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How To Get **EXACTLY** What You
Need Financially To Go To College

Educator Lesson Plans



Lesson Plans

These two lessons enable educators to quickly teach students basic skills for seeking financial aid. The lessons encourage students to better understand the basic financial requirements of attending college. Students are also encouraged to minimize their loan requirements by seeking non-loan sources to finance their post-secondary education.

By the end of these lessons, each student will be able to:

- 1) Identify the basic financial requirements to achieve their post-secondary goals
- 2) Minimize total loan requirements by developing a variety of non-loan paying options
- 3) Demonstrate an awareness of borrowing options
- 4) Apply for financial assistance online

Both lessons are approximately one hour in length. They both feature an introductory activity, development activities and a reflective learning activity.

Lesson Purpose

To enable students to identify the basic financial requirements for achieving their post-secondary goals.

Lesson Outcomes

Students will be able to:

- 1) Identify the basic cost elements for eight months of college life
- 2) Define a personal budget for the first year of post-secondary education
- 3) Recognize the benefits of effective money management at college

Materials

- 1) A College Survivor worksheet for each student
- 2) A Know More No Less Workbook for each student

This lesson introduces students to the basic types of expenses that are part of college life. Students are encouraged to develop a personal budget for their first year of post-secondary. They also learn the benefits of effective money management during that first year.

Introductory Activity: College Survivor

(30 minutes)

- 1) Handout the 'College Survivor' worksheet to each student. Tell them to imagine that they are a student going to college. They each have \$12,000 in savings, parent contribution, scholarships and loans. Their job is to allocate the \$12,000 across the various expenses.
- 2) Give students 5 minutes to allocate their \$12,000. Tell them that each expense line must be allocated at least \$100 (unless it is an optional expense, designated with an asterisk - *) They should place their allocations in Column One.
- 3) Once students have made their decisions, tell them to combine their financial decisions with those of one other student. The two must agree on the allocation of the \$12,000 and put their answers in Column Two. Provide 8 - 10 minutes for this collaboration.
- 4) Next tell students to combine their pairs of students to create teams of four. All four individuals must agree on an allocation of funds and put their answers in Column Three. Provide 8 - 10 minutes for this collaboration.
- 5) Tell students you want to hear what each 'student' has decided. Ask one group what they allocated for Campus Parking (if anything). Ask all other groups to raise their hands if their response was within \$500 of the same allocation. Ask a second group to declare their allocation for Computer/Internet costs. Ask all other groups to raise their hand if their allocation was within \$500. Repeat this process for all expense categories.
- 6) Inform students that each of them will need to make these same decisions about the financing of their own post-secondary education. The next activity asks them to do just that.

Development Activity: No Less Than What You Need

(15 minutes)

- 7) Hand out the Know More No Less Workbook. Refer to Activity 1 – No Less Than What You Need. Tell students that it is very important that each of them have a good understanding of their post-secondary costs. Failure to earn and borrow enough money will have them run out before terms end. This has caused many students to leave school before finishing or get trapped into high cost credit card debt. Borrowing too much money leads to higher debt loads after graduation. This financial research will likely save them tens of thousands of dollars by the time they are in their 30's.
- 8) Review the four parts of the worksheet with your students (explained in 9 – 12 below). Tell them they will complete this worksheet for homework, using college calendars, parent discussions and the Internet as their sources of data.
- 9) On the top of the sheet, ask students to identify their goal for post-secondary training. This could be a type of work ("To earn the credential that enables me to become a dental hygienist") or the name of a specific type of education ("a Fine Arts Degree with a specialty in Theater"). It could even be a more general goal such as "learning more about my interest in history". Encourage every student to identify a personal reason for attending college. If a student does not know, or indicates their goal is "to make my parents happy", ask them to define a personal reason for continuing their education. The remaining parts of the top section ask them to define an institution where they can achieve their post-secondary goal, to define a date when their post-secondary goal will be achieved, and to specify a field of work where they might choose to use the training and credential they have achieved.
- 10) The Institutional Expenses section can be completed by visiting the website of the college or post-secondary institution they named in the first section. Encourage them to look beneath titles like 'undergraduate finances', 'paying for college' or 'undergraduate tuition'.
- 11) The Living Expenses section can be completed with a combination of research and parent discussions. Colleges often offer 'on campus housing and meals' information where tuition is mentioned. If considering 'off-campus housing', parents can help students to estimate rent costs, the cost of feeding the student, and other living expense estimates.
- 12) The Additional Expenses section can be completed with parent or counselor help. If there are local financial considerations not referenced on the worksheet, teachers are encouraged to mention them in the 'other added expenses' section.
- 13) After reviewing the four sections with students and clarifying any questions, provide students with the date of the next class and ask them to have the worksheet completed by that date.

Reflective Activity

(15 minutes)

- 14) Read students the True Story included with this lesson. After reading the story, ask them to write personal responses to three reflective questions.
 1. In your opinion, what is the primary cause of Kyle's high-cost credit card debt?
 2. What is the best advice for someone like Kyle who cannot effectively manage the money they have?
 3. Kyle's story is not uncommon. Are you likely to end up with high-cost debt from your college experience? Why or why not?
- 15) Have students hand in their reflective thoughts at the end of the class.



Lesson I: College Survivor Worksheet

Name (Column One) _____

Names (Column Two) _____

Names (Column Three) _____

You have \$12,000 in savings, parent contributions, scholarships and loans to pay for your first year of college (8 months). You must allocate these funds in the expense categories below. Each column must have at least \$100 in it, except the ones with asterisks (* - optional expenses). Allocations are in \$100 increments and must be what you believe are realistic costs. Each student must begin by paying school fees of \$4000. You have \$8000 remaining for the 8 months.

First Year Expenses (8 months)	Column 1	Column 2	Column 3
Annual Tuition	\$3,100	\$3,100	\$3,100
Books/Supplies	\$700	\$700	\$700
Student Fees	\$200	\$200	\$200
Campus Parking *			
Computer/Internet costs *			
Campus Housing or Rent			
Food			
Phone/Utilities *			
Car Payments/Gas *			
Public Transport (Bus, Taxi)			
Cell Phone *			
Entertainment/Fun			
Personal (Soap, clothes, etc.)			
Moving To/From Campus *			
Medical/Dental/Vision *			
Insurance (car, medical) *			
Gifts (Xmas, Birthdays, etc.)			
Other Expenses			
Total Expense			



Activity I Worksheet: No Less Than What You Need

Post-Secondary Goal _____

Institution _____

Date of Goal Completion _____

Targeted Field of Work _____

Institutional Expenses

Annual Tuition _____

Books _____

Education Supplies _____
(paper, binders, pens, etc.)

Student Fees _____

Campus Parking * _____

Computer costs * _____

Other Institutional Expenses _____

A. Total Institutional Expense _____

Living Expenses

Campus Room and Board *

AND/OR

Food (off-campus)

Rent or Mortgage *

Phone/Utilities *

Car Payments *

Gas *

Public Transportation *(Bus, Taxi)* *

Cell Phone *

Entertainment/Fun

Personal *(Shampoo, clothes, etc.)*

Other Living Expenses

B. Total Living Expense _____

Month

Year
(typically 8 months)

Additional Expenses

Moving To and From Campus * _____

Medical/Dental/Vision * _____

Insurance *(car, medical, personal)* * _____

Gifts *(Xmas, Birthdays, etc.)* * _____

Other Added Expenses _____

C. Total Additional Expense _____

No Less: Total Annual Post-Secondary Cost _____
(A + B + C)

Total Cost of Credential _____
(Total Annual Cost x years to goal completion)

** if required*

Kyle graduated from high school with good marks. When his father asked what he was going to college for, he said "business" and enrolled in a first year commerce program. In truth, he didn't know why he was going to college. He just thought that's what good students were supposed to do.

Kyle's parents could combine borrowed money with savings to pay for his all his college expenses but instead offered him a 2-for-1 deal. For every dollar Kyle earned, his parents provided \$2 towards his post-secondary interests. Kyle worked all summer to earn \$2,500 for post-secondary. He also was awarded \$1,700 in athletic and academic scholarships. His parents believe that scholarships are 'earned' dollars, so they added \$8,400 to support him. His total bank account going to college was \$12,600. According to the going rate at his college, this was more than enough.

Kyle really didn't have \$12,600 to spend. \$4,000 went to tuition, fees and books. An additional \$7,100 went to his on-campus housing and 'big guy' meal plan. He had \$1,500 left to spend over eight months away from home. His parents recommended that he budget \$700 in 'other' costs for the first four months.

By the end of December, Kyle had spent \$1,400 of the \$1,500 he had in the bank. He spent most of it on fun and poor management of his cell phone minutes. He liked the image of being a 'big spender' around others. He did not want to tell his parents he had mismanaged his money. When they asked how his money situation was, he said everything was fine.

Kyle picked up \$100 in cash from Christmas and started January with \$200 in the bank. He decided that he would apply for a credit card in order to pay for the difference to get him through to the end of April. By the end of April, Kyle had \$1,300 in credit card debt.

Credit cards charge 20% interest. Student loans require no interest payment until after you leave college. Credit cards are easy to get. Loans require a little bit of work. Guess which one Kyle decided to use.

Near the end of his third year of college, Kyle had \$4,200 in debt on three different credit cards. Credit cards require a monthly payment of 3% of balance payment or \$25, whichever is higher. Kyle was paying \$125/month (\$1,500/year) to pay the interest on his credit debt. This did not reduce the amount he owed, it simply maintained his debt. Credit card companies love people like Kyle.

Kyle didn't finish his third year and is still working to pay off his debts. His trouble was caused by two different mistakes. The obvious one is he did not manage himself within his budgeted funds, instead deciding to use a 'short-term gain, long-term pain' financing solution. Second, and most important, he did not budget appropriately for the person he wanted to be. It is vital that every student define their budget requirements for college and seek funds to support those needs. Running out of money encourages too many students to gather too much debt through use of high cost funding sources. If you must borrow, it is best to borrow at the lowest rates available. Students get great rates.

If you'd like to manage your money rather than having it manage you, don't be like Kyle. Know what you need.

Lesson Purpose

To enable students to make appropriate online college loan applications.

Lesson Outcomes

Students will be able to:

- 1) Minimize total loan requirements by developing a variety of non-loan paying options.
- 2) Demonstrate an awareness of borrowing options.
- 3) Apply for financial assistance online.

Materials

- 1) A Know More No Less Workbook for each student
- 2) Access to a computer lab

This lesson encourages students to minimize their loans by identifying non-loan sources for college finances, such as savings, parent contributions, work study and scholarships. It also provides student with basic knowledge of borrowing alternatives and instructions for how to make loan applications online.

Introductory Activity: Average Joe/Jane College Debt

(10 minutes)

	Total Average Joe/Jane Debt	Student Loan Debt	Credit Card Debt
Loan Amount	\$40,804	\$34,320 (5.3%)	\$6,484 (20%)
Term/Monthly Payment	10 years - \$494/month	10 years - \$369/month	10 years - \$125/month
Total Amount Paid	\$59,280 paid	\$44,280 paid	\$15,000 paid
Interest Accrued	\$18,484 in interest	\$9,960 in interest	\$8,516 in interest
Average Interest Percentage	45%	29%	131%
Student Loan Only	\$11,841 in interest (29%)		

- 1) Write the table above on the board, with only the top line of numbers filled in (shaded in grey).
- 2) Tell students that the “average Joe” who graduates from college has \$20,402 in debt. \$3,242 of that debt (16%) is for credit card debt. Imagine the “average Joe” marries the “average Jane,” both who have average college debt. Their collective debt is \$40,804, of which \$34,320 is student loan debt and \$6,484 is credit card debt.
Remind students that many students have NO credit card debt.
- 3) Assume the \$34,320 in student loan debt is for subsidized Stafford student loans that are paid out at 5.3% after graduation. Ask students to guess what the average Joe/Jane’s monthly payment would be if they elected to pay this back over 10 years. (\$369/month x 120 payments = \$44,280) Write those numbers in the two spaces under \$34,320 on the table.
- 4) Show students how much interest that is (includes \$9,960 in interest – 29% added to what you borrowed). Write the total interest dollars and percent on the table.
- 5) Assume the \$6,484 in credit card debt is paid back over 10 years at 20%/year. This is an additional \$125/month payment, or \$15,000 over the 10 years. Ask students to guess how much the interest is. (\$8,516 – 131% added to what Joe/Jane borrowed). In other words, if Joe or Jane bought a pair of jeans for \$100 with their credit cards, it actually costs them \$231 if they paid it back over 10 years.

- 6) Write in the total payments per month (\$494) over the ten years. Tell students that ideally both Joe and Jane have jobs that provide a return on their debt investment.
- 7) Show students the total paid for the \$40,804 they borrowed - \$59,280. Also write in the total interest paid (\$18,484) and the average interest percentage (45%).
- 8) Ask students to guess what the interest payment would have been if Joe and Jane had been wise enough to obtain all their college debt through student loans. (\$11,841). Tell them this is \$6,643 less in excess dollars paid – more than they borrowed through credit cards in the first place!
- 9) Tell students that this demonstrates the value of good planning when you borrow money for college. It is clear that you should minimize your involvement with credit card borrowing by good planning. Today's lesson will focus on how to apply for those lower interest student loans. It will also focus on how to reduce the total amount you borrow by identifying non-loan sources of college financial assistance.

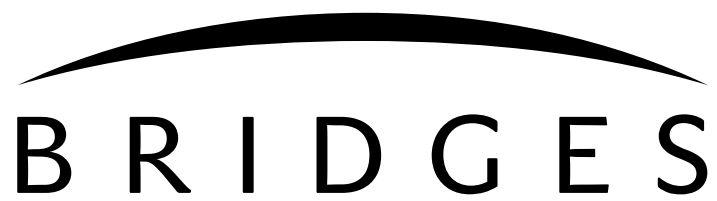
Development Activities

(35 minutes)

- 10) Tell students that there are many different ways to pay for college. Ideally, no money is borrowed to go to college, leaving the graduate with no debt as she/he begins their professional life. Realistically, the majority of students have at least part of their college finances paid by some form of repayable loan. The goal is to keep this amount as low as is possible.
- 11) Ask students to turn to Activity 2 of the Know More No Less Workbook – Non-Loan Funding Sources. Review the self-managed instructions with your students. Encourage them to use counselors, parents, college calendars, the community and the Internet to find funding sources that do not need to be repaid.
- 12) Provide them with a date when you would like the Activity 2 Worksheet to be completed.
- 13) If you are not already there, take students to a computer lab for the remainder of this class.
- 14) Ask all students to use an Internet browser to visit Bridges' Guidance Central tool. (www.bridges.com/more) Have them follow the step-by-step instructions in Activity 3 of the Know More No Less Workbook to answer the specific questions they are assigned from the Post-Secondary Education Loans Quiz.
- 15) Assign each student one of the following question sets:
 - (a) FAFSA – 1 to 4
 - (b) Student Aid Report/The Loan Process – 5 – 9
 - (c) Types of Loans – 10 – 16
 - (d) Comparing Financial Aid Packages – 17 – 20.It should take only 5 minutes of research to answer the questions.
- 16) Review the questions with all students. (Be sure you have visited the site to find the right answers!)
- 17) Remind students that their FAFSA form is the key starting point. If they have not submitted it yet, encourage them to do it now!

Concluding Activity*(15 minutes)*

- 18) Our final activity demonstrates an online application for a Stafford Loan.
- 19) Review Activity 4 in the Know More No Less Workbook, showing students the step-by-step instructions for practicing online applications for student loans. Instruct students to do this activity at home with their parents, stressing the fact that it will make the real application much less intimidating.
- 20) Encourage students to begin planning as soon as possible. They can save tens of thousands of dollars of debt by:
 - (a) **Know More** - finding non-loan sources of college financial assistance.
 - (b) **No Less** – knowing their costs for college life
- 21) Advise students to keep their Know More No Less workbooks in a safe place so that they can easily refer to the information when it comes time to get the funding they need to go to college.



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