



Paying for College

Presentation Information

OVERVIEW

During this presentation, you'll introduce students to the elements they should consider when choosing how to finance their college education. The goal of this presentation is to have students understand the importance of making realistic plans to finance their education, and point them then towards resources that can help them make the right decision for their circumstances and ability to pay. After providing a brief overview of options available to students and how student loan debt can follow them through life, you'll have students role-play from a scripted scenario, which will be followed by relevant questions.

OBJECTIVES

Students will:

- Understand that getting into a college is the first step towards a brighter future—choosing how to pay for college is the crucial second step;
- Learn about the Free Application for Federal Student Aid (FAFSA) that is required for any federal student loan or grant, and is used by many colleges to determine scholarships and grant aid;
- Recognize the elements they must factor into the annual cost of attending the college of their choice, from tuition and fees to transportation, books and supplies;
- Learn about resources available to help them decide how to finance their higher education, from their local bankers to government agency websites
- Appreciate the importance of evaluating the pros and cons of various government and private sector loans and grants; and
- Realize that student debt stays with them, cannot be discharged through bankruptcy and will have a significant impact on their ability to obtain credit for other things, from housing and automobile loans to credit cards.

MATERIALS

Lesson Plan/script for 30-minute presentation

Role-playing Scenario (make one copy for presenter, three for the students participating in the scenario): **Can I Afford to Go to College?**

Student Tip Sheets (make sufficient copies for entire class)

1. Making Informed Financial Decisions about Paying for College
2. Resource Sites for Financing Higher Education



PRESENTATION STEPS

Introduction

Say, “Hello. My name is Mr./Ms./Mrs. _____.” (Don’t use your first name. Students are used to addressing adults in school as Mr., Ms. or Mrs.)

Tell them the name of your bank.

Ask, does anyone know where we’re located? [If someone answers, say, that’s right—or gently correct them and if possible name a landmark nearby, like “It’s in the shopping center next to Starbucks,” or anything similar to “position” your bank in their minds.]

Explain to the class that you’re there to talk about one of the most important financial decisions they will ever make—choosing how to pay for college—and the resources that exist to help them decide among the available options.

Say, The Fall of your senior year in high school is one of the most exciting and nerve-wracking times you students will face. That’s when many of you will be applying for college, filling out forms, writing essays, and if you are like I was, crossing fingers. In fact, in October and November, some of you will hear whether or not you got early acceptance at the college of your choice. Even as ancient as I am, I still remember what a terrific moment getting that acceptance letter was. The future seems wide open.

[Pause]

Where to Start

Well, I’m here to talk about what happens after you get the all-important second letter that comes from that same college.

Ask, Who knows what I mean? [If hands are raised and someone says, financial aid, acknowledge the answer and repeat.]

Say, That’s right—this is the letter that tells you if you will get financial aid—a scholarship or grant that will help offset the cost of college. Depending on what that letter says, you will either:

ONE, have your education paid for.

TWO, get some kind of financial aid—but not enough to cover all your college costs.

THREE, get no assistance from the college—which will mean having to look elsewhere for loans or grants to cover everything.

Today, we’re going to discuss Two and Three—what you can do when you get some or no financial aid from your school, and have to look elsewhere for financing.

Ask, What’s the first thing you should do, once you’re accepted by a college? Anybody?
[Acknowledge answers, repeat if correct.]



Say, That's right. You need to sit down with your family, and figure out the costs of this college education—notice I said **costs**, plural, because lots of things need to be included in this figure. **It's not just tuition. It's books, and rent or board, and food, and transportation, and supplies.** And then you'll need to figure out how much money you can contribute to the cost of college without financial aid. **Once you know that, you can see how much money you'll need to get from other sources.**

Ask, Why is it important to know how much money you will need to borrow?
[Acknowledge any answers, and move on.]

Say, That's right. You need to know this because most student loan debt is going to be with you **a long time** after you graduate. Many students don't realize this until it's too late. Student loans don't go away. As of now, these loans can't even be dismissed if you file and go through bankruptcy. The amount you owe in student loans is going to have a big impact on your credit history. It will influence how creditors—the companies that make loans and issue credit cards—will view your financial resources and your ability to repay a car loan or a housing loan.

There *are* programs out there that may forgive some or all of your student loan debt if you work in the public sector, for the government or fire department or police or military for a certain amount of time. But you will still have to make payments from the time you graduate until that “forgiveness” period kicks in—at least 10 years.

That's why it's so critical that you investigate your options and make wise choices when it comes to paying for college. You need to choose the financial assistance—usually student loans—that will make that college affordable now, and in the future, when it comes time to repay your loans.

Ask, How do you figure out the real cost of a year at college? [This is rhetorical so don't wait for answers.]

Say, The totals will be different for each of you, depending on your circumstances. But you can find very helpful calculators and formulas online. One place to go is the **U.S. Department of Education's** all-in-one **Student Aid site**. That's W-W-W-dot-S-T-U-D-E-N-T-A-I-D-dot-G-O-V. [If there is a chalkboard or easel, write the URL out for students: www.StudentAid.gov]. You'll find checklists. Sources of money. A section for parents and families, a section where you can get mentors to help you through the process.

Another helpful place is the “Paying for College” section on **the Consumer Financial Protection Bureau**, or CFPB, website. That's at C-F-P-B-dot-G-O-V. It offers **A Financial Aid Shopping Sheet** that it developed with the Department of Education. This is an online tool that lets you make comparisons between financial aid offers from different colleges, depending on the total cost of attending different colleges. It's a good way to see how much you will have to borrow, and how all those number will affect payments you'll have to make down the road.

And of course there are lots of other resources out there—just Google “paying for college” and you'll see a big list pop up.



Once you know how ***much*** money it will cost you to attend that first year, the next step is to figure out ***how*** you are going to pay for it. It's important to get good advice at this stage. In fact, you and your family might want to **sit down with your local banker**—someone like me—to go over the financial information you've come up with, and the options you are considering.

We can help explain how one type of loan differs from another in terms of repayment rates and time periods. And we might be able to suggest other sources for funding that you have not considered. Let's face it—when it comes to the high cost of college, every little bit helps.

[Pause]

A minute ago I talked about options. **The good news is, you have lots of options.** Some are available through the federal government. Some come from your state or local government. Some are offered by the private sector—from banks like mine, and from companies that specialize in student loans.

To apply for these loans, you and your family will need to get your financial information together to apply. The sooner you do this, the better off you are.

FAFSAs

One way you can get ready for the great student loan hunt to come is by filling out a **FAFSA** [Faff-Suh] online now if you plan to attend college next year or the year after.

Ask, OK. First, how many of you have heard about FAFSAs? That's short for **Free Application for Federal Student Aid**. [If any hands go up, acknowledge what they say, repeat if correct, and move on.] If you want to apply for any federal government student loans or grants, you have to fill out a FAFSA and submit it.

Say, Some colleges may also ask you to fill out a financial aid form that's specific to them when you apply. But these days, many colleges make their decision to give financial aid based on the information they find in the **FAFSA**. So, if you think you will need to borrow money, or apply for other financial assistance to pay for college, you will need to fill out this form. And the earlier you can do this, the better.

The good news is, it's easy to submit a FAFSA. Go to the Department of Education's StudentAid.gov site or go directly to the FAFSA website [if there is a blackboard or easel with paper, write this down; otherwise, say the URL slowly and clearly.] That's **www.fafsa.ed.gov**.

I'll repeat that so you can write it down: W-W-W-Dot-F-A-F-S-A-Dot-E-D-Dot-G-O-V.

Ask, Most people will have two choices for college loans—**federal student loans and private loans**. What's the difference? [if answers come, acknowledge, repeat and move on.]

Say, That's right. Federal student loans have a fixed interest rate, which makes it easier to figure out payments after you graduate. Sometimes, the government will even pay the interest on your loan while you're still in school.



Other student loans are private. They may have variable interest rates, which means payments and interest rates can go up over time.

So shop around—look for good interest rates that you qualify for, and flexible terms. Again, consult with a banker if you need help comparing the different loan terms.

You may also want to have someone lined up to co-sign your student loans. Last year more than 90 percent of private loans required a co-signer, like a parent or other relative.

Remember, that co-signer will be legally required to repay the loan if you don't or can't, so think carefully about what this means for you, and whoever you ask to co-sign.

Scenario: Can I Afford to Go to College?

Say, Let's see how some students might approach the decision of how to pay for college. Do I have three volunteers? [Hands should go up but if not, select three students at random.]

Call them up to the front of the class and give them copies of **Scenario: Can I Afford to Go to College?** [This exercise including questions should not take more than 10 minutes.]

Say, Here's the deal: Three friends are hanging out after one of them gets the college financial aid letter. Two of them are already in college—they've been through the financial aid process. The third is just realizing what going to college is going to mean in finding the money to pay for it.

Say, OK, let's take it away. **[Students role-play the Scenario.]**

Thank the students, and ask, "So, which of the two college students—Bob or Felicia—do you think did the better job putting together a plan to get financial aid? [Acknowledge answers, draw out as many people as possible.]

Ask, Which student doesn't seem to "get" how much these student loans will weigh down their financial future—and why? [Again, look for multiple answers. If only one or two are supplied, add your own.]

Say, If you were Robin, the high school student, what would be the first thing you'd do to start looking into financial aid?

Ask, These three students all have different views about paying for college and how much debt to take on. Which one do you think has the best approach, and why? [Again, look for multiple answers. If only one or two are supplied, add your own.]

Thank the students for their interest. Ask, Any questions?

Say, Good job.



CLOSURE

Hand out the final takeaways: Making Informed Financial Decisions about Paying for College and Resource Sites for Financing Higher Education

Recap lesson points:

1. There are many financial aid options to pay for college—do your research, ask advice, consult a banker or other knowledgeable financial professional about what is out there.
2. Know the real amount of money you will need to pay for all the costs associated with college, not just tuition and fees.
3. Be realistic about how much debt you can take on and repay after graduation while still needing to pay for things like food, housing, etc.
4. Thank them for their attention.