

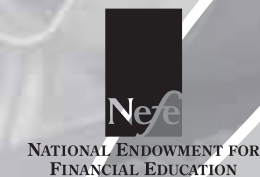
*National College
Transition Network*

**Mapping Your
Financial Journey:
Helping Adults
Plan for College**



National College Transition Network
**Mapping Your Financial Journey:
Helping Adults Plan for College**

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This booklet is meant to provide general financial information;
it is not meant to substitute for, or to supersede, professional or legal advice.

Note: The content areas in this material are believed to be current as of this printing, but,
over time, legislative and regulatory changes, as well as new developments, may date this material.

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Chapter 1

Starting Your Journey

They say that a journey of 10,000 miles begins with a single step. You have taken that single step by making the decision to go back to college as an adult. Congratulations!

It's Your Turn

Perhaps you have wanted to go to college for quite a while but you just weren't prepared to go. Maybe other commitments and responsibilities in your life came first, but now you're ready for the challenge. It may be that you want to use your talents in a lifelong career or you want to move beyond an unrewarding string of jobs. You may have looked at what you want to achieve in life and decided that additional



education would be the best way to get there. Whatever your reasons for choosing to go to college now as an adult, one of the growing number of “nontraditional” students, the journey you're about to begin may well be one of the most rewarding experiences you'll ever have.

This booklet is designed for adults considering college, including adults with GEDs or other nontraditional diplomas and adults learning English.

What to Expect?

Before your first class, there are many details to take care of. First, you'll need to enroll at the college and register for classes. Then, you'll need to find the easiest way to campus. There may be Web-based teaching software that you'll need to familiarize yourself with if you're taking courses online or if some of your courses have an online component. You'll need to rearrange your schedule to accommodate class times, your job, and your family, and still leave time for studying. Furthermore, you may need to find child care or an alternate form of transportation.

As you contemplate starting college and taking care of these issues, you may feel like you're a stranger in an unknown but exciting world. You're happy to be at this point in your life, but you're not sure what's around the next corner.

In addition, you're not sure what to expect or where to turn for help.

New situations and experiences can always be a little unsettling and nerve-racking because they are unknown. You don't know what to expect or how you'll react. Just learn to trust yourself and find more of the strength that brought you all the way to this decision in the first place. Draw from the life experiences you've had that can help you. You have succeeded at other things, and you will succeed at this, too.

One of the biggest adjustments may be to your day-to-day life. For more tips on managing your time well, see Chapter 8.

What About the Money?

Not only will college involve a lot of your time and require a long-term commitment, but it will also cost money—sometimes a lot of money. In addition to tuition costs, you'll need to spend money on books, student fees, transportation costs, perhaps child care costs, and maybe parking fees. You may need to cut back your hours at work so you can



attend class, and that will decrease the amount of money you bring home just when you need it most!

However, there are many sources of funding available to you if you know where to look. This booklet will help you start discovering where financial assistance is available. By investing in yourself through further education, you will have more opportunities in the future.



The costs you may need to pay in the short term will be well worth it in the long term.

In addition, this booklet can also help you learn how to better manage your money, rather than letting it manage you. When you are able to manage money, you'll be in a better position to apply yourself to your studies without financial worries overwhelming you.

Just like the benefits you'll be gaining by going to college, money management skills will benefit you now and for the rest of your life. This booklet will help you learn to live within your means, create a spending plan for expenses so you won't be caught off-guard, start saving some money, deal with credit issues, and make the most of the financial aid you receive or borrow.

What if you don't have much money? It's really not about how much money you make, it's about making saving a habit and making money work for you. Money is merely a tool, much like a hammer for a homebuilder or a computer for a database administrator. Learning how to manage your money gives you the knowledge to use money wisely and to help you achieve the goals you have set along your journey.



counselor at your college may be able to set up small study groups and teach money management using this booklet as the text, along with other resources, and perhaps even bring in guest speakers. It can be encouraging to see that others often have the same issues and they have dealt with them in constructive ways.

No matter how you choose to use this booklet, we hope you use the tool of personal financial management to pursue your bright and exciting future.

Good luck, and remember to enjoy each step of your journey.

How to Use This Booklet

Mapping Your Financial Journey: Helping Adults Plan for College, prepared through a collaboration of the National College Transition Network and the National Endowment for Financial Education® (NEFE®), explains in plain language some of the basic financial ideas and skills that benefit every adult. It also covers some ways to fund your education and make the most of your college experience. It's not meant to include every financial issue, but rather to help you get started on a path toward managing money that will last a lifetime.

This booklet is designed to be used on your own and at your own pace. If you prefer studying with others, you may want to form a study group with other students who are interested in learning more about managing money. Your adult education center or the financial aid

More Education = Bigger Paycheck

It probably doesn't come as a surprise, but your earning power increases with your level of education. According to the 2000 U.S. Census, the average annual income for high-school graduates was \$18,900. Those with an associate's degree earned an average of \$33,000, and those with a bachelor's degree earned \$45,400 on average. Your investment in yourself by continuing your education should pay off with a larger paycheck in the future.

Chapter 2



Understanding Yourself and Your Goals

By knowing exactly what your goals are—your destination—you will know what route you need to take to get there.

Here are some tips to define your goals and achieve them successfully.

What Is Your Money Attitude?

Without even realizing it, we all have a money attitude. Yours might be that money is the answer to all your problems. Or, you might believe that too much money makes a person lazy or less driven. You might think that money makes a person more respectable, or less. There is no right or wrong attitude.

Money is simply a tool you can use to reach your goals and help make your dreams come true. Money isn't good or bad in and of itself, and the abundance of it or lack of it doesn't affect your worth as a person. However, your basic money attitudes sometimes affect the way you deal with money. Here are a few examples:

- You are a **saver** if you keep every penny of extra money that comes your way to use toward meeting goals or saving for an emergency, and you may not allow yourself any spending on things you consider frivolous.
- You're a **spender** if money seems to burn a hole in your pocket and you don't know where it goes.

- You're a **worrier** if you are anxious that you may need money for some unseen future expense and you have a hard time even spending money on things you truly need.
- You're a **planner** if you look to the future and anticipate necessary expenses that will arise, in life or in your chosen career, and put money away diligently to meet those expenses.

What's your money attitude? There is no right or wrong answer. It's just that some attitudes will help you reach your goals more easily than others. You also might find that your money attitude is a combination of types. That's OK, too.

Now, think about your answers to the following phrases:

I think I'm a _____ because:

Why do I think I have this money attitude? Was there a certain belief in my family or in my community that may have helped me take on this money attitude?

Here's what I like about my money attitude:

Here's what I would like to change about my money attitude:

After you examine your money attitude, think about how it may affect your future. How does your money attitude either help you get what you want or keep you from getting what you want? Every type of money attitude has its good points and weak points, but it's good to strive for balance in your approach to money management. Rather than saving all your money and never having any fun, or spending all your money and never saving any for an emergency or to meet future goals, try to see if you can make adjustments to your money attitude that will bring you to a good and acceptable middle ground.



Examining your money attitude is a starting point. You also may want to keep a journal about your money attitudes and how they are helping, or hindering, you as you reach the goals you have set for yourself. You may find your money attitudes changing as time goes on.

Mapping Out Your Goals

Goals keep you focused on the future, and they motivate you to achieve your dreams. One of your goals is to graduate from college, and you are taking steps to achieve that goal.

You may have other goals, as well. Some of your goals may relate to money, and others may not. Some may be far off in the distance; others may occur soon.

Take a few minutes and think about the goals you have, then answer these questions:

Q. What do you want or hope to achieve within the next **three months?**

This is a **short-term goal**. Some examples of short-term goals might be:

- take a few days off to spend with family before college classes begin
- complete all financial aid requirements
- pay first semester tuition and fees and buy books

Q. What do you want or hope to achieve within the next **year?**

This is a **medium-term goal**. Some medium-term goals might include:

- maintain a high GPA so you can qualify for additional scholarships
- obtain a work-study job or summer internship in your chosen area of study
- start saving money for an emergency fund

Q. What do you want or hope to achieve within the next **five years?**

This is a **long-term goal**. Long-term goals could include:

- finish college on schedule and find a job in your field
- save regularly to pay off credit cards
- make a plan to pay off student loans

What are your short-term, medium-term, and long-term goals?

Short-term goals:

Medium-term goals:

Long-term goals:

Making a Plan to Accomplish Your Goals

Deciding on your goals is an important first step. Now, break these into SMART goals. This will give you a road map with a sequence of achievable small steps that will lead to you reaching your ultimate goals.

SMART goals are:

Specific, Measurable, Achievable, Relevant, Trackable

As an example, let's take one of your short-term goals: "pay first semester tuition and fees and buy books."

Here's how to make this a SMART goal.

First, make a good estimate of how much money you will need. Call the college or visit its Web site and find out how much tuition will be, based on the number of credits you are planning to take, your major, and any other information that may be important.

Find the fee schedules and tally up what you'll be expected to pay.



For books, call the campus bookstore for a list of required books for the classes you want to take and get an estimate of how much they will cost. Find out if the campus bookstore has any used books available for those on your list. Used books can cost substantially less than new if you don't mind overlooking some underlining or highlighting. Also search online to see if you can find books at lower cost. (See Chapter 5 for ideas on saving money on books.)

In our example, the total for tuition, fees, and books at the state college is \$1,500—tuition is \$1,100; fees are \$190; books are \$210.

If we break that down further, we'll need to save \$500 per month for the next three months, or \$125 per week for 12 weeks. If we had longer before we needed the money, or if we qualified for financial aid, we would be able to save less per month or week. This is an example of a SMART goal and illustrates how planning really comes in handy and can make your financial goals as painless as possible.

You can use this idea with all goals—for those that are money-oriented and those that are not.

Here's a worksheet to help you develop SMART goals.

Worksheet: Making SMART Goals

My Goal	Actions to Take	Tools, Training, or Expertise Needed	Total Amount of Money I Need to Reach the Goal	When Do I Need the Money?	How Much Do I Need to Save Each Month?	How Much Do I Need to Save Each Week?	Where Will I Get the Money?

This worksheet deals with saving money, but you can modify it for goals that don't involve money. Just create different categories for your chart based on your goal.

Use this SMART goal method with all your goals. It will help you to see the steps you need to achieve your goals.

Meeting Your Educational and Career Goals

Getting your college degree may be just your first educational goal. You may want to pursue additional education or certification in your field of interest.

What sort of job do you want after you graduate? What sort of education or experience will you need to get that job? Is there a certain path that people in your career field follow to achieve their ultimate goal of having a certain position in the field?

Now's a good time to do some thinking and research on where you're headed after graduation. Talk to people in your field and ask what you need to do to reach your goals.

A little time spent now on the front end of your journey can help save you time later because you'll know the steps you'll have to take. You'll learn what courses you need to take to graduate on time and how to schedule them in the coming

years, how to become active as a student member in your profession's trade association so you can meet the experts in your field, or get the internship or job experience that will help you land your first position after you graduate.



Chapter 3

Financial Basics and Record-Keeping

As you're planning for college, it may seem like money is in short supply. This feeling will likely continue when you're in college! There are books to buy and tuition to pay—and you still

have all the expenses of daily life such as food, transportation, housing, insurance, and so on. Rest assured that most of your classmates are in the same situation.



However, if you plan ahead and learn to manage your money wisely, you'll be much better prepared to meet the financial needs of college without experiencing too much stress.

A spending diary, where you track everything you buy for several weeks, and a spending plan (also known as a budget), can help you in many ways.

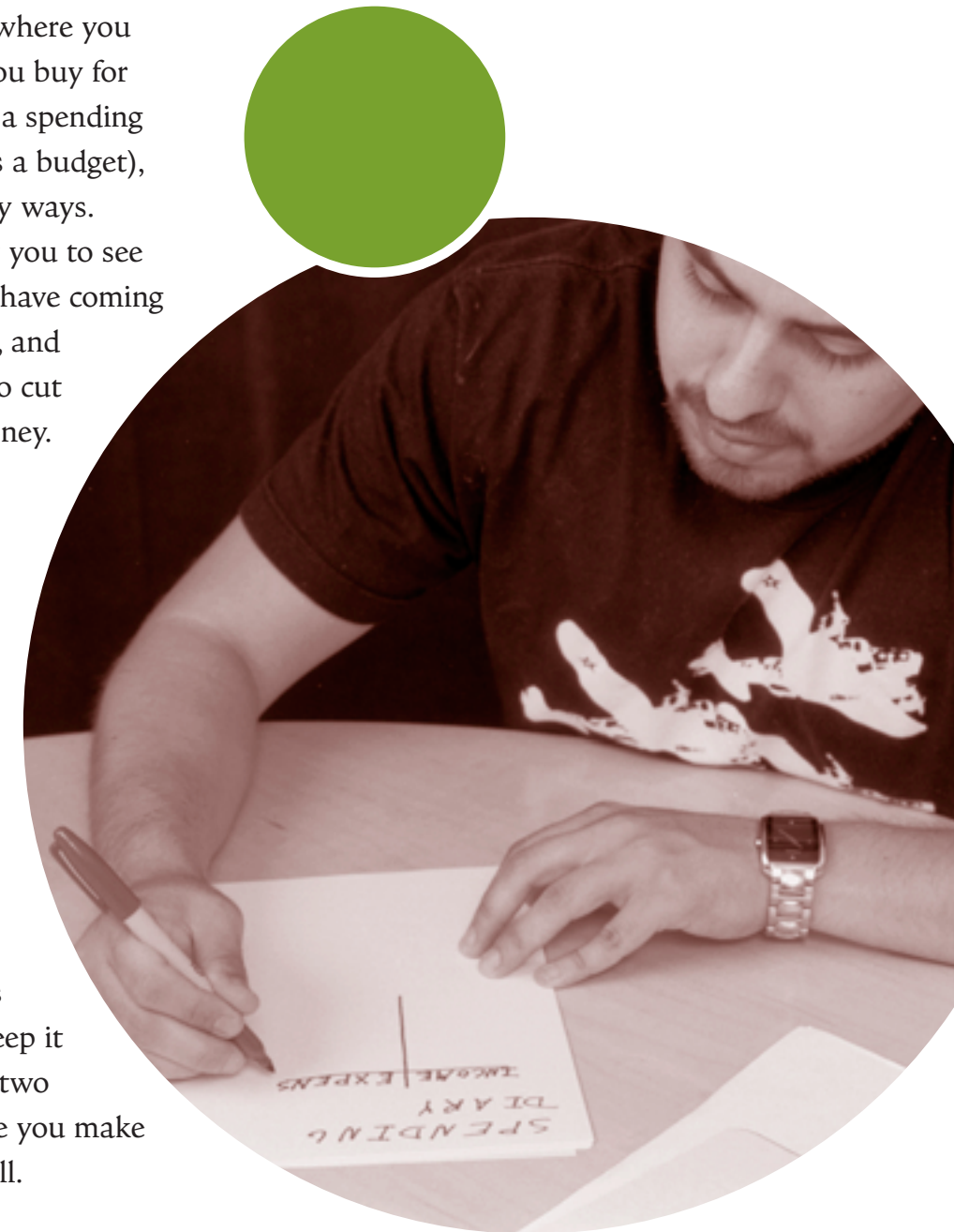
These tools will allow you to see how much money you have coming in, what you spend it on, and where you might be able to cut back on expenses to save money.

Where Does Your Money Go? Keeping a Spending Diary

First things first. You can't accurately fill out your spending plan until you have a good idea of how you spend your money.

It's often the seemingly small items that add up to large amounts over time. To track where your money is going, buy a small notebook and keep it with you all the time. For the next two months, write down every purchase you make during the day, no matter how small.

Once you've tracked your spending for two months, total up the items, and transfer your findings to a chart so you can see the effect of your choices over time. A sample chart to use each month is on the following page:



Spending Diary

Start Date: _____

End Date: _____

Item Purchased	Cost of Item	Number of Items Bought Per Month	Total Cost Per Month	Total Cost Per Year (monthly cost x 12)
<i>Example</i> Bus ticket	\$1.50	16	\$24.00	\$288.00
<i>Example</i> Fast-food meal	\$4.79	8	\$38.32	\$459.84
Parking				
Babysitter				
Medicine				
Eating out				
Going to movies				
Clothes				
Newspaper				
Membership dues				

Tracking Your Money With a Spending Plan

Once you have your spending diary completed, you can create a spending plan based on your spending habits and trends. Your spending plan gives you valuable feedback on your financial health and can help you pinpoint areas where you can save money.

Spending plans are quite simple and don't take long to complete. They are helpful for anyone, but they are especially important for you in college when money is tight and you must stretch your dollars. Make several copies of these worksheets to use and update throughout the year, or create your own version on the computer.

Worksheet: Create a Spending Plan

Step 1: Identify Your Income

The first step in creating your spending plan is to list the income you receive each month. Use this worksheet to estimate your monthly income. Don't include any financial aid that pays for direct college expenses such as tuition, books, room and board, and so on. Also, if your financial aid exceeds your direct college expenses, don't be tempted to spend that "extra" money. Instead, request that the money be applied toward the costs of your next quarter's or semester's college expenses.

If you receive any money in a lump-sum payment at the beginning of each quarter or semester, divide the total amount by the number of months it must last.

Monthly Income Sources	Expected Income Per Month	Actual Income Per Month
After-tax wages from a job or work-study program	\$	\$
Financial help from family	\$	\$
Financial aid/grants/scholarships paid directly to you	\$	\$
Withdrawals from savings	\$	\$
Other (child support, public assistance, gifts, etc.)	\$	\$
Other	\$	\$
Other	\$	\$
Total Monthly Income	\$	\$

Step 2: List Your Monthly Expenses

Use this worksheet to estimate your monthly expenses. Include the expenses that you tracked in your spending diary.

Some expenses, such as food or rent (and sometimes insurance premiums), are paid every

month. Other expenses, including books, school supplies, and tuition, come due every three or four months. To set aside enough money each month for these occasional expenses, divide the total amount by the number of months between payments. Write that amount on your monthly expense worksheet.

Monthly Expenses	Actual Cost Per Month
Savings*	\$
Tuition, fees, and other expenses not covered by financial aid	\$
Textbooks and school supplies	\$
Transportation: Auto (car payment, gas, insurance, maintenance, parking fees, etc.)	\$
Transportation: Other (bus or train tokens or passes, carpooling fund, etc.)	\$
Insurance (car, renters/homeowners, health, life)	\$
Housing (rent, mortgage, dorm if living on campus)	\$
Food (groceries or meal plan)	\$
Utilities (heat, water, electricity)	\$
Telephone or cell phone	\$
Cable	\$
Snacks, dining out	\$
Child care	\$
Loans and credit-card payments	\$
Personal (haircuts, clothing, makeup, etc.)	\$
Entertainment (movies, concerts, CDs, DVDs, etc.)	\$
Computer and Internet access	\$
Medical	\$
Other	\$
Other	\$
Total Monthly Expenses	\$



*If you think of saving money as a regular monthly expense, you will be more likely to set money aside. Even if it's a small amount, developing the habit and making the commitment to saving money add up in the long run.

Step 3: Compare Your Income and Expenses

Write down your total monthly income (from Step 1).	\$
Write down your total monthly expenses (from Step 2).	\$
Subtract your expenses from income and list amount here.	\$

Step 4: Set Priorities and Make Changes

Do you have money left over at the end of the month? If so, congratulations! You can save that money and put it toward your educational goals and start building financial security.

If you spent more than you brought in, review your monthly expense worksheet. There are some costs that are nonnegotiable, such as tuition and fees. But there are other costs, such as personal expenses, eating out, entertainment, and so on,

that you do have some control over. Look at your expenses to see where you can cut costs.

If cutting costs still doesn't make ends meet, you may need to consider ways to increase your income, if this is possible with your work and school schedule. You might find extra jobs to earn a little more cash. You could also sell all the things you no longer need or use, such as clothing, CDs, sports equipment, and so on, to bring in extra cash.

Ways to cut back on spending:

Ways to increase income:

Is it a Need or a Want?

It's easy to spend money. What's not so easy is spending money wisely. This is more important than ever as you start college, because many things will cost money and you'll have to make some tough choices. One way to help you spend wisely is to separate your needs from your wants, and spend money primarily on your needs.

Needs are the essentials, the basics of life that you must have to survive: food, housing, clothing. For college, your needs also include tuition, books, and fees, among other things.

Wants are nice to have but are not essentials: eating out or going to the movies.

As you start college, you may be tempted by many "wants," but try to avoid giving in to the pressure to acquire them. Knowing the difference between "needs" and "wants" is an important part of learning to manage money that will benefit you for the rest of your life.

Before you buy something, ask yourself, "Do I **need** this item, or do I just **want** it?" You may be surprised at how many things are actually "wants."

List some of your needs in the spaces below. Try to think of needs that are immediate, as well as things you'll need in the next couple of months. Then, write down some wants. Are you starting to see the difference? Are there wants that you could do without?

Worksheet: Needs Versus Wants

Needs

Wants

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

1. Decide if you really need or want everything on the list. Are some "needs" actually "wants"? Cross off the "wants" that are the least important to you.

2. Put stars next to the items that are particularly important to you.

3. Decide if each item makes sense. You may **need** a car to get to and from college, but you may **want** a brand-new sports car. You can still get this "need" met by buying a fuel-efficient used car rather than a sports car.

Living Within Your Means

You've probably heard the phrase "living within your means." But what does it really mean?

Simply put, if you're living within your means, you can afford to pay for most things you need without borrowing money to pay for them. You buy your clothing and food with cash rather than putting the purchases on a credit card. You have enough money to pay your other basic living expenses, such as housing and transportation, without going into debt by using credit cards or loans.

Now that you're facing the expenses of school, you may be tempted to put your tuition or books on a credit card, with every intention of paying off the balance next month. Try not to do this. While college expenses can be high, do all you can not to pay these with credit because, if you can't pay the bill in full when it comes due, then you'll owe interest in addition to the cost of the items you purchased.

Also, try to avoid applying for credit cards that are being offered everywhere on campus. You'll just end up further in debt than you want to be and realize how difficult it is to get out of it.

There are some expenses that generally require loans, such as a house and a used car, but debt shouldn't be used to help you pay for everyday expenses. Paying for everyday items with debt limits your choices as you're constantly caught paying for yesterday instead of moving toward tomorrow.

It can be challenging at first, but try to live within your means. Even better, try to live **below** your means.

Paying Yourself First

Even if you have every intention of saving the money **left over** at the end of the month, the reality is that there probably won't be any left over. Instead, change the equation. Rather than agreeing to save the money that remains at the end of the month, put it away first—before it gets eaten up by other expenses or you're tempted to spend it.

Right now, it doesn't matter how much you are able to save every month. The important thing is making the commitment so that monthly savings becomes a habit. This single act will help you toward a more secure financial future.

Regularly save however much you can, but strive for at least 10 percent of your income. This will go a long way in helping you build an emergency fund, pay off credit debt, and establish a solid financial foundation.

Tips for Paying Yourself First

If you think that paying yourself first is easier said than done, here are some ideas to get you started:

- Include “savings” as part of your spending plan. Make it a priority above spending for things like movies or eating out.
- If possible, have your employer automatically deduct money from your paycheck and deposit it into a savings account. What you don’t see, you won’t miss. Even if the amount is small (say \$10, \$15, or \$20 a week), you’ll be amazed at how fast your money grows.
- Another option is to have your financial institution automatically deduct a set amount from your checking account each month and deposit it into your savings account. Your financial institution usually can set the date of the automatic transfer for the day (or a few days after) your paycheck is deposited.
- Try putting \$1 a day, plus pocket change, into a large envelope or a jar. At the end of the month, deposit that money into your savings account. This can add up to a few hundred dollars per year.
- Put any tax refund, raise, or bonus you receive into savings rather than spending it.
- When looking for a better job, give preference to employers who offer good benefits such as health coverage and life insurance. If your employer provides these benefits, you won’t have to pay for your own coverage.

- When you purchase a product, send in any rebate forms. Most people fail to take advantage of this savings tool.
- When you need items, shop first at thrift stores and garage sales. You can pick up some great bargains this way.
- Break costly habits, such as excessive clothes-buying and smoking, and save the difference.
- After paying off a loan, put the same amount each month into savings—if the money isn’t already going to paying off another loan.
- Start to put money into an emergency fund that will help you meet unforeseen expenses such as a broken refrigerator, an unexpected car repair, or a medical bill. A good rule of thumb is to build up an emergency fund of three to six months of expenses. Remember to use the money only for true emergencies, and keep the money in an accessible savings account or money market account.

Dealing with Credit Issues

You may be faced with a lot of loans as you start college and wonder how to deal with them. You may worry about paying for college when you’re maxed out on one or more credit cards. The scenario is difficult, but you’ve already made the hard but very positive decision to go back to college. You also have the strength to work out your debt issues in ways that will better your future.

Don’t Add to Your Debt

As you start classes, you may see all kinds of free credit cards offered on campus and you may get similar offers in the mail. Don’t be tempted by these offers. They may promise you a low interest rate to start with or give you a free gift or other incentives. But don’t give in. The interest rate is likely to go very high after the introductory period, and it’s just not worth it to have the added temptation to go into further debt just because you have a new card with no balance.

Manage Your Credit Records

How is your credit record? If you don’t know, you can order a free credit report once each year from one of the three major credit reporting companies:

Experian

www.experian.com, 1-888-EXPERIAN

TransUnion

www.transunion.com, 1-800-888-4213

Equifax

www.equifax.com, 1-800-685-1111

Review your report and see if there are any mistakes: mistakes do happen. If you spot a mistake, correct it according to the instructions on the report.

Your credit record will influence how easy it will be in the future for you to get home loans, car loans, and other consumer credit, as well as the interest rates you pay.

Take the time to improve your credit rating by paying bills on time, paying more than the minimum amount due, and paying off debts as you can.

Tips to Reduce Debt and Deal with Creditors

Start by taking small, positive steps. Your debt didn’t accumulate overnight and it won’t go away that quickly, either. But, you will succeed in paying off your debts if you stay focused on the goal. Here are some first steps you can take:

1. Don’t wait to act. The problem won’t improve if you ignore it.
2. Stop buying items using credit.
3. Create a plan to reduce your debts. The Debt Recovery Worksheet that follows can help you organize your plan.
4. Contact your creditors. Explain that you want to pay off your debts and ask if they can work with you and take smaller payments now. While some companies won’t work with you, many probably will try to help.
5. Take a hard look at the spending plan you created earlier in this chapter. Can you think of additional ways to cut expenses? Identify a few things you can stop buying altogether or buy less often. Use the money you save to pay off creditors’ bills.

- 6. Sell items you rarely use. And sell them yourself—don't use a pawnshop. Be creative when selling items, such as auctioning off your items on the Internet.
- 7. Honestly assess what you can pay and what you own. If you own a new car, for example, and you're having a difficult time making the payments, it may make more sense to sell the car and pay off the loan than face a possible repossession, which would further harm your credit record.
- 8. Look for ways to increase income. Perhaps another family member can contribute financially. Or, maybe you could work extra hours at your job while still allowing sufficient time for attending classes and studying. The goal is to increase your income while keeping your expenses the same.

- 9. When you've paid off one debt, redirect the payments to pay off another loan.
- 10. Consolidate your loans. Shift higher-interest loans to a single lower-rate loan.
- 11. Keep only one or two credit cards. Cut up the other cards and call the companies to cancel the accounts. Consider reducing the credit limit on your remaining cards.
- 12. To stop many credit card offers from arriving in your mail and tempting you to open a new account, call 1-888-5-OPT-OUT.

- 13. If you need more help cutting your debt, contact a nonprofit consumer credit counseling agency such as the National Foundation for Credit Counseling, www.nfcc.org (1-800-388-2227). Groups such as this can help you restructure your debt payments so it's easier to pay them off.

Getting into debt is easy. Getting out is harder. It takes time and commitment. But it's worth it for the better future it will give you. Use this worksheet to quantify your outstanding debts and make plans to start paying them off.

Debt Recovery Worksheet

Make several copies of this worksheet, and use one for each company or credit card to which you owe money. List how much money is owed to each creditor and how much each will be paid every month.

It's usually a good idea to pay off the loan or card with the highest interest rate first. Then, as one debt is paid off, use that money to start paying off another debt. However, if you have a smaller debt that you can pay off relatively quickly, this may give you the emotional boost you need and the incentive to keep going.

Creditor: _____ Debt is for: _____

Interest Rate	Amount Owed	Monthly Payment	Payment Due Date	Amount Paid and Date

Debt Doesn't Have to Be a Way of Life

You may know people who have a lot of great stuff—nice cars, big houses, and perhaps they take expensive vacations. What you may not know is that there's a good chance they have big car payments, big mortgages, and big credit card bills to pay for all these things.

While having nice things makes life fun, it can create a lot of stress if you're working just to pay for the things you've accumulated. If you manage your wants and needs, and buy what you need and can afford, you'll be building a future with a lot more freedom and security. You don't have to be saddled with big debts for the rest of your life.

Just remember one simple thing: It's a whole lot easier to stay out of debt in the first place than to try to pay debt off later.

That's not to say that all debt is bad, however. Used wisely, debt is a tool that can actually help you save money. Most college students, like yourself, use some form of debt to pay for their education because they can't pay for all of it with cash. Borrowing to invest in yourself is a good use of debt.

As another example, over the long run, buying a home—usually done with debt in the form of a mortgage loan—will cost much less than renting. Also, if you tend to keep your cars for 10 years or more, buying a well-made car that you keep after you have paid it off will cost substantially less than regularly leasing a new car.

Chapter 4

Money Pitfalls

When you're in college, money will likely be even harder to come by. You may see ads or commercials for some "easy money" options, such as check-cashing and rent-to-own stores, and there may be stores like this near campus. While they may seem like a convenient way to get things you need, they come with a lot of financial risk that you're better off avoiding.

Financial "Fixes" to Avoid

Check-cashing stores charge fees for cashing your checks. Fees range from around 3 to 8 percent for every \$100, so, for example, you may pay up to \$8 for each \$100. This may not sound like a lot of money, but it adds up quickly. This is essentially the same as paying only the interest each month on a credit card without paying off any of the principal. So, if you pay \$8 out of \$100 every month, that's \$96 per year, which is like paying 96 percent interest on a credit card! A better option is cashing a check at your bank for free.

Payday loans are sometimes offered by check-cashing stores. Most will only make loans to people with full-time jobs, but more and more are making loans to students who work part time or show that they have other income such as a scholarship or grant. With a payday loan, you write a post-dated check for the amount you want, plus the store's fee. If you want \$200, you'll write a check for around \$250, and the extra \$50 is the store's fee. This is effectively a 300 percent annual interest rate!

The store holds your check until the date you wrote on it, and on that day you have three options: redeem your check with a money order or cash; let the store deposit the check; or renew the loan by writing another post-dated check covering the previous amount plus another fee. If you use this last option, you can soon rack up huge debts that will be nearly impossible to pay off. And be aware that many states have no laws limiting the fees payday loan stores can charge, so you might end up paying extremely high interest rates.

Money orders are sold at numerous places and may be used to pay bills instead of checks from a checking account. Money orders definitely have a place in paying some bills, but because they cost money, they shouldn't be used frequently. While each money order doesn't cost a lot, over time it can add up if you

purchase several money orders every month. Even a checking account that charges fees will cost less than using money orders.

Pawnshops loan you money in exchange for an item such as jewelry or a stereo. The store must keep your item for at least 30 days, during which time you can repay the loan and get your item back. If you don't repay the loan, the shop sells your item. Pawnshop loans generally give you less than half of what your item is actually worth, which translates into you receiving only a small amount of money for the risk involved with losing a personal possession valued much higher. If you really need to sell items to raise money, sell them yourself through classified ads, notices posted on bulletin boards, or on the Internet through e-Bay or the free service www.craigslist.com, which has sites for most states in the country. You'll make more money that way.

Auto pawnbrokers take the pawnbroker idea a step further by collecting your vehicle's title in exchange for a loan. Any missed payment could result in repossession, as the broker can claim ownership of the vehicle and keep any payments made to that point.

Rent-to-own stores offer furniture, appliances, and other items for a relatively small weekly rental fee and a promise that a portion of each payment will be credited toward your purchase of the item. But guess what? Since the bulk of each payment is claimed by the store, the ultimate purchase price could be three to 10



times as much as the item would cost new. For example, with the rental fees, sales tax, and a delivery fee, a \$400 TV could end up costing more than \$1,000. Again, for things you want, it's better to save up enough money to buy them outright with cash. Even using credit card debt is less expensive than renting-to-own.

Job Scams

A lot of scams come disguised as business opportunities. They can be advertised as part-time jobs with the lure of big money. Or, you simply buy an inventory of a product and resell it, earning huge profits. But there's always a catch. You must pay a big fee up front, or they only give you the "business secrets" after you buy a starter set of products to sell. In the end, these scams only profit one person—the one who took your money.

If you see a job opportunity that looks too good to be true, it probably is.

That said, there are more and more legitimate business opportunities, often selling products

ranging from skin care lines to jewelry, that can provide income if you are willing to approach it as a business and devote the time and effort necessary. If you are interested in starting such a business, just be sure you leave enough time for your studies rather than spending countless hours launching your new business.

Identity Theft

You've probably heard about identity theft in the news. This occurs when someone illegally uses your Social Security number, checking account or credit card numbers, or other personal information to steal from you. How can you keep it from happening to you? The biggest suggestion is to keep your financial life secret from others.

Here are some additional things to keep in mind:

- Keep your Social Security card, bank account numbers, password or PIN numbers, and other financial information safe at home. Don't carry these items with you.
- Don't throw away papers that have your account numbers or other details on them. After you've recorded the amounts in your checking account register, tear up or shred any receipts. Other records that you must keep, such as your paycheck stubs, bank account statements, and credit card statements, should be kept in a safe place at home.

- When you mail a payment for any bill, take it to a post office and put it in the drop slot inside the building or in an official post office mailbox with a hinged lid. Don't just leave a payment in your mailbox.
- Every month, carefully review your cell phone bill and credit card statement. If you see calls or charges you didn't make, call the customer service number immediately to report them.
- Never give out your Social Security number, bank account numbers or information, credit card numbers, or any other financial information to someone who calls or e-mails you regarding a scholarship, loan, or grant—or any other financial matter. Online scammers use this ploy, known as "phishing."



Scholarship Scams

Because you will be applying for grants, scholarships, and other forms of financial aid, be careful of the information you provide and who you provide it to.

Never give out your personal information to anyone who calls or e-mails you with offers of scholarship money or grants. If you apply for any aid, go to the organization's Web site directly or request the paperwork to fill out yourself. Be sure that any Web page that requests personal information, such as your Social Security number, is a secure page. Look at the lower left corner of your Web browser where you'll see the page URL. It should begin with "**https://**" rather than just "**http://**."

Be careful when searching online for financial aid. Legitimate sources will never ask you to pay for their services, tell you they need your credit card or bank account number to process the application, and never say that money is guaranteed or you'll get your money back. They also won't say that they have information you won't find anywhere else, or that you must respond within a short period of time.

As with many other things in life, if the opportunity sounds too good to be true, it's probably best to go the other way.

Chapter 5

The True Cost of College

Attending college involves more than just tuition and books, although those are significant costs. You also need to consider student fees, living expenses, transportation costs, and other costs you may need to enable you to attend college such as extra child care, fewer work hours, and so on.

It's true that the costs add up, but there are ways to keep them as low as possible. You won't be alone in searching for alternatives, either. At many colleges and universities, numerous students are just like you: starting college later in life rather than right out of high school or returning to college after working a few years. Talk with your classmates to find out other ways to keep costs down.

Saving Money on Fees, Books, Supplies, and Other Necessities

You can save money on these required college expenses if you know how. Here are some tips.

Fees

Before you pay your student fees, find out if any are optional. Many fees are assessed to every student, but it can save you money to find out if there are any that are not required.

For example, perhaps fees for the student sports facility aren't mandatory if you won't be working out on campus. You may not have to pay a parking fee if you'll be taking public transportation to class. Check with the registrar's office to find out.

Books

No matter what your field of study, books can add up to hundreds of dollars each year. And, if you're in a science-based field, these costs can be even higher.

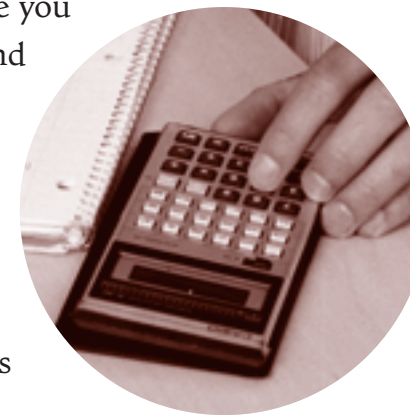
Before your classes begin, find out the reading list for each class. This can often be found in the campus bookstore.

Note the titles, dates, and authors of the books and the price in the bookstore. Find out if the bookstore sells used textbooks and what the prices are. Then go online and see if you can find the books for less money. Search for used book sites, textbook sites, and so on. Be sure to consider shipping costs, as well as availability and the time necessary for delivery.

Remember that it's critically important you get the correct edition of each textbook, as one that's out of date will be of no use to you.

While you may not be able to get all your books for less, just buying a few at lower prices will help stretch your budget.

For reference books such as a dictionary, thesaurus, style manual, and others that don't need frequent updating, try used book and book closeout Web sites. While you can do a lot of research online, having a hard copy of basic reference books can be a timesaver when your Internet connection is down or you just need a quick answer.



In addition, take care of your books during the class term. If they are in good shape and in demand, you may be able to take advantage of the “buy-back” programs offered by the campus bookstore at the end of each quarter or semester. The money you earn by selling your used books will help you buy required books for future classes.

Supplies

To buy supplies at the best prices, check out discount stores, office supply stores, membership warehouses, and grocery stores as well as the campus book store. Find

the best price you can, but don't waste time driving across town to save a couple dollars.

Also, see if you'll save money by buying in bulk—but only buy items you (and your school-age children) would use

anyway during the course of the school year. Ask your classmates if they want to go in on larger purchases of computer disks, jump drives, notebooks, paper, pens, highlighters, and so on.

Computers

It's likely you'll need either a laptop or desktop computer when you start college, but it doesn't need to cost a lot of money.

First, find out from the college or from the department you're most likely to major in whether they have certain minimum requirements for RAM, processor speeds, hard-drive space, and so on. Unless you'll be doing a lot of computer-intense work such as drafting, graphic design, or engineering applications, you may do just fine with a lower-end computer that has word-processing, spreadsheet, and multi-media Internet capability for hundreds of dollars less than a more powerful machine.

Find out if your adult education center, college, or employer has any purchase programs set up with computer manufacturers or vendors. These can result in competitively priced systems. Some employers offer interest-free loans for computer purchases.

In addition to the usual big-box department stores and online computer stores, look locally for stores that specialize in corporate closeouts of computers and related supplies. Be sure to check warranty and guarantee information before purchasing. There are also many



businesses that sell used equipment they have refurbished as well as computers they build with standard parts. These can often provide a computer that is much better quality than a comparably priced new one, even from a discount warehouse.

Internet Access

To save money, use the college's computer resources whenever possible. However, you'll probably need Web access at home, so shop around for the best service and price.

Internet Service Providers (ISPs) based locally can sometimes offer lower rates and better support than nationally known ISPs. Also look into service options that limit your time online. You may find a service plan that fits the hours you'll be studying for less money than 24/7 access.

If your schedule permits, many public libraries have free Internet connections that the public may use. Of course, availability will be limited by the number of people using the computers and the library's hours, and some libraries allow users only a set amount of Internet time, say two hours.



Facing a Temporary Loss of Earnings

When you start college, you may need to reduce your work hours to fit in class time, getting to and from campus, studying, and family time.

Ironically, this is also the time when you'll have additional expenses in the forms of tuition, fees, books, and other supplies.

After you've been in school awhile, you may find that you can increase your work hours again without letting your studies, work performance, or family time suffer.

Until that time, review your spending plan to see where you can cut back on expenses and, if you have family, encourage them to do the same. See if you can barter with a friend or neighbor, exchanging services you each find helpful. Bartering allows you and someone else to exchange a product or service of value without exchanging money.

For example, perhaps you can change the oil in your neighbor's car in exchange for the neighbor watching your kids for two hours on a weekend.

Be creative and look for additional ways to decrease your spending and increase your available time.



Saving Money on Essentials

Even life's necessities cost money, so it's always good to look for lower-cost alternatives. Here are some tips to help you save money on housing, transportation, child care, food, and clothing.

Housing

Housing can be expensive, and there are ways to reduce your costs. Here are a few ideas:

Find a roommate. Be sure to specify what expenses your roommate will pay, and what your household rules are when the rent is due. All the details should be on a contract that you and your roommate sign and date.

Do repairs in exchange for rent. Ask your landlord if he or she would consider a rent reduction in exchange for maintenance or odd jobs done around the premises.

Be an on-site manager.

Some apartment buildings have on-site managers who are responsible for keeping the place running smoothly in return for a decrease in monthly rent. You may even be able to negotiate free rent.

Transportation

Ask your classmates if they want to form a carpool and share costs of driving to and from campus. Your college may have a "ride board," a bulletin board where students post an offer or request for a ride. If a family member works near your college and has similar hours at work, see if you can share rides.

If it's available in your area, take advantage of public transportation to class. It will reduce your costs for gas, maintenance, and repairs, and can even give you extra time to study. Students often qualify for reduced fares.

If you live close to your college, you could try walking, inline skating, or biking instead of driving or taking public transportation.

Consider riding a scooter or motorcycle.

If you need your own vehicle to get to class, look into getting a car with better fuel economy and smaller payments. If you decide to sell your car, you can usually get more money for it by selling it yourself than by trading it in for another car.



Child Care

If you need child care, one place to start looking is Child Care Aware (1-800-424-2246; www.childcareaware.org). This resource can put you in touch with referral agencies in your community, which can provide a list of licensed child care providers.

Here are some other options to consider:

- Is there a trusted adult family member who could watch your child? This can be the most economical option. In exchange for a modest payment or providing other services, you'll enjoy peace of mind knowing your child is in good hands.
- Do you know other parents who are looking for high-quality child care? Consider forming a child care co-op based on common needs or interests. Each member assumes an equal share in the child care equation and the co-op may be formed in partnership with a preschool, religious group, school district, civic group, or other organization.
- You can leave your children in the care of a licensed at-home child care provider, where they will usually have the opportunity to interact and play with other children.

- You can also find commercial child care centers, which may be independent or associated with schools or religious institutions. There may also be a child care option at your employer. Some child care centers provide services at a reduced rate based on your financial need.
- Many large colleges and universities offer child care options, so see what's available on campus.

While child care can be quite expensive, there are a few ways to minimize the cost:

Flexible Spending Accounts

Many employers offer flexible spending accounts, which allow you to pay for child care with pre-tax dollars. This can be like getting a 15 percent—or larger—discount on these expenses. Here's how it works. Through a pre-tax payroll deduction, you set aside money, then draw on the account to pay for child care. You decide the fixed amount to be deducted from each paycheck, and you're reimbursed when you send a receipt for your costs to the plan manager. Choose your deduction level carefully because if you don't use all the money you've contributed to the plan in a year, you'll lose it.





Remember that Flexible Spending Accounts can also be used for elder care costs, medical and dental expenses not covered by an insurance benefit package, as well as other forms of emergency and non-emergency situations.

Tax Breaks

Most working parents are eligible for a tax credit that repays a portion of the costs of child care. In general, if your child is 12 years old or younger and you're working (or looking for work), you'll qualify for the credit. For more information, visit the IRS Web site at www.irs.gov or call 1-800-829-1040.

Food

Food can take a big chunk of your budget. Here are some ideas for stretching your dollars:

- If you will be on campus more than a few hours, see if you might be able to purchase a partial meal plan. Meal plans allow you to eat in the cafeteria usually for a reasonable price when compared with eating out at restaurants. Compare the cost to buying and preparing your own food. You may find it less expensive, and it also can be a time-saver.
- If you won't be able to use a meal plan, bring food from home in your backpack that doesn't need to be refrigerated. When you get hungry, you can choose healthy and less expensive options and won't be tempted to go to the snack bars or vending machines.

- Plan ahead and avoid eating out. Even a meal at a relatively low-cost, fast-food restaurant will cost substantially more than a meal made at home. However, buying lots of prepared foods to eat at home won't save as much money as cooking simpler meals that will be more nutritious, as well.
- Shop at large grocery stores or food warehouses. Avoid high-priced convenience stores and smaller "boutique" grocery stores.
- Buy store brands. They are usually less expensive than nationally advertised brands, but the quality is often just as good.
- Plan a week or two of menus and shop according to what's on sale at the grocery store that week.
- Price meals by the cost per meal—not just by the cost per pound. Also, compare the unit prices of products. Buy whichever product is less expensive per ounce, per pound, per pint, and so on.

- Make a shopping list—and stick to it. Avoid buying food on an impulse and don't shop on an empty stomach.
- Use coupons or "membership" cards at grocery stores—but don't go crazy buying something just because it's on sale, and do take advantage of sales when you can buy items that you know you will use in the next month or so if they are nonperishable.
- Take advantage of two-for-one sales on frequently used items.
- Avoid purchasing junk food such as potato chips, pretzels, soda, and candy, as well as prepared foods. These types of food are usually quite expensive, especially considering they often offer little nutritional value or are loaded with salt, preservatives, or fat.
- Stock up on sales of regularly used items such as paper products and canned food.

Clothing

No matter what their age, most college students wear jeans, T-shirts, and sweat-shirts, so you likely won't need a lot of expensive clothing while you're in school. If you do need to dress nicely for work, change out of your good clothes before going to class so your work clothes last longer.

Also try these tips for saving money on clothes:

- Set up a clothing exchange with family, friends, or neighbors to trade adult and children's clothes. What's old to you will be new and exciting to someone else.
- Regularly visit thrift stores and second-hand or vintage boutiques. The inventory usually changes frequently and you can often find high-quality clothes at rock-bottom prices.
- Check out clothing sales sponsored by local churches or service groups.
- Stick with classics whenever possible. They stay in style longer than the latest trends.



Chapter

6



Financial Aid and Sources of Income

There's no denying that pursuing your goal of college is expensive, but it's one of the best investments you can make in your future.

The good news is there is financial help for you in the forms of scholarships, grants, loans, and other sources of income. This chapter walks you through some of the options available and tips for taking advantage of these income sources.

Expected Family Contribution, Cost of Attendance, and Unmet Need

One of the first things you need to do when you've made the decision to attend college is to fill out the FAFSA (Free Application for Federal

Student Aid) form, either online at www.fafsa.ed.gov, or by requesting a hard copy by calling 1-800-433-3243 (1-800-4-FED-AID). The FAFSA also is available in Spanish. Look for the link on the Web site.

Submit your FAFSA as soon after the beginning of the calendar year as possible. The earlier you send it in, the better your chances for receiving aid, since many schools and states award nonfederal aid on a first-come, first-served basis among eligible students.

While the FAFSA is a national application that all colleges may review, it is only one part of the financial aid process. Every college has its own procedures and criteria for awarding financial aid and each has its own specific deadlines. Find out the process at the college you're considering and follow the steps recommended.

Expected Family Contribution (EFC)

After you send in your FAFSA, you'll receive your Student Aid Report (SAR), which should include your Expected Family Contribution (EFC).

The EFC shows, generally speaking, the government's view of your financial strength and ability to pay for your education. It is used to determine your eligibility for federal student aid.

Cost of Attendance (COA)

When you first think about the costs of going to college, you may only think about tuition. However, there are other costs that combine to create your Cost of Attendance (COA).

Your COA is important for two reasons. First, it gives you an idea of what to expect financially. Second, many sources of financial aid look at your COA to determine the amount of money you may receive.

In general, your COA is made up of:

- tuition
- required fees
- books and supplies
- room and board (or a housing and food allowance if you live off campus)
- personal expenses
- transportation
- other allowances (such as loan fees and dependent care)

If you're attending college **less than half time**, the COA includes only tuition, fees, and an allowance for books, supplies, transportation, and dependent-care expenses. It does not include a housing or food allowance.

Talk to the financial aid administrator at the college if you have any unusual expenses that might affect your COA.

Unmet Need:

Your Financial Aid Eligibility

Once you have figured your COA and know your EFC, then you can see how much Unmet Need you have that can be covered by federal, state, or private aid. Here's the formula:

COA – EFC = Financial Need, which determines your eligibility for financial aid.

Helpful Hints for Completing Your Financial Aid Application

The first place to turn for help in completing your financial aid application is your college's Financial Aid Office. Stop in their office on campus and see what they have to offer. Also check out the financial aid page of your college's Web site. Most colleges have a useful list of Frequently Asked Questions (FAQs) listed online.

Another source of help is an Educational Opportunity Center (EOC) Program in your state. EOCs are funded through grants from the federal government. They provide counseling and information on college admissions to qualified adults who want to enter or continue a program of postsecondary education.

An important objective of the EOC program is to counsel participants on financial aid options and to assist you in the application process. Visit www.ed.gov and click on Programs, then ED Programs, and scroll to find Educational Opportunity Centers in the alphabetical list.

What Is Financial Aid?

Many forms of money are available to you. Common sources include:

- federal
- state
- local
- foundation/private
- institutional

Aid is generally divided into the following categories:

- **scholarships:** do not need to be repaid; are usually based on merit, but can also be based on need
- **grants:** do not need to be repaid; usually are based on need
- **loans:** must be repaid, and often with accrued interest
- **work-study:** you receive money in exchange for working at an approved job

Merit-based aid is awarded for a student's grades, athletic performance, musical or acting abilities, and so on. It does not take into account income at all. Need-based aid is determined only by financial need.



Federal Aid

There are three versions of federal aid: grants, loans, and work-study. Federal aid covers school expenses such as tuition and fees, room and board (or a housing and food allowance if you live on campus), books and supplies, as well as transportation. It can also help pay for a computer and dependent care. To qualify for federal aid, a student must be a U.S. citizen or an eligible non-citizen.

For more information on federal aid, visit www.studentaid.ed.gov.

Here's a summary of what's available:

Pell Grant: does not need to be repaid; primarily for undergraduate students; the maximum award for the 2006-07 award year (July 1, 2006 to June 30, 2007) is \$4,050. The maximum can change each award year and depends on program funding. The amount you get, though, will depend not only on your financial need, but also on your costs to attend school, your status as a full-time or part-time student, and your plans to attend school for a full academic year or less.

National SMART Grant: does not need to be repaid; stands for "National Science and Mathematics Access to Retain Talent;" provides up to \$4,000 for each of the third and fourth years of undergraduate study to full-time students who are eligible for a Federal Pell Grant and who are majoring in physical, life, or

computer sciences, mathematics, technology, or engineering or in a foreign language determined critical to national security. You must also have maintained a cumulative grade point average (GPA) of at least 3.0 in coursework required for the major. The National SMART Grant award is in addition to your Pell Grant.

Federal Supplemental Education Opportunity Grant (FSEOG): does not need to be repaid; for undergraduates with exceptional financial need; priority given to Pell Grant recipients; aid amounts range from \$100 to \$4,000 per year.

Federal Work-Study: needs-based program that pays money for performing a designated job on-campus or off-campus; jobs can be related to student's area of study; pay rate is at least minimum wage, with no annual minimum or maximum award amounts.

Perkins Loan: must be repaid plus 5 percent interest; maximum loan amount is \$4,000 per year for undergraduates, and up to \$6,000 for certain graduate students. The aggregate limit on Perkins loans is \$40,000.



Subsidized FFEL or Direct Stafford Loan: must be repaid plus interest; for students attending school at least half time; while you are in school, the interest on the loan is paid by the U.S. Department of Education; loan amount is between \$2,625 and \$6,625 annually for first-year undergraduate students.

Unsubsidized FFEL or Direct Stafford Loan: must be repaid plus interest; for students attending school at least half time; you are responsible for interest during the life of the loan; loan amount is between \$2,625 and \$6,625 annually for undergraduate students. Financial need is not a requirement.

Academic Competitiveness Grant: A program new for the 2006–2007 academic year; provides up to \$750 for the first year of undergraduate study and up to \$1,300 for the second year of undergraduate study to full-time students who are eligible for a Pell Grant. Students must have successfully completed a rigorous high-school program. Acceptable programs are determined by the state or local education agency and recognized by the Secretary of Education. Second-year students must also have maintained a cumulative grade-point average (GPA) of at least 3.0. The Academic Competitiveness Grant award is in addition to your Pell Grant award.

Limit Your Loans

Remember that an educational loan is just like a loan from a bank. You will be required to pay the loan back, plus any interest it has accrued, according to the schedule set up by the institution when you accepted the loan. If you don't pay back your loan, it can hurt your credit record for many years to come.

In addition, all schools have access to a national database that allows them to gather past financial aid data. If you default on a school loan, you will be ineligible for additional federal funds if you decide to return to school. So, when applying for loans, be sure to apply only for what you really need to help you meet the costs of your education.

State Aid

Many states offer grants and scholarships, and some offer work-study programs. Contact your college's financial aid officer or your state's higher education board to explore what's available. Visit www.finaid.org, then click on **Other Types of Aid, then US State Government Aid** for details on what's available in your state.

Local Aid

Resources in your community may provide financial aid to students. Check with large local employers, private foundations and endowments, local service organizations, and so on.

Institutional Aid

Many universities and colleges offer their own scholarship and grant money. Funds vary from school to school, so check with your financial aid officer to see what is offered at your college.

Work-Study Versus Part-Time Jobs

If work-study is part of your financial aid package, there are a few real advantages to participating in the federal work-study program you may be offered rather than going out and finding a part-time job.

First, work-study jobs may be associated with your field of study, so they can help you gain relevant experience and allow you to meet professionals in that field.

Second, income from your work-study job can be deducted from your modified adjusted gross



Finding Your Way Through the Financial Aid Maze

While applying for federal financial aid is relatively streamlined through the FAFSA form, it may not be so easy to find out about all the aid options available from your college.

It would be nice if you could just fill out one form and be awarded all the money you're eligible for, but it's usually not that simple!

Your school may offer grants and scholarships that are sponsored by the college as a whole, as well as by each department. Additionally, separate college need-based and merit-based awards often exist. Not only are there many different forms of aid, but they may all be given by completely different offices of the college, and one may not know about the other.

You also may find that the financial information requested is often different from application to application. For example, on some applications, the accumulation value of annuities and life insurance, as well as the equity in a home, are not requested. With other forms, they are required.

Start with your financial aid officer, but also check in with each department on campus—including arts, athletics, and academic departments—to see what each offers. Find out if your college has a separate scholarship office that distributes funds from alumni endowments or grants from local foundations.

Your diligence can really pay off in additional money to fund your college education.

income when you file your income tax return each year. A part-time job off campus is fully taxed, so you'll end up keeping more of your hard-earned paycheck with work-study than you would delivering newspapers on your own time, for example. In particular, work-study income is not generally subject to Social Security and Medicare taxes.

Third, work-study jobs are generally scheduled around your class time, so they tend to interfere less with your studies than would a part-time job off campus.

Scholarships and Grants

The beauty of scholarships and grants is that you don't have to repay the money. It is yours to apply to your college expenses. Some of these forms of aid are given once, while others are renewable during your college career if you meet certain requirements.

You may think that if you're a good student, or if you have demonstrated financial need, or if there is some other outstanding reason that you believe you should receive aid, then the financial aid will just arrive to you as checks

in the mail. Not so. You must apply for grants and scholarships (just as you have to apply for federal and state aid). Financial aid won't come looking for you just because you're deserving.

Even if your academic record wasn't stellar, you have a GED, or you don't have extreme financial need, apply for all the appropriate scholarships, grants, and other sources of aid you can. Also, don't make the mistake of applying only for the large, well-known sources of grants and scholarships. These organizations get many interested applicants, so you will have lots of competition.

Apply also to smaller, perhaps locally based, organizations that award money. You may end up receiving more aid in the form of several smaller awards rather than putting all your hopes on winning a large, prestigious national award.

When you apply, research all the alternatives that you are eligible for. Look for resources that fit your ethnic background, your hobbies, and your areas of academic interest.

Also, explore the major aid-giving entities for awards that are open to all applicants. You might be surprised at the inclusiveness of some that, at first glance, might seem out of your reach. For example, Daughters of the American Revolution (DAR) awards money to males as well as females, and race, national



origin, and religion are not considered. You simply must obtain a letter of sponsorship from your local DAR chapter. Visit www.dar.org for more information.

Think of other organizations that may give money. These can include employers of your parents or other family members, nonprofit organizations, ethnic organizations, religious organizations, service organizations (such as Elks, 4-H, YMCA/YWCA, Kiwanis, Rotary, and others), professional organizations (such as those for engineers, writers, artists, trades, and so on), foundations, endowments, and others.

Veteran-Based Assistance

If you are a veteran (or your spouse, if you're married) or if you're the dependent of a veteran, you may be eligible for veterans' educational benefits. Visit the U.S. Department of Veterans Affairs at www.gibill.va.gov or call 1-888-442-4551.

Other Aid Resources

Retraining opportunities. Many state and local governments help under-qualified citizens return to college so they can update their skills. To find out what's available, check with the employment agency in your state.

Vocational rehabilitation. If you are an individual with a disability, you may be eligible for educational benefits through your state vocational rehabilitation (VR) agency. To locate services, contact your state's office of Health and Human Services.

Service opportunities. Many organizations will give you educational funding in exchange for your work in the community. Here are a few to check out:

AmeriCorps, www.americorps.org

Peace Corps, www.peacecorps.gov

Teach for America, www.teachforamerica.com



7 Chapter



Other Financial Resources and Tax Benefits

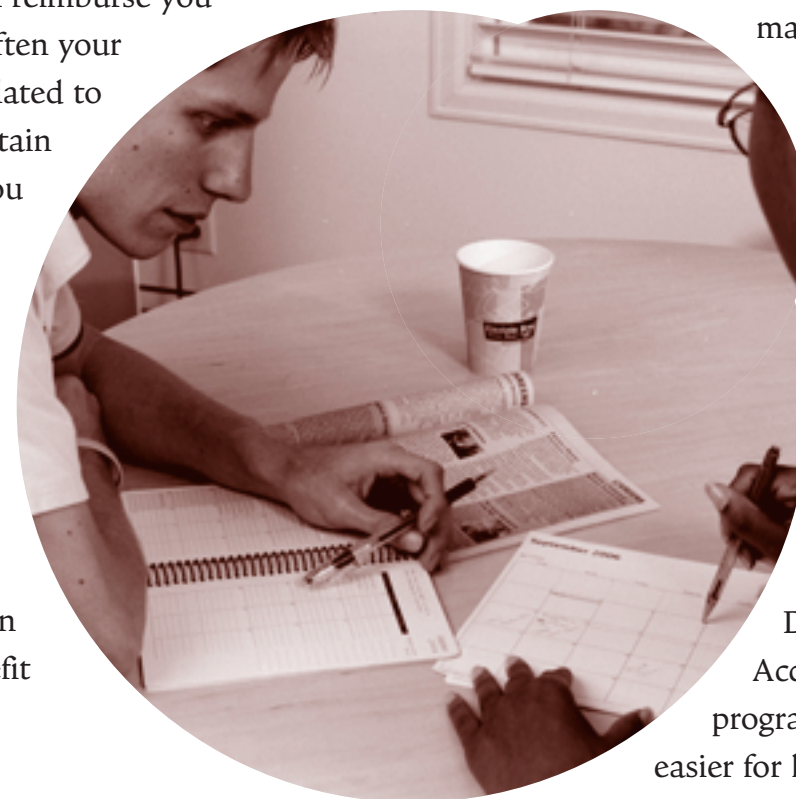
In addition to the usual sources for financial aid covered in Chapter 6, there are some other resources that may be available to you. Also, remember that some

of your educational expenses may be used to reduce your taxable income in the form of tax credits or deductions.

Employer Educational Benefits

Some employers value the continuing education of their employees and provide varying amounts of tuition assistance. Check with your employer through the human resources or benefits department.

Your employer may offer a set amount of money per year as tuition reimbursement. Generally, you sign up for classes and pay for them. At the end of the term, if you've maintained a certain GPA, the employer will reimburse you for the cost of tuition. Often your area of study must be related to your job, you must maintain a certain GPA, and/or you may be required to stay on with the employer for a certain period of time after you complete the course or the degree. Nevertheless, this generous offer is free money to you, and your additional education and knowledge can benefit your employer.



Some employers offer scholarships to pursue studies in the company's area of expertise such as telecommunications or engineering.

There may be low- or no-interest loans available for tuition or to purchase computers.

If your employer is part of a national store chain, find out if the corporate office provides any aid in the form of tuition reimbursement, grants, or scholarships.

You don't know if you don't ask, so do the research and find out what the options are.

Individual Development Accounts (IDAs)

If you had a savings account where every dollar you deposited was matched—essentially at least doubling your savings for free—wouldn't you jump at the opportunity? The Corporation for Enterprise Development (www.cfed.org) created the Individual Development Account (IDA) program to help make it easier for low-income

families to build the financial assets they need to achieve their goals and create a more stable financial future.

IDAs are funded by sponsors, which can be private nonprofit organizations or other companies. Some IDA programs receive government money.

When you participate in an IDA, the money you save is matched by the sponsor. For every dollar you save, the sponsor will usually add at least \$1—and maybe more—to your IDA savings.

Because IDAs are funded by different groups, the requirements and pay match differ from program to program. But even so, you'll get at least some match of money so your savings add up quickly.

When you apply for an IDA, you must indicate what you intend to do with the savings you'll accumulate. There are four things you can do with your IDA:

1. get more education or training
2. buy a home
3. start a business
4. save for retirement

IDAs are typically managed by community organizations and accounts are held at local financial institutions. In addition to receiving matching funds, you'll receive financial education training on such

topics as cleaning up your credit, setting up a budgeting and savings schedule, and other basics of money management.

IDAs aren't available everywhere, but they are becoming more popular, so check with your bank, credit union, local housing authority, or visit www.idanetwork.org for a list of programs in your area.

The IDA program is one of the best tools available to help low-income American families save, build assets, and plan for a more secure financial future.



Tax Benefits of Returning to School

When you go to college, you may be able to claim several tax credits or deductions on your federal income tax return. Tax credits are more beneficial than tax deductions, because they are a dollar-for-dollar reduction in the amount of tax you owe, rather than a decrease of taxable income.

Hope Scholarship Credit

The Hope tax credit may be claimed in your first and second years of college as long as you are enrolled at least half-time in a degree or certification program. The maximum amount you can claim per tax year is \$1,500 for qualified tuition and related expenses.

Lifetime Learning Credit

The Lifetime Learning tax credit allows you to claim up to 20 percent of your tuition expenses for the first \$10,000 (maximum of \$2,000 annually) of the educational expenses you pay. The credit can be used for nearly any sort of out-of-pocket college expenses for education or training, including graduate and professional schools. It's available even if you are enrolled less than half time, and may be claimed for a number of years as long as you do not exceed the \$10,000 limit.



Student Loan Interest Deduction

If you pay interest on qualified educational loans and you meet certain income qualifications, you may be able to deduct up to \$2,500 on your tax return.

Tuition and Fees Tax Deduction

You may be able to deduct qualified tuition and related expenses you pay during the year for yourself, your spouse, or your dependent, even if you do not itemize deductions on your federal income tax return. The maximum deduction for 2005 was \$4,000.

For more information, visit the Internal Revenue Service Web site at www.irs.gov, or call 1-800-829-1040, or visit the National Association of Student Financial Aid Administrators at www.nasfaa.org. Click on NASFAA Catalog, then scroll to the heading "NASFAA Guide to Federal Tax Benefits for Tuition and Fees Annual Pubs."

Chapter 8



Tips for a Successful College Experience

To get the most out of your college education, it's helpful to take full advantage of all the opportunities you can. Here are some ideas to get you started.

Getting to Know Your Professors

Your professors are there to help you, so seek their input and advice. Most are pleased to help you reach your academic goals, and some professors may even become valuable advisors to you later in life.

When you take the initiative to meet your professors, most will likely be impressed that

you took the first step. They understand this can be a little intimidating.

Most professors have office hours posted; if they don't, ask when you might set up an appointment. Discuss any questions or concerns you may have. Think ahead, too. Perhaps you have questions about planning for a career in your field of interest. What advice can they share?

If you're having trouble with the requirements of the class, let your professor know. He or she may be able to offer tutoring, help set up a study group, or provide additional information on how to successfully complete assignments. A dedicated professor will want you to succeed.

Using Campus Resources

Today's college campuses offer a wide variety of resources that you can use for free. Doing so can help you save money and time.

Become familiar with what your college offers in terms of computer labs and support, including tutoring, mentoring, library resources, research resources, and services such as child care.

Developing Your Time Management Skills

Going to college is an admirable goal and one which many people will not attempt. So, be proud in this great journey you have started!

Time management will become more important than ever before. Because you'll likely be juggling college classes, studying, and perhaps work, child care, and family issues, it's important to set up a schedule that will allow you to meet all the demands on your time.

You will likely have to say good-bye to your favorite TV shows. The good news is that you may easily find more than an hour a day available for study and classes by merely giving up a couple shows.

Take into account the time of day when you are most alert and productive for studying. Ideally, study during that time. If you're an early bird, you might get up early in the morning to study before you go to class or work. If you are most alert in the evening, set aside time to study then—just be careful you don't stay up so late that you miss out on essential sleep.

With all you have to keep track of, create a master calendar that shows all important deadlines, including class assignments and finals, work hours, bill due dates, medical appointments, vacations, and so on. Be sure to include family time. You can keep



this all electronically, or a simple but effective method is to buy a large dry-erase calendar that shows at least three months, and preferably an entire year. This shows you the big

picture and helps you plan ahead to avoid last-minute time crunches.

One of the best strategies for success in college is to not procrastinate. Whether it's with homework or housework, it's best to do a little every day so that no job becomes so huge it's seemingly impossible to accomplish.

With your class assignments, it pays to plan ahead. For example, if you know you have a major research paper due at the end of the term, break the assignment into small, manageable pieces. Use the SMART goal worksheet to help you. Plot out the research you need to do and when you need to do it. Assign time to come up with your major points. Schedule several blocks of uninterrupted time for writing the first draft.



By breaking a large assignment into smaller pieces, you'll finish in time with a quality report and avoid the last-minute time crunches that are so stressful.

Enlisting Help from Your Family

If you have a spouse or children, let them help in the planning and day-to-day running of the household whenever possible. This team approach toward a common goal can go a long way toward promoting harmony and support for your education.

Even young children can help set the table for dinner, prepare their own breakfast cereal, and put their clothes into the laundry hamper. Older kids can start learning to cook simple, nutritious meals, which will benefit them when they move out on their own.

Let your family know when you have study hours. Remind them that, unless there is a true emergency, you're not to be disturbed.

Do your best to build in family time every day. It doesn't have to take much time, but commit to going for a 20-minute walk after dinner, reading a book before the kids go to bed, or other small ways of spending time together.

When you complete your finals and hand in your papers each term, take a breath and be thankful for reaching the next step in your journey. Then do something with your family to celebrate.

Chapter 9



Making the Most of Your Education While Working

If you're working while taking classes, put your education to work on the job and vice versa. Applying what you learn to real-life experiences will help benefit you and your employer.

Tailor Assignments Around Your Job

Whenever possible, see if you can weave work situations into your class assignments.

For example, if you are assigned a paper on the latest business trends to save money, see if you can apply it to your workplace. Interview managers at your business and discuss ways they approach cost savings for the company.

Similarly, if there is an issue at work that could be addressed differently, see if you can make it the subject of a research paper. You may learn something that will benefit your employer.

Share what you learn with your supervisor, and offer to share ideas in brown-bag meetings with your co-workers.

Discover Your College's Career Center

Find out what your college's career center offers. You might be surprised at the wide range of services it provides—often free of charge.

In addition to job placement assistance, many career centers offer mock interview sessions to help you hone your skills in talking with higher-level managers. Even if you're not planning to change jobs after you graduate, learning how to conduct yourself in an interview can help build confidence that carries on to your everyday life.

You can find aptitude testing to help you choose a suitable career path, and you can often receive introductions to professionals in your area of interest, as well as potential mentors.

Career center staff can also provide advice on graduate schools if you choose to continue your education.

Take Advantage of Other College Services

You'll be busy going to classes and studying, but be sure to stay up to date with the other opportunities offered on campus.

Perhaps you can take advantage of experiential education, where you can go "try on" a job in a real-life setting. Attend some of the networking opportunities for those in your area of interest.

Look for tutoring, study groups, learning programs, and communities based on similar backgrounds or interests.

You can find support from student groups that have the same concerns you do such as those with elderly parents or young children, those dealing with the challenges of being a single parent in college, and so on.

The arts and social aspects of your college can provide a wide range of entertainment and educational opportunities, usually at a low cost. These can expose you to other forms of music, art, and opinions and broaden your horizons.

Update Your Resume With Your New Skills

As you continue taking classes, be sure to regularly add your new knowledge to your resume.

Keep your resume up to date with a bulleted list of your accomplishments in college such as subject areas studied or well-received research paper titles, as well as your anticipated completion date for graduation.

You never know when you'll come across your dream job, or be offered a new position while you're in school.

10 Chapter

Resources

Financial Aid

U.S. Department of Education: www.studentaid.ed.gov/completefafsa or 1-800-4-FED-AID. See also www.studentaid.ed.gov/pubs for the following materials:

- The Student Guide: 2005-2006
- Funding Education Beyond High School: The Guide to Federal Financial Aid 2006-07
- Looking for Student Aid
- Completing the FAFSA

National Association of Student Financial Aid Administrators: www.nasfaa.org or www.finaid.org.

Individual Development Accounts

Corporation for Enterprise Development: www.cfed.org

IDA information: www.idanetwork.org



Money Management

Jump\$tart Coalition for Personal Financial Literacy: www.jumpstart.org

MyMoney: www.mymoney.gov

Debt Advice: www.debtadvice.org

National Foundation for Credit Counseling: www.nfcc.org

Scholarships and Other Educational Financing Information

College for Adults: www.collegeforadults.org

College View: www.collegeview.com

FastWeb: www.fastweb.com

Gates Millennium Scholars: www.gmsp.org

Lumina Foundation for Education: www.luminafoundation.org

National College Transition Network: www.collegetransition.org

Nellie Mae Education Fund: nmefdn.org

Sallie Mae: www.salliemae.com/plan

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NEFE is a nonprofit foundation committed to educating Americans about personal finance and empowering them to make positive and sound decisions to reach financial goals. The National Endowment for Financial Education, NEFE, and the NEFE logo are federally registered service marks of the National Endowment for Financial Education.

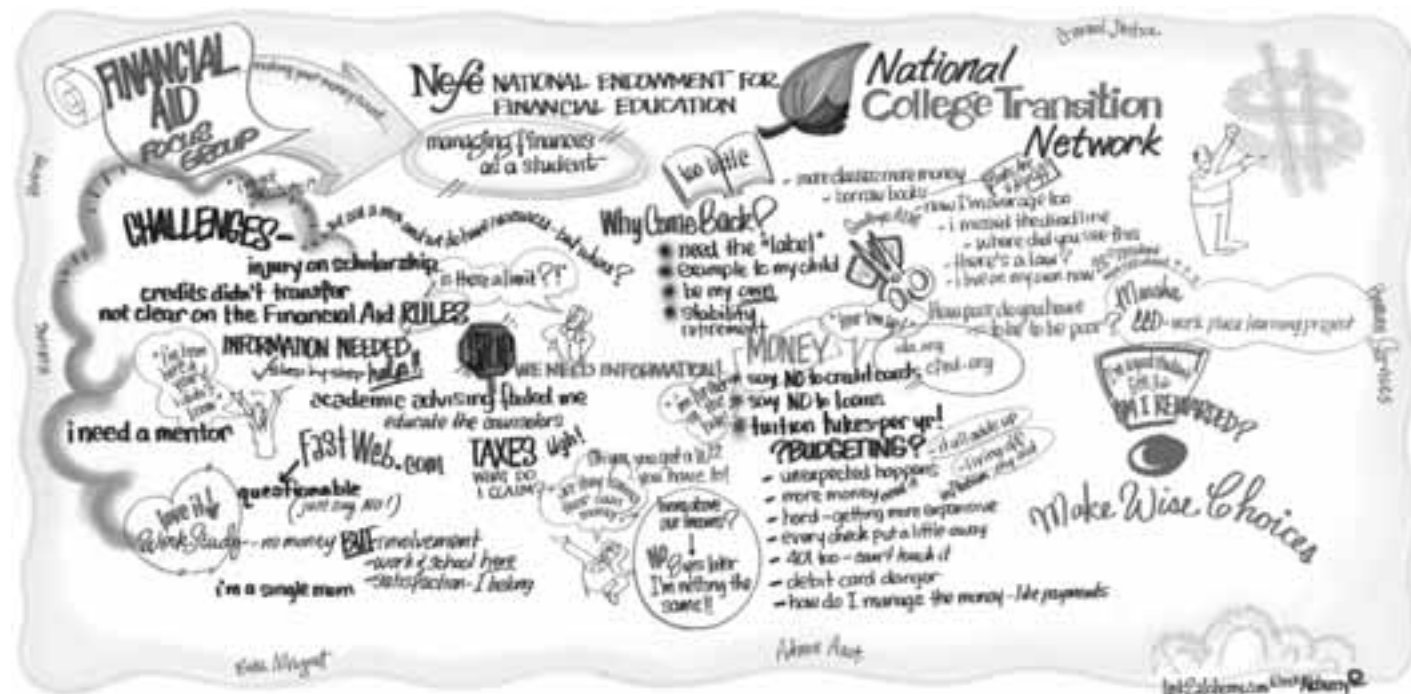
For more information about NEFE, visit its Web site at www.nefe.org.

NCTN is committed to the successful transition of students from adult education to college. It is part of World Education, Inc., a nonprofit organization founded in 1951 that has worked in over 50 countries, as well as the United States.

For more information about NCTN, visit its Web site at www.collegetransition.org and its student Web site at www.collegeforadults.org.



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