

## STUDENT HANDOUT

# warm-up: making smart investments

**STEP 1:** Explain the benefits of investing in your future through taking advantage of financial aid opportunities.

**Investing** is the process of setting money aside for the purpose of increasing it over time. You can invest in a lot of different things. Consider the following investments. For each investment, tell whether it is a safe investment or a risky investment. Then, choose the investment which is the safest and smartest way to use your money. Be prepared to explain your reasoning to your classmates.

### Possible Investments:

- Putting \$10,000 in a savings account in the bank which earns -3% interest per year
- Putting \$10,000 underneath your mattress
- Buying a house for \$10,000, fixing it up, and selling it
- Giving your uncle \$10,000 to start a business
- Buying a rare \$10,000 gold coin from an antique store
- Buying \$10,000 worth of stock in your favorite company on the stock market
- Spending \$10,000 on a new car
- Spending \$10,000 on your education to increase your income by \$20,000 a year



The smartest, safest way to invest \$10,000 is to:

Because:

### TALK IT OUT

List all of the ways in which investing in education is smarter and safer than investing in:

- the stock market
- a business
- real estate
- a fancy car, clothes, or material things
- antiques

## investing in yourself

While agreeing to spend thousands of dollars on yourself might seem scary, taking out loans, accepting grants, or applying for scholarships is actually one of the smartest investments you can make. If you look at the process closely, it's very clear: Taking advantage of educational opportunities and financial aid is a great way to invest in yourself and your future potential!



### college 101

The majority of students in this country, regardless of race or cultural background, are investing in their futures by taking advantage of financial aid.\*

- 85% of all undergraduates received some type of financial aid in 2015–16.
- 83% of public school students and 89% of private school students receive financial aid.



### SELF-ADVOCACY

Believe it or not, YOU are a smart investment. YOU have the potential to earn a great deal of money for investors, whether that investor is you, your family, the government, or a private organization. It's an investment that can't fail, as long as you believe in yourself and keep working toward your goals.

\*U.S. Department of Education, National Center for Education Statistics. (2018). The Condition of Education 2018 (NCES 2018-144), Sources of Financial Aid.

## paying for your postsecondary plan

There are many different ways to get money for college, a training program, or life on your own. Most young people use a combination of **financial aid**, along with **personal and family contributions**, to pay for their postsecondary plan.

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### FINANCIAL AWARENESS

Your **Student Aid Index**, or **SAI**, is the number which schools and programs use to determine how much financial aid you will need. Your SAI is determined by the answers you provide on your **FAFSA** form, and it takes into account both your and your parent's/ guardian's:

- income
- family size
- special circumstances
- expenses
- family situation
- investments and savings
- number of siblings in college

## BIG💡IDEA

Spending money on your education is a smart investment, because your education will never depreciate in value and will increase your earning potential over time.

## BIG💡IDEA

In order to cover the financial costs of pursuing your postsecondary plan, you will need to use a combination of financial aid and personal and family contributions.

# financial aid

**What it is:** Money that is given or loaned to you in order to help pay for your formal education including college, trade school, or training programs.

**STEP 2:** Define and discuss the pros and cons of a variety of postsecondary funding sources.

**How much can you get?** Your total financial aid award will be calculated for you based on this equation:

*Total Cost of Attendance School — Your Expected Family Contribution = Your Financial Aid Award.*

Funding Source	Definition	Am I eligible?	Where the \$ comes from:	How to apply:	Pros and cons:
<b>GRANTS</b> Can Cover: Tuition, fees, on-campus room and board	Money given to you which you do not have to pay back	Some grants are <b>need-based</b> and require a maximum <b>household income</b> . Others are <b>merit-based</b> and require certain personal strengths.	Grants can come from federal, state, and/or school-based sources.	Fill out the FAFSA and any state or school-based forms.	
<b>LOANS</b> Can Cover: Depending on the loan type, any cost	Money given to you which you must pay back later, plus interest	Some loans are <b>low-interest or no-interest</b> and are <b>need-based</b> . Other loans are <b>high-interest</b> and require only a good <b>credit history</b> .	You can take out loans from federal, state, school-based, and/or private lenders.	Fill out the FAFSA and any state or school-based forms.	
<b>SCHOLARSHIPS</b> Can Cover: Depending on the scholarship's requirements, any cost	Money given to you which you do not have to pay back	Most scholarships have very specific requirements and a specialized application you must fill out. Some are <b>merit-based</b> and some are <b>need-based</b> .	Scholarships are granted by schools or private organizations.	Conduct a scholarship search in Lesson 19.	
<b>WORK-STUDY</b> Can Cover: Lifestyle expenses such as personal care and entertainment	A guaranteed on-campus job, paid for by the US government, in which you perform a service for the campus in exchange for an hourly wage	Work-study funding is granted to US citizens and permanent residents whose <b>household income</b> falls within a given range.	Work-study is usually federally funded.	Fill out the FAFSA in Lesson 15.	
<b>STIPENDS</b> Can Cover: Books, supplies and technology, or maybe lifestyle expenses	A small amount of money paid to you (sometimes in exchange for a service) which you do not have to pay back, and which is generally used to cover living expenses (such as food or books)	Stipends are generally <b>need-based</b> .	Stipends are awarded by schools or internship programs.	Fill out school-based forms if you qualify.	

# personal and family contributions

**What it is:** Money you earn through work or service, or money you receive as a gift from family members or benefactors. Can also include personal bank loans.

**How much can you get?** It's up to you! How hard are you willing to work? How good are you at managing your money? Are you a saver or a spender?

Funding Source	Definition	Am I eligible?	Where the \$ comes from:	How to apply:	Pros and cons:
<b>PART-TIME JOBS</b> Can Cover: Lifestyle expenses such as personal care and entertainment	Work you do in exchange for a paycheck	Depending on the skills required for a given job, anyone who can legally work in the US can get a job.	It's up to you to spend your paycheck wisely.	Conduct a job search in Lesson 20.	
<b>FAMILY CONTRIBUTIONS/ GIFTS</b> Can Cover: Anything!	Money your family or a benefactor gives you out of their own pocket to help cover the costs of your education	Requires your family to have the means to support themselves and cover your expenses	Mom, dad, grandma — anyone with the means to help out	Have you mentioned how great your rich Uncle Bob looks in his new tie lately?	
<b>SAVINGS</b> Can Cover: Anything!	Money you or your family has saved to pay for your future education costs	Requires you or your family to have started a "college fund" for you in the past	You or your family . . . if you thought ahead	See Weeks 30 and 31 for ideas on how to wisely spend your money.	
<b>BANK LOANS:</b> Can Cover: Anything!	A loan you take out in your name or in your family's name to cover a cost which financial aid does not cover	It depends. Usually, you need to justify your loan to the bank (Is it for a small business? Home improvement? Education?) and have a good <b>credit score</b> to get a loan.	Banks	See Lesson 31 to learn more about banks and how they work.	

## taking the message home

In order to create a postsecondary financial plan, you will need to know what kind of support you can expect from your parents and guardians after graduation.

Here are some good questions to ask your parents, guardians, or older siblings:

- Have you ever applied for financial aid? Have you ever taken out a loan to pay for your education? What was your experience like?
- Do I have a college savings account in my name or some other fund for my education that I can access after graduation? If so, what do I need to do to access it?
- Will it be possible for you to help me out with spending money while I am in college/school/a training program? About how much per week or per month do you think you could contribute?
- If you're planning on living at home: How much money will you expect me to contribute to the house fund (rent, utilities, food, etc.) after graduation per week or per month?

**THINK IT THROUGH**  
Discuss these funding sources with your classmates, and list some pros and cons of each. Based on your postsecondary plan, which types of funding will you need to apply for?

## financial aid in-depth

Pursuing postsecondary education can be expensive, but, luckily, **financial aid** exists to help you supplement your personal and family contributions. There are four main categories of financial aid, each with its own eligibility requirements and application procedures.

### Federal Financial Aid

**What it is:** The federal government provides aid to young people who want to attend postsecondary learning institutions.

**Where the \$ comes from:** Congress passes laws and the president signs them. Every person in the US pays federal income tax, and some of this tax money goes toward paying your financial aid.

**Eligibility:** Federal financial aid is available to US citizens, US nationals, or eligible non-citizens with a valid Social Security Number. You must have (or expect to have) a high school diploma or GED and register with Selective Service if you are a male between 18–25 years of age. You are ineligible for federal aid if you have any past federal convictions (including sale or possession of illegal drugs).

**Types of aid available:** Grants (including Pell, etc.), Loans (low-interest and no-interest loans, including Stafford, Perkins, PLUS, etc.), and Work-Study (the government pays your college to pay you for your work).

**How to qualify:** Fill out the FAFSA form, online or on paper. See Lesson 15 for more information on the FAFSA.

**DEADLINE:**

Preferred deadline: As soon as possible. Check your school's website for their deadline, as well as [fafsa.gov](https://fafsa.gov) for state deadlines.

\*Check with your state for state specific deadlines.

### School or Institution-based Aid

**What it is:** This is money that your school gives to you in order to supplement the money you receive in public aid. Schools are responsible for offering you a financial aid award package that covers some of your costs.

**Where the \$ comes from:** The college collects from its alumni or from donor organizations, which it uses to support you while you are going to the school.

**Eligibility:** Varies by school, but usually you must be admitted part-time or full-time to qualify.

**Types of aid available:** Varies by school, but most offer a combination of grants, loans, and scholarships. Some even offer stipends or work-study.

**How to qualify:** Varies by school, but most require you to complete the FAFSA first. Some schools have extra forms to fill out.

**DEADLINE:**

Varies by school. Check your school's financial aid homepage for more information.

### State Financial Aid

**What it is:** Some state governments provide aid to young people who live in that state and want to attend college there.

**Where the \$ comes from:** In these states, every citizen pays a state income tax, which is used to provide this financial aid.

**Eligibility:** Varies by state, but most states require you to be a resident who is attending college at an in-state school.

**Types of aid available:** Varies by state, but most states offer a combination of grants, loans, and scholarships.

**How to qualify:** Each state has its own procedure, but most require you to complete the FAFSA first. See Lesson 15 for more in-depth information about your state.

**DEADLINE:**

Varies by state.

### Private Scholarships

**What it is:** Most companies and organizations use a portion of their profits to support a charity or a good cause of some kind. One way private companies and organizations contribute to good causes is by creating a scholarship fund.

**Where the \$ comes from:** Customers or members of these organizations pay for services. The profits left over from doing business can be used for scholarships.

**Eligibility:** Varies by scholarship. You must meet the scholarship's requirements and be admitted to a qualifying school.

**Types of aid available:** Scholarships

**How to qualify:** Each scholarship has its own rules and procedures. Conduct a Scholarship Search to find private scholarships you might qualify for, and then fill out the application forms and submit an application packet with the information each requires.

**DEADLINE:**

Varies by scholarship.

**How can you maximize the amount of financial aid you qualify for?**

# financial aid planning

First, **review the costs of attendance** at the different schools and programs on your **College List**.

Go to the websites of each of the colleges on your college list. Make sure to find the section of the website that is about tuition and cost of attendance. Use the information provided on the website to complete the chart below.

## Financial Aid at My Schools

**College #1:**

Type(s) of School-based Financial Aid offered:  
 Grants  Scholarships  Loans  Stipends  Other  None  
 FAFSA required?  CSS Profile Required?  
 School form required?  
 Eligibility requirements:  
 Steps to apply: \_\_\_\_\_ When? \_\_\_\_\_

**College #2:**

Type(s) of School-based Financial Aid offered:  
 Grants  Scholarships  Loans  Stipends  Other  None  
 FAFSA required?  CSS Profile Required?  
 School form required?  
 Eligibility requirements:  
 Steps to apply: \_\_\_\_\_ When? \_\_\_\_\_

**College #3:**

Type(s) of School-based Financial Aid offered:  
 Grants  Scholarships  Loans  Stipends  Other  None  
 FAFSA required?  CSS Profile Required?  
 School form required?  
 Eligibility requirements:  
 Steps to apply: \_\_\_\_\_ When? \_\_\_\_\_

**College #4:**

Type(s) of School-based Financial Aid offered:  
 Grants  Scholarships  Loans  Stipends  Other  None  
 FAFSA required?  CSS Profile Required?  
 School form required?  
 Eligibility requirements:  
 Steps to apply: \_\_\_\_\_ When? \_\_\_\_\_

**STEP 5:** Create a personal **Financial Aid Action Plan** to follow for the next four weeks.

# creating a financial aid action plan

Now that you have an understanding of the different ways to pay for life after high school, use the action plan below to identify which steps you need to take in order to qualify for financial aid and fund your postsecondary plan.

## Your Financial Aid Action Plan

In order to cover the costs of my postsecondary plan, I will need to complete the following **action steps**:

Need It?	Action Steps	Time Frame	Complete?
<input type="checkbox"/>	Talk with my family about financial aid and family contributions (see this week's "Taking the Message Home").		<input type="checkbox"/>
<input type="checkbox"/>	Gather documents and information for financial aid applications (see the list at the end of Lesson 13).		<input type="checkbox"/>
<input type="checkbox"/>	Apply for an FSA ID.		<input type="checkbox"/>
<input type="checkbox"/>	Complete the FAFSA to qualify for federal, state, and school-based aid (see Lesson 15).		<input type="checkbox"/>
<input type="checkbox"/>	Complete a form to qualify for state financial aid (see Lesson 15).		<input type="checkbox"/>
<input type="checkbox"/>	Research financial aid requirements at my schools		<input type="checkbox"/>
<input type="checkbox"/>	Complete financial aid forms for each of my schools.		<input type="checkbox"/>
<input type="checkbox"/>	Review and accept or appeal my FAFSA Submission Summary (see Lesson 18).		<input type="checkbox"/>
<input type="checkbox"/>	Review and accept, appeal, or decline my Financial Aid Award Letters (see Lesson 18).		<input type="checkbox"/>
<input type="checkbox"/>	Create a draft of my postsecondary budget, showing how I will cover my costs after high school graduation (see Lesson 18).		<input type="checkbox"/>
<input type="checkbox"/>	Conduct a scholarship search to identify opportunities (see Lesson 19).		<input type="checkbox"/>
<input type="checkbox"/>	Complete scholarship applications (see Lesson 19).		<input type="checkbox"/>
<input type="checkbox"/>	Apply for part-time or full-time jobs (see Lesson 20).		<input type="checkbox"/>

**THINK IT THROUGH**  
 In the chart below, check off each action step that applies to you. Then, assign a time frame for when you plan to complete each step. Come back and check off your work as you complete it.

## your financial aid plan

This week, you reviewed all of the different types of financial aid available, and determined the **action steps** needed to apply for each. You created a personalized plan for applying for financial aid which matched your background, eligibility, and postsecondary plan. Now, all that's left to do is get down to the work of applying!

### FINANCIAL AID POP QUIZ

See if you can answer the following questions about financial aid without looking back at this week's material. Then, go back and check your work.

1. Where does the money for federal financial aid come from?
2. What are the requirements for getting financial aid in most states?
3. How much should you pay for information about scholarships or to submit your FAFSA?
4. When is the preferred deadline for submitting your FAFSA?
5. What is the first step on your **Financial Aid Action Plan**?

### CALENDAR CONNECTION

Now that you've created your Financial Aid Action Plan, add these action steps to your Senior Year Planning Calendar. Stay on top of your action plan, because missing a step can mean missing out on serious cash!

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### FINANCIAL AWARENESS

Beware! You should NEVER pay for information on financial aid, scholarships, or loans. Financial aid information is available for free from a variety of sources. Many companies try to scam you by charging for scholarship searches or promise you a "head's up" on financial aid. Don't fall for their tricks!

### making it real!

If you don't qualify for federal financial aid, don't despair! You can still qualify for other types of financial aid to fund your postsecondary plans. A good first step is to call the Financial Aid office of each of the schools on your **College List** and explain your situation. They will tell you what forms they need you to fill out. Focus your efforts on scholarships (Lesson 19). See your teacher or guidance counselor for help.



## FSA ID Instructions and Tips

- If you are considered a dependent student, **your parent will also need to create an FSA ID.**
- An email address is not required to complete the FSA ID process, however it is highly encouraged.
  - Parents and students cannot share an email for the FSA ID. FSA ID only accepts one unique email per person.
  - If an email **IS linked**, notifications will be emailed to the students and parents.
  - If a student or parent forgets their FSA ID information, there are a set of challenge questions they can answer to gain access to the account. However, if there an email **IS NOT linked** to the account, there is a 30 minute lock-out period. If an email **IS linked** to the account access is granted immediately.
  - Emails linked to a FSA ID can also be used as the username
- **If a parent makes too many attempts to recall their FSA ID, it will be locked**, which will prevent the student from completing their FSA ID application.
- An email address cannot be used with more than one FSA ID.
- FSA IDs will be verified against Social Security information. It takes 1-3 days for a FSA ID to be verified
- If a student had an older brother or sister and the parent was unaware that the older sibling already created the FSA ID, the system will recognize the parent's email address and/or SSN and would not allow the student to move forward until they contacted the sibling.
- Keep in mind that the initial set-up may take longer than 7 minutes, as indicated. **Be patient! Confirmation emails may be delayed.**
- Make sure to use an email address that you can access while in your high school computer lab.
- You must have a social security number to create an FSA ID.
- There are several security questions, so be patient with this process as well. When answering the questions, click "show text" so you can see what you are writing.
- **Be sure to think of a date that you will remember** as the answer to one of the security questions.
- Only the owner of an FSA ID should create or use the account. This is considered a legal signature and should not be shared with anyone.
- **FSA will send you a verification code that you will need to add into the verification page.** Do not close the verification page!
- If you forget your username and password, you can request that a secure code be emailed to you to allow you to reset your username or password.
- Your FSA ID password will expire every 18 months unless you change it. An FSA ID is locked after three unsuccessful attempts. To unlock it, use one of the following options," start with these two steps, and then choose one of the options described below.
- Click on the black "Log In" button at the top of this page and select "Create or retrieve your FSA ID now."
- Once you have attempted to log in, you will be taken to a page that says, "Your FSA ID is locked." You will be given two options to unlock your ID—e-mail or challenge questions.
- Go to this video for FSA ID tips for parents: <https://www.youtube.com/watch?v=QdaGZASwjZU>
- Go here for more general resources about FSA ID: <https://financialaidtoolkit.ed.gov/tk/>