Being College Savvy: Knowing How to Navigate the College System

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Presentation Agenda

- Choosing a College
- Exploring Careers
- Financial Aid
- Budgeting
Choosing a College

- Make college choices based on your career interests and assessment results
  - Consider colleges that offer the top programs in your Career Assessment results
  - Explore graduation and job placement rates for these programs
  - Consider colleges that are in line with your potential starting salary for each career option
Things to Consider

- Programs and Majors
- Cost vs. Financial Aid
- Type of institution
- Size
- Public or Private
- Locations
- Residence Halls
- Class size

- Counseling, Job Placement, Career Planning
- Facilities: Library, Gym, Health Center
- Transportation and Parking
- Safety on Campus
- Extracurricular Activities
Make Campus Visits

- Schedule your visit while the college is in session
- Make appointments
  - Campus tour
  - Overnight stay
  - Sit in on a class
  - Meet with faculty
  - Financial aid office visit
- Is there a career center on campus?
- Ask questions and revisit if needed
- Write down your impressions
- How does it feel?
## Affordability

- **Sticker Price vs. Net Price**
- **Reminder** – each college and university has different resources available to help students pay for school

<table>
<thead>
<tr>
<th>Type of College</th>
<th>Average Tuition Rates in Iowa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private four-year</td>
<td>$41,004 per academic year</td>
</tr>
<tr>
<td>Public four-year (in-state)</td>
<td>$8,057 per academic year</td>
</tr>
<tr>
<td>Public two-year (in-state)</td>
<td>$170 per credit hour</td>
</tr>
</tbody>
</table>
Explore Careers

- Explore careers before selecting a college
- Take assessments to discover careers that fit you
  - Help you identify strengths and interests
  - Link those strengths and interests to careers and majors
  - ICAN utilizes ACT Profile in Career Advising Sessions
    - [www.act.org/profile/](http://www.act.org/profile/)
- Explore career interests early through job shadows & internships
What’s Your Starting Salary?

- Starting salary should determine your college budget.
- Once you know what you’re potential income you can determine how much you can spend/borrow on your education.
- Consider using a Return on College Investment Tool (ROCI).
  - ROCI will help you determine the right investment for certain majors.
- Assessment results should figure into this process.
Understand Your Limits

- How much will you borrow over the full four years?
- Estimate your student loan payments
  - Borrow $80,000, Pay $800 per month
- You shouldn’t borrow more than your starting salary for your planned career. This keeps your monthly payment around 8-12% of your monthly gross starting salary.
  - Starting salary $25,000, only borrow $18,543-$27,814
  - Monthly payment $180-$270 per month for 10 years
# Student Loan Repayment Chart

## Federal Unsubsidized Stafford Loan (6.80% Fixed Interest Rate)

**Standard 10-Year Repayment Plan**

<table>
<thead>
<tr>
<th>Annual Salary</th>
<th>Monthly Salary</th>
<th>8% of Monthly Salary</th>
<th>Maximum Amount Could Borrow</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,631</td>
<td>$719</td>
<td>$58</td>
<td>$5,000</td>
</tr>
<tr>
<td>$21,578</td>
<td>$1,798</td>
<td>$144</td>
<td>$12,500</td>
</tr>
<tr>
<td>$30,209</td>
<td>$2,517</td>
<td>$201</td>
<td>$17,500</td>
</tr>
<tr>
<td>$43,155</td>
<td>$3,596</td>
<td>$288</td>
<td>$25,000</td>
</tr>
<tr>
<td>$60,417</td>
<td>$5,035</td>
<td>$403</td>
<td>$35,000</td>
</tr>
<tr>
<td>$99,257</td>
<td>$8,271</td>
<td>$662</td>
<td>$57,500</td>
</tr>
<tr>
<td>$112,203</td>
<td>$9,350</td>
<td>$748</td>
<td>$65,000</td>
</tr>
<tr>
<td>$138,096</td>
<td>$11,508</td>
<td>$921</td>
<td>$80,000</td>
</tr>
</tbody>
</table>

**Note:** This chart is intended to show only the estimated amount of monthly payments required at various debt levels for Federal Unsubsidized Stafford Loans with a 6.80% fixed interest rate under the 10-year standard repayment plan (120 monthly payments) compared to annual salaries. The 8% of monthly salary amount represents both the estimated monthly payment amount for the total balance outstanding at the time of repayment as well as 8% of a monthly income at various salary levels. The final payment may be more or less than the amount indicated.
FAFSA

- **FREE** Application for Federal Student Aid
- fafsa.gov
- January 1<sup>st</sup> – complete every year
- Determines what federal aid is available to a student
- Asks for Student and Parent Information
- EFC – Expected Family Contribution
- Who should I contact with questions?
Financial Aid

- Grants – do not need to be repaid and usually based on financial need
- Scholarships – do not need to be repaid and based on merit or financial need
- Work-Study – federal program to support part-time jobs for students while attending school
- Loans – must be repaid with interest, don’t need to begin making payments until after graduation
# Scholarships vs. Grants

<table>
<thead>
<tr>
<th><strong>Scholarships</strong></th>
<th><strong>Grants</strong></th>
</tr>
</thead>
</table>
| **Who Funds** | • Community organizations  
• Colleges  
• Employers (yours or your parents’)  
• Private companies in career fields | • Federal, state, or local government  
• Private companies and organizations  
• Colleges |
| **How Awarded** | • Merit (grades or accomplishments)  
• Financial need  
• Cultural, religious, or other affiliation | • Financial need |
| **How to Find Them** | • Free, online scholarship searches  
• Request information from organizations  
• Library  
• School counselor  
• College financial aid office | • Fill out Free Application for Federal Student Aid  
• Visit your state’s website for state grants  
• Request information from private companies  
• College financial aid office |
Tips for Applying for Scholarships and Grants

- Do your best in high school
- Get involved in campus, clubs, and organizations
- Begin researching early
- Show, don’t tell – use examples and stories to explain your accomplishments and skills
- Have someone else proofread your essays
Budget

- Understand your goals – SMART
- A tool for controlling your finances
- A budget can help you
  - Stay out of financial trouble
  - Know if you’re spending too much
  - Avoid impulse spending
  - Achieve financial and savings goals
  - Prepare for emergency situations
  - Manage your student loan obligations
Expenses

- **Fixed**
  - Do not change from month to month
  - Rent/mortgage, car payments, student loan payments, auto insurance

- **Variable**
  - Can change from month to month
  - Groceries, utilities, gas, clothing and personal items, entertainment

- **Occasional/Periodic**
  - Occur every few months
  - Car maintenance/registration, health costs, birthdays/holidays
Create a Budget

- Identify your income
- Track your expenses
- Check out the result
## Monthly Budget Work Sheet

<table>
<thead>
<tr>
<th>Income</th>
<th>$2,167</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>– $2,651</td>
</tr>
<tr>
<td>Balance</td>
<td>– $484</td>
</tr>
</tbody>
</table>

### Based on:
- Major in Education: Special Needs
- Five years in school
- $14,500 in federal student loans
- $8,000 in private (supplemental) student loans

### Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductions</td>
<td>$433</td>
</tr>
<tr>
<td>Insurance</td>
<td>$100</td>
</tr>
<tr>
<td>Retirement</td>
<td>$65</td>
</tr>
<tr>
<td>Housing</td>
<td>$700</td>
</tr>
<tr>
<td>Food</td>
<td>$250</td>
</tr>
<tr>
<td>Transportation</td>
<td>$450</td>
</tr>
<tr>
<td>Utilities</td>
<td>$150</td>
</tr>
<tr>
<td>Entertainment/Communication</td>
<td>$150</td>
</tr>
<tr>
<td>Personal</td>
<td>$100</td>
</tr>
<tr>
<td>Student Loan Payments</td>
<td>$253</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$2,651</td>
</tr>
</tbody>
</table>
What You Can Do Now

- Spend less every day

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Estimated Monthly Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make your own coffee instead of getting a large gourmet coffee every day.</td>
<td>$72</td>
</tr>
<tr>
<td>Skip the fast-food lunch twice a week.</td>
<td>$48</td>
</tr>
<tr>
<td>Rent a dollar movie instead of going out twice a month.</td>
<td>$27</td>
</tr>
<tr>
<td>Use your dining plan instead of ordering pizza on Friday nights.</td>
<td>$54</td>
</tr>
<tr>
<td>Rent or buy used books.</td>
<td>$47</td>
</tr>
<tr>
<td>Downgrade to a basic cell phone plan.</td>
<td>$34</td>
</tr>
<tr>
<td>Go to free Wi-Fi hotspots instead of paying for high-speed Internet.</td>
<td>$50</td>
</tr>
</tbody>
</table>

**Total Estimated Monthly Savings:** $332  
**Total Estimated Yearly Savings:** $3,984
Graduate in Four Years!

Questions?