoughts on Change, Grace, and Learning the Hard Way*

About 41% of borrowers fall behind on their student loan payments in the first five years.

nytimes.com



*Imagine if your reality at age 24 was that you were \$70,000 in debt but your income was only \$30,000. Write down some words describing how you might feel.*

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# Section 3:

## Cash-Flow Your College Education

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### CASE STUDIES

**Chris O.** "I planned for college ahead of time by joining the military, saving for years before I got out, and getting three well-paid internships. When I finished school, I had money in the bank and no college debt."

**Beth H.** "We have twins who just finished their freshman year in college. During their senior year of high school, every other Sunday afternoon we spent two hours at the kitchen table researching scholarships and applying. One son received \$13,000 this way, the other about \$5,000 (but his school is less expensive). When they went to college, they thought it would be okay to get loans. After meeting kids who are financing college completely with loans, they were glad we insisted on working on scholarships. My best advice is to do everything early and make scholarship hunting a part-time job. It will work."

What does it mean to cash-flow your college education?  
To "cash-flow" simply means to pay with cash as you go, instead of using credit or debt.

### Plan Ahead

- » You need a plan! Start now. Get help from your parents and school counselor along the way.
- » Planning for college involves more than just ACT scores and college applications. You must understand how much it is going to cost (that includes tuition, books and living expenses) and know how you are going to pay for it.

### Get Good Grades

- » One thing you can do right now is get good grades.
- » Good grades do more than just get you into the school and career you want. They also help you get free money! Yes, scholarships go to those who earn them.
- » Making good grades and scoring well on the ACT or SAT will set you apart from the crowd.
- » How would you like to get paid to be a high school student? Well, the fact is your hard work now can turn into money later. Think about it.

## Shop Around


- » It's a good idea to narrow your choices down to six schools or less. During this process, consider each school's degree programs, living expenses and tuition.
- » Keep in mind that more expensive doesn't always mean better quality. Your future happiness, success and income will have very little to do with the prestige or name recognition of the college you attend.
- » Attending a community college for your first two years is a great way to knock out your freshman and sophomore years at a low cost. If you plan to continue your education after your two-year degree, work closely with your advisor to make sure the classes you take are going to transfer to your four-year university of choice.
- » Consider attending a state school instead of a private or out-of-state school, which will have much higher tuition. You must "shop" for the best price for your education in the same way you comparison shop on any large purchase. Don't be sold on prestige!

While 96% of college students are determined to finish college, only 46% feel they have the financial resources to stay in school.

Study by Noel-Levitz

### CASE STUDIES

Kayla G. "I'm going to finish college with an RN degree and zero debt by attending a community college. I pay \$4,000 a year, while other people I know are going to the university up the road and spending \$20,000 a year for the same education. In the end, we have to take the same national test to be an RN, so why not keep the \$16,000?"



Has money affected your decision on whether or not to attend college?  
Why or why not?

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### IS THERE A SCHOLARSHIP OUT THERE FOR ME?

Scholarships aren't just for the highest scorers on the ACT or SAT. Schools and foundations have broadened their criteria to include community involvement, after-school work and financial status in addition to the traditional athletics and diversity scholarships. Don't avoid the scholarship applications requiring essays. They can be a good way to improve your writing skills while earning scholarships. Here are some additional resources to look into:

1. Explore your state's website.
2. Many businesses have scholarships for employees' children. Ask your parents to check at their place of employment.
3. Explore the federal government's website at [studentaid.ed.gov](http://studentaid.ed.gov).
4. Check out the big college organizations for information ([collegeboard.org](http://collegeboard.org), [petersons.com](http://petersons.com)).

## Applying for Financial Aid

In order to make the most of Cash-Flowing college, you've got to focus on the specifics like filling out your financial paperwork, researching scholarships, and finding part-time work opportunities.

### Fill Out the FAFSA Form

- » The FAFSA (Free Application for Federal Student Aid) is the first step to receiving any kind of financial aid. Whether you are interested in scholarships, grants, loans or other financial aids, you'll need to submit this form.
- » The FAFSA form needs to be completed each year you are in college. The sooner you turn in the form (by January or February), the more likely you are to get financial help because some federal funding is awarded on a first-come, first-served basis.
- » Remember, student loans are bad news. Make sure you ask that the student loans be removed from your funding.
- » You'll need your family's tax information as you complete the FAFSA. Keep in mind, if you turn it in online, the process moves faster.

## Explore Grants

- » Grants are golden.
- » Federal and state governments offer grants that are usually need-based. The FAFSA will determine which grants you qualify for. Examples include the Federal Pell Grant and state-specific grants.
- » Grants are free money!

## Research Scholarships

- » Another form of free money is scholarships
- » You should never pay to apply for scholarships. And do not give out your Social Security number when you apply.

The average cost of tuition and fees for the 2012–2013 school year was:

- \$29,056 at private universities
- \$8,655 for in-state residents at public universities
- \$21,706 for out-of-state residents attending public universities (out-of-state tuition)

To find out the average cost of tuition for this year, go to [foundationsU.com](http://foundationsU.com).

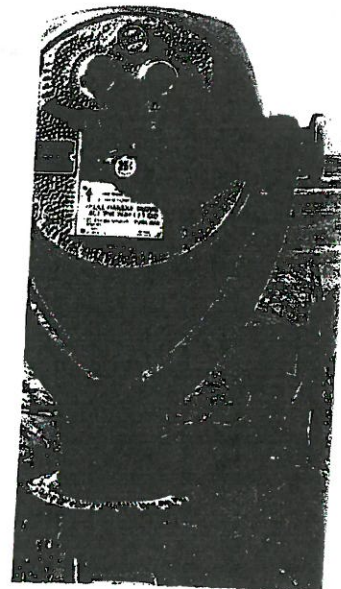
## Where to Find Scholarships

While merit-based scholarships are the most popular, there are countless other types available. If you have a unique talent or skill set, there is a good chance of finding an award that's just right for you. With a little research, you'll be amazed at both the variety and availability of these scholarships. Here are some types of scholarships:

- » Private donors might include relatives or other individuals
- » Student-specific scholarships exist for almost every characteristic you can think of
- » Unique scholarships for a variety of hobbies, talents and interests

Talk to your guidance counselor and search online to see what award opportunities are out there for you. Don't be put off by a small award. Every dollar adds up, and there is no limit to the number of scholarships for which you can apply.

- » University scholarships for academics, athletics, clubs, etc.
- » Community scholarships like the Boys and Girls Club or Rotary Club
- » Local business scholarships exist to promote their organization





## Applying for Financial Aid *(Continued)*

### When to Visit the Financial Aid Office

Eight out of every 10 students who drop out of college say financial trouble was the main reason.

Attrition Study at Idaho State University

- » If you get stuck at any point in the process, just stop by your college's financial aid office.
- » If your financial situation has changed, a parent has been laid off, or a medical situation has come up, it's important to visit the financial aid office. Your financial aid can be re-evaluated and possibly increased.
- » Talk to a financial aid officer as soon as an emergency arises. They will offer you advice, encouragement or help.

### CASE STUDY

William M. worked full time on the second shift for a company that offered tuition reimbursement. "Burning the candle at both ends was the hardest thing I've ever done, but it was worth it when I finished summa cum laude," he said.

*"If you live like no one else, later you can live like no one else!"*

DAVE RAMSEY

## Research Work Opportunities

### Get a part-time job.

- » Research shows that students who work up to 20 hours a week have the highest grade point averages of any type of student in college because they often develop good time-management skills.
- » Research also shows that working *more than* 20 hours a week may affect your grades negatively.

### Work on or off campus.

- » You can find jobs off campus that offer flexible schedules for students in a variety of roles. These jobs usually pay more than work study.
- » On-campus jobs may pay you directly or pay toward your tuition bill.



» Usually the school provides hourly positions that pay minimum wage; the good news is you can often study as you work. Check with the financial aid office to see what jobs are offered.

## Make Sure You Have an Emergency Fund

» The First Foundation is to establish an emergency fund of \$500. Since you are taking this course in high school, you should already have your emergency fund in place by the time you graduate.

**\* REMEMBER:** In spite of what society teaches us, credit cards are NOT emergency funds!

» As you work in the summer and save money for your school bill, set aside a separate amount in an emergency fund. If something bad happens during school, you will have some funds to fix the problem so you don't have to drop out of school.

### THINGS TO CONSIDER

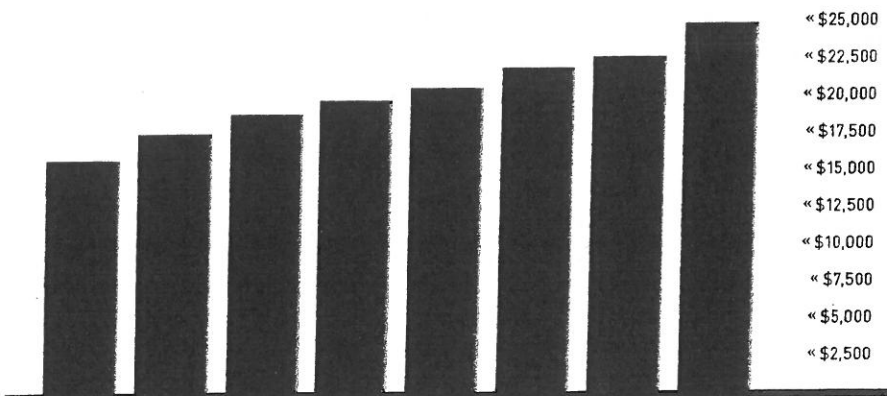
The smartest investment you can make is in yourself. As a young adult, you should have two goals: continue your education and stay out of debt.

More than 78% of freshmen plan to work during their college years.

National Freshman Attitudes Report

## Average Student Loan Balance: 2005-2012

*Student loan debt is the only form of consumer debt that has grown since the peak of consumer debt in 2008. Balances of student loans have exceeded both auto loans and credit cards, making student loan debt the largest form of consumer debt outside of mortgages.*



#### CASE STUDY

Jacquelyn H.'s college roommates thought she was crazy because she worked three jobs and lived on just a few hours of sleep. "It sure kept me out of trouble though!" she said. Her five years of work experience gave her an edge when she graduated, and she landed a management job right away.

## Live on a Zero-Based Budget

Now is a good time to review the basics of budgeting.

- » Make sure you do a monthly budget. Having a zero-based budget is a great way to manage your money and live on less than you make.
- » In order to live on less than you make, you've got to decide ahead of time how much you'll spend, save and give each month. Then, stick to it!
  1. **Spending.** Break it down into categories, like food, gas, etc.—and make sure you keep your spending in check.
  2. **Saving.** It's never too early to start saving, whether it's for a new car, next semester's tuition or a video game.
  3. **Giving.** Make it a priority to help other people. Give to your church or an organization that shares your beliefs.

## Avoid Student Loans

- » Remember, you have two goals:
  1. Stay in school.
  2. Stay out of debt.
- » Avoid student loans! The average repayment period for a student loan is 10 years if you make the minimum payment each month. You will pay more interest if you go beyond 10 years.

## Consider Attending a School Close to Home

- » Attending a community college or state university that allows you to live at home is a great option for reducing the cost of living expenses, even if it is only for your first two years of school.
- » Collegedata.com reported that the average cost of room and board in 2012–2013 ranged from \$9,205 at four-year public schools to \$10,462 at private schools.


### THINGS TO CONSIDER

Living off campus can cost a lot of money! You'll probably be excited to be out on your own when you begin college. But think about the savings if you just put that off for a year or two. You might be wise to reconsider that dorm or apartment.

## Your Determination Will Pay Off

So there it is. When it comes to college (and life in general), debt is not the answer. You have countless options when it comes to getting a great college education completely debt free! It might mean working hard and planning ahead. But when you're out of college and you actually get to keep your paycheck instead of sending it all to student loan debt, you will be so glad you did.

The choices you make in the next few years will affect the next 40 years of your life. You'll have much more freedom to pursue your dreams and do exactly what you want to do. Now that's a great way to begin your future!



*What money-saving options will you consider in order to cash-flow your college education?*

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# Section 4:

## Education Options for the 21st Century

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*"Education is the most powerful weapon which you can use to change the world."*

NELSON MANDELA  
Revolutionary and politician

### Be a Lifelong Learner

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Many students and their parents believe that a four-year college degree is necessary to compete in the job market. College is not for everyone, and it is possible to build a career without investing in an expensive college education. Twenty-first-century education comes in many forms. Remember, however, that even if a traditional four-year college isn't for you, it is still important to invest in yourself. Learning is a necessary lifelong venture regardless of your

career choice or specific educational needs. If you do your research, you can be sure you're deciding on a career path that reflects your passions as well as your financial goals. It's important to assess what your interests are, how you like to learn, and what motivates you. For example, do you like to build things, sit behind a computer, or interact with people? Once you've decided on a career, here are some college alternatives to consider.

### Trade School

Trade schools allow students to learn basic professional skills in two years or less because technical schools typically cut out many of the general courses required by traditional universities. Also, since trade schools are often directly tied into the employment needs of their region or state, prospective employers often seek new hires from trade school graduates.

## Certifications

Students who are looking to learn specific skills can look into free or low-cost certifications found online, at community colleges, or through government-funded programs.

## Self-Education

Start reading books, blogs and trade magazines in your field of choice. Attend conferences and local events. Meet people and find a mentor. You may also want to attend online courses specific to your field.

## On-the-Job Training

On - the - job training is just that. You, the employee, train at the place of work while you are doing the actual job. Usually a professional trainer serves as the course instructor and uses a combination of hands-on activities and formal classroom training.

## Associate's Degree

An associate's degree is a two-year degree that can offer a variety of benefits including lower cost than four-year colleges, specialized training and a flexible schedule that allows you to work while you earn your degree.

Whether it is your first step toward earning a bachelor's degree or the beginning of your career, an associate's degree may be a great option. Career fields such as fashion design, nursing, cardiovascular technology and criminal justice are offered at the associate's level.



*"I have never let my schooling interfere with my education."*

MARK TWAIN  
American author

## Starting a Business

Maybe you'd like to start your own business. While there is always risk involved, if you have passion and an entrepreneurial spirit, it might be right for you. Be sure to create a solid business plan and establish financial resources first. Stick with a debt-free plan. Remember to be enthusiastic about your venture. Many people who don't necessarily make "good" traditional students make the best entrepreneurs because of their passion and people skills. Be prepared to work hard and know that there will be some bumps in the road.

## Military

The military isn't for everyone, but it has helped a lot of people get through college debt free while giving them the honor of serving their country.

Remember, post-secondary education is not a one-size-fits-all plan. With so many options, you have the opportunity to create your own educational experience that allows you to follow your passions and meet your goals.