Financial Literacy

Resources for Every Stage of Federal Student Aid
Agenda

1. Introduction
2. The value of college
3. The knowledge gap What students don’t know
4. What is financial literacy?
5. Financial literacy tools and resources
   • Comparison shopping
   • Applying for aid
   • Budgeting
   • Managing debt
   • Staying informed
Workers who get an education beyond high school are more likely to be employed, earn higher wages, and rise up the economic ladder. Whether it’s getting a technical certificate or four-year degree, higher education is critical to today’s economy.

- Treasury Secretary Jacob Lew, FLEC meeting, October 23, 2013
The Value of a Degree

**WHY GO TO COLLEGE?**

**THINK YOU CAN GET A GOOD JOB NOW?**

Sure, maybe you could, but a college degree will make your chances even better. Check out the earnings and unemployment rates for people 25 years and older with different levels of education:

<table>
<thead>
<tr>
<th>Level of Education Completed</th>
<th>Mean (Average) Earnings in 2014</th>
<th>Unemployment Rate in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a high school diploma</td>
<td>$30,108</td>
<td>9.0%</td>
</tr>
<tr>
<td>High school graduate, no college</td>
<td>$43,056</td>
<td>6.0%</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>$48,984</td>
<td>6.0%</td>
</tr>
<tr>
<td>Occupational program (career school)</td>
<td>$48,152</td>
<td>4.3%</td>
</tr>
<tr>
<td>Associate degree (academic program)</td>
<td>$52,364</td>
<td>4.6%</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>$74,308</td>
<td>3.5%</td>
</tr>
<tr>
<td>Master's degree</td>
<td>$88,036</td>
<td>2.8%</td>
</tr>
<tr>
<td>Doctoral degree (e.g., Ph.D.)</td>
<td>$105,456</td>
<td>2.1%</td>
</tr>
<tr>
<td>Professional degree (e.g., M.D., J.D.)</td>
<td>$124,904</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

The Knowledge Gap

84,372 high school students registered for the Financial Capability challenge

and

received a national average score of 69% on the exam.
What is Financial Literacy?

“The ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well being.”

2008 Annual Report, President’s Advisory Council on Financial Capability
Financial Literacy Resources...

can help build financial capability to make smart choices about college access, completion, and promote lifelong financial health
Comparison Shop
- College Navigator
- College Scorecard
- Net Price Calculator

Apply for Aid
- Free Application for Federal Student Aid (FAFSA)
- Financial Aid Shopping Sheet

Budgeting & Borrowing
- StudentAid.gov
- Financial Awareness Counseling Tool (FACT)

Manage Debt
- Entrance and Exit Counseling
- Repayment Estimator

Stay Informed
- StudentAid.gov
Comparison Shop: College Cost Center

Welcome to the College Affordability and Transparency Center
Start here to find information about how much it costs students
to attend different colleges, how fast those costs are going up,
and information related to why costs are going up.

College Scorecard
College Scorecards make it easier for you to
search for a college that is a good fit for you.
You can use the College Scorecard to find
out more about a college’s affordability and
value so you can make more informed
decisions about which college to attend.

College Navigator
Here you can search for and compare
colleges on all sorts of criteria including
costs, majors offered, size of school,
campus safety, and graduation rates.

Net Price Calculator Center
Here you will find links to colleges’ net price
calculators. Net price calculators help you
estimate how much colleges cost after
scholarships and grants.

90/10 Information
Here you will find a list of for-profit
(proprietary) postsecondary institutions that
receive more than 90 percent of their
revenues from Title IV Federal Student Aid.

College Affordability and
Transparency List
Here you will find information about tuition
and net prices at postsecondary
institutions. The site highlights institutions
with high and low tuition and fees as well
as high and low net prices (the price of

State Spending Charts
Here you will find summary information
on changes in state appropriations for
postsecondary education, state aid for
students, and tuition and fees.

Comparison Shop: College Navigator

Resources on this website are also available in Spanish.

AVAILABLE AT: http://nces.ed.gov/collegenavigator/
The College Scorecard is available on the Department of Education’s website.

This tool takes all schools in the country which accept federal funding (federal student loans) and allows them to be easily searched in one place.

The tool allows students to select majors, states, size of the institution, even school mission and religious affiliation.

http://collegescorecard.ed.gov
Results show all schools that meet the selected criteria.
Each school is broken down to show how it stacks up against national averages, in cost, graduation rate and salary after attending.
Clicking on “View More Details” brings up even more statistics students can use to compare potential schools.
Comparison Shop: Net Price Calculator

AVAILABLE AT:

AVAILABLE AT:
Apply for Aid: FAFSA

AVAILABLE AT: https://fafsa.ed.gov
Apply for Aid: FAFSA

30 minutes or less to complete

Real-time help available by phone at 1-800-4FED-AID or via on-line chat

Determines families’ ability to contribute to cost of attendance
Apply for Aid: FAFSA

IRS Data Retrieval Tool pre-populates tax information

AVAILABLE AT: http://studentaid.ed.gov/fafsa/filling-out#financial-info
Apply for Aid: Financial Aid Shopping Sheet

“Know Before You Owe!”

More information on the financial aid shopping sheet is available at:
Have You Ever Said?

“I hardly make enough to cover my expenses”

“I can’t budget, I’m bad at math”

“I’ll figure it out, eventually…”
Budgeting to Reach Your Goals

https://studentaid.ed.gov/prepare-for-college/budgeting
Budgeting & Borrowing: FACT Tool

Expenses

Financial Awareness Counseling Tool (FACT) link:
www.studentloans.gov/financial-awareness
Other Borrowing Resources

Federal Loans First
Understand differences between federal and private loans
http://StudentAid.ed.gov/types/loans/federal-vs-private

Borrow Smart
Free money first.
Consider accepting less loans than offered
http://StudentAid.ed.gov/types/loans
Borrowing: The Knowledge Gap

When students first enrolled in school, they may have had an idea of how much they expected to borrow in student loans. After finishing, did they end up borrowing more or less than they initially anticipated?

Loan Repayment Lessons

• Borrowers **MUST** repay their loans, regardless if they complete their education.

• Federal loans have **various repayment plans** and other options:
  - Income-Based & Graduated Repayment Plans
  - Deferment, Forbearance, Loan Forgiveness, Consolidation

• The **impact of not repaying can be detrimental** to future borrowing and financial opportunities.
### Manage Debt: Repayment Estimator

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Repayment Period</th>
<th>Monthly Payment Initial to Final Amounts</th>
<th>Projected Loan Forgiveness</th>
<th>Total Interest Paid</th>
<th>Total Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard*</td>
<td>120 months</td>
<td>$209 to $209</td>
<td>$0</td>
<td>$5,105</td>
<td>$25,105</td>
</tr>
<tr>
<td>Graduated*</td>
<td>120 months</td>
<td>$118 to $354</td>
<td>$0</td>
<td>$6,407</td>
<td>$26,407</td>
</tr>
<tr>
<td>Pay As You Earn**</td>
<td>123 months</td>
<td>$187 to $209</td>
<td>$0</td>
<td>$5,313</td>
<td>$25,313</td>
</tr>
<tr>
<td>Income-Based Repayment (IBR)**</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Income-Contingent Repayment (ICR)**</td>
<td>153 months</td>
<td>$159 to $195</td>
<td>$0</td>
<td>$6,876</td>
<td>$26,876</td>
</tr>
</tbody>
</table>

Repayment plans and loan payment calculators are available at:
[https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action](https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action)
Federal Student Aid

Minds can achieve anything. We make sure they get to college.
At Federal Student Aid, we make it easier to get money for higher education.

NEW
My Federal Student Aid

AVAILABLE AT: http://www.StudentAid.gov
Stay Informed: Social Media

https://www.facebook.com/FederalStudentAid

https://twitter.com/fafsa

http://www.youtube.com/user/FederalStudentAid
Stay Informed: FSAIC

The Federal Student Aid Information Center (FSAIC) operates a toll-free hotline to provide comprehensive assistance in English, as well as Spanish on:

- General information about federal student aid (Title IV programs)
- The FAFSA application (paper and online)
- FAFSA corrections
- Student loan history

CALL OR VISIT AT:
1-800-4-FED-AID (1-800-433-3243)

HOURS:
Monday through Friday
8:00a.m. – 10:00p.m. ET
*Extended hours may be available*
Publications

The office of Federal Student Aid provides publications, fact sheets, online tools, and other resources

<table>
<thead>
<tr>
<th>Resource</th>
<th>English</th>
<th>Spanish</th>
<th>Accessible Version</th>
</tr>
</thead>
<tbody>
<tr>
<td>Booklets and Brochures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College Preparation Checklist</td>
<td>PDF</td>
<td>PDF</td>
<td>Braille</td>
</tr>
<tr>
<td>Funding Your Education: The Guide to Federal Student Aid</td>
<td>PDF</td>
<td>PDF</td>
<td>Braille</td>
</tr>
<tr>
<td>Funding Your Education: Audio Highlights</td>
<td>Audio</td>
<td>Available only in English</td>
<td></td>
</tr>
</tbody>
</table>

AVAILABLE AT: StudentAid.gov/resources
Federal Financial Literacy Information

http://www.fdic.gov/consumers/consumer/moneysmart/

http://www.mymoney.gov/Pages/default.aspx

http://www.consumer.gov

http://www.federalreserveeducation.org

http://consumerfinance.gov/