

Junior (March / Unit 11): Personal Finances

Objective: *To better understand how your personal finances impact your higher education.*

To successfully complete this unit and receive your stipend, complete the following activities:

- Complete all activities in this unit.
- Complete and include your **Student Grade Check** form.
- Include your parent/guardian's signature on the **Evaluation Sheet**.
- Complete the **Stipend Request** form.
- **Have site sponsor sign the Mid-Month Check-In** (*does not need to be finished*) by _____ .
- **Be prepared to review it with UB staff on** _____ .

Stipend Requirements

Stipend Amounts	Possible Portfolio Completions
Complete = \$40.00	<ul style="list-style-type: none"> • <u>Unit 100% complete</u>: turned in on time, parent/guardian signature, and site sponsor signature.
Partial = \$30.00	<ul style="list-style-type: none"> • <u>Unit 75% complete</u>: includes parent/guardian and site sponsor signatures. • <u>Unit 100% complete</u>: includes parent/guardian signature; <u>does not</u> include site sponsor signature.
Partial = \$20.00	<ul style="list-style-type: none"> • <u>Unit 100% complete</u>: <u>does not</u> include parent/guardian signature. • <u>Unit 50% complete</u>: includes parent/guardian and site sponsor signatures.
Incomplete = \$0	<ul style="list-style-type: none"> • <u>Unit less than 50% complete</u> (even if unit includes parent/guardian and site sponsor signatures)

What to do if you are absent on portfolio visit days!

Planned Absences (e.g. sports games, field trips, etc.)	Unplanned Absences (e.g. sick, flat tire, abduction by aliens, etc.)
<ul style="list-style-type: none"> • Give your binder to your site sponsor <u>before you leave</u>. UB staff will review your work, and you are eligible for a full \$40 stipend. • If you forget to leave your binder with your site sponsor before you leave but turn it in to your sponsor the <u>first day you return</u>, you are eligible for a \$20 maximum stipend (even if the unit is fully complete). If there are unforeseen problems with finishing your unit, <u>notify your site sponsor and/or UB staff immediately</u>. 	<ul style="list-style-type: none"> • Give your binder to your site sponsor <u>the day you return to school</u>. You are still eligible for a full \$40 stipend. • If you forget to give your binder to your site sponsor <u>the day you return</u>, you have <u>24 hours</u> to turn in your unit for a \$20 maximum stipend (even if the unit is fully complete). If there are unforeseen problems with finishing your unit, <u>notify your site sponsor and/or UB staff immediately</u>.

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Personal Affirmation

At the beginning of each portfolio unit, you will include your personal affirmation. Much like Martin Luther King, Jr.'s "I Have a Dream" speech, each of us has dreams, affirmations, and hopes for our lives. By writing down your goals and dreams, you make commitments to yourself, use positive self-talk, and figure out how to overcome obstacles that stand between you and your college education!

Write your affirmation by describing who you are – or strive to be!

"I am a/an _____, _____, and _____."
(adjective) (adjective) (adjective) (your role)

Step 1: Revisiting Your Personal Goals

A large part of being successful in life involves setting goals and devising plans to achieve them. Let's take some time to reflect on previous portfolio units in order to update your educational, career and financial goals.

Goals are our desires and plans for achieving a specific outcome, and should follow the D.A.P.P.S. rule:

- Goals should be *Dated*.
- Goals should be *Achievable*.
- Goals should be *Personal*.
- Goals should be *Positive*.
- Goals should be *Specific*.

Before we begin to look at financial planning, let's think about your educational, career and financial goals.

A few definitions:

- Bachelor's degree: 4-year diploma. *For example, you can receive a Bachelor of Arts (B.A.) in History.*
- Master's degree: 2-year diploma after you complete a bachelor's degree. *For example, you can receive a Master of Arts (M.A.) in Spanish or a Master of Science (M.S.) in Forestry.*
- Doctorate: Ph.D. in a given subject, *such as a Ph.D. in Political Science.* A college professor must have a Ph.D. in the subject he/she will teach. A Ph.D. typically takes about 7 years after bachelor's and master's degrees (though some programs will combine a master's degree with a Ph.D. degree).
- Law or Medical: sometimes referred to as "professional degrees", they are 3-year programs after you complete a bachelor's degree. *For example, a law school degree is a J.D. (Latin for Juris Doctor) and an M.D. (Latin for Medicinae Doctor) is a medical school degree.*
- "Major" refers to program you want to study, such as Biology, Chemistry, Education, Spanish, Economics, etc. You will receive your Bachelor's degree in this program, *such as a Bachelor of Arts (B.A.) in Spanish or a Bachelor of Science (B.S.) in Nursing.* You will choose a "major" only for your Bachelor's degree.

Using the D.A.P.P.S. rule, now fill in the following goals.

Educational Goal(s)

1. I desire a _____ (bachelor's, masters', law, medical, doctorate, etc.) degree(s) in _____ (which major(s)).
2. I plan to complete my program of study in _____ (specify years or months).
3. I plan to _____

4. What else do you need to do to accomplish your educational goal? Write your own plan here.

Career Goal(s)

1. I want to be a(n) _____ (career choice).
2. List what you need to do in order to have a career in the area you have chosen. I plan to achieve this goal by the following:

Financial Goal:

1. I desire \$ _____ monthly income once I complete my educational goal.
Using the salary listed above, figure out your monthly income:

$$\frac{\text{_____}}{12 \text{ (months/year)}} = \text{_____}$$

Salary

Monthly Income

Step 2: How Can You Contribute Financially to your Future Goals?

Talking about money is frequently a difficult and emotional topic for many people. Think about how you “feel” about money: is it something that scares you? It is completely common to be afraid to think about – let alone talk about – money if you are not in a position to feel financially secure. Even families who are financially secure might not feel comfortable talking about finances. However, we ask that you try to feel empowered about money. You earn (or will earn) every penny, so be proud of yourself! However taking advance planning and feeling positive about money takes time to achieve. Remember that finances are a part of your entire life. Why not make this a positive experience? – and make goals so that you will feel proud of your hard work!

Have you considered how much it might cost to accomplish your educational and career goals?

Now that you have spent some time looking at your personal finances, you should be able to figure out how you can best contribute to your future goal-related expenses, such as financing your college education. For example, you may be able to start putting some money aside each month in order to establish a college savings fund. If this is not possible, maybe you can contribute by helping reduce your family’s monthly expenses. You might accomplish this by doing your best to buy/ask for things that you need and, thereby, spend less on your wants.

Let’s say, for example, that you wanted to be a High School English Teacher in 10 years. What would you have to do to finance this goal? If you mapped it out, it might look like this:

High School

Begin planning to pay for college:

- ✓ Conserve Money
- ✓ Open Savings Account
- ✓ Apply to College
- ✓ Scholarships (good grades)
- ✓ Apply for Financial Aid
- ✓ Graduation

College

Paying for college:

- ✓ Family Contribution
- ✓ Your Savings
- ✓ Grants
- ✓ Scholarships
- ✓ Part-time Job
- ✓ Work-study
- ✓ Loans
- ✓ Graduate

After College

- ✓ Find Job
- ✓ Get Paid
- ✓ Pay Debts
- ✓ Make a Living

At this point, you need to begin the planning process by making short-term goals, such as examining your spending habits, conserving / saving money, keeping a monthly budget, and making good grades. ***Doing these things will help you when it comes time to pay for your postsecondary education.***

Step 3: Student Financial Assessment

Your spending habits are very important. College may seem like it is a long way away, but in reality it is just around the corner! Now is a great time to start thinking about how you spend money and the impact your current spending habits have on your long-term saving for college. Test your ability to manage money smartly by answering the following questions:

1. Do you ask yourself whether you need or want to have something before you buy it? Why or why not?
2. Where do you tend to purchase items? Could you have gone to less expensive stores to buy these things?
3. Do you have a monthly budget? If not, why?
4. Do you have a savings account?
5. If you have a savings account, are you able to deposit money into it regularly?
6. Do you save money for unexpected expenses?
7. Are you a bargain shopper?
8. Have you saved for college? If not, how can you begin to save money?
10. Has your family been able to save to help you finance your college education?

Remember that "saving money for college" does not mean you need to be saving large amounts each month. This might not be possible for you or your family. **However even the smallest amounts (\$5 / month!) add up.** Put it in a savings account and watch your interest grow. Just think about how much money you would have by the end of high school. This could mean enough money to pay for books your first semester of college!

Step 4: How Much Will a Postsecondary Education Cost?

You will need to know how much it costs to attend the colleges/universities of your choice for one year. Please refer to your November portfolio unit (College Exploration I/II) for these figures. **If you do not have this information available, go to the school websites and find their tuition costs for this year.**

EXAMPLE: Northern Arizona University

One – Year Budget (based on full-time enrollment for 2010-2011)		
College: Northern Arizona University		
Expenses	In – State (AZ) Resident	Out – of – State Resident
Tuition and Fees	\$7,058	\$17,770
Books and Supplies	\$1,000	\$1,000
Room and Board	\$8,136	\$8,136
Total	\$16,194	\$26,906

Please note:

- “Full-time” refers to at least 12 credit hours per semester, unless otherwise noted by the college.
- If you are researching a college outside of Arizona, remember that you will be an “Out-of-State” resident.
- If you are researching a private college, use the “Out-of-State” column.

One – Year Budget (based on full-time enrollment for 2010-2011)		
College #1:		
Expenses	In – State (AZ) Resident	Out – of – State Resident
Tuition and Fees		
Books and Supplies	\$1,000	\$1,000
Room and Board		
Total		

One – Year Budget (based on full-time enrollment for 2010-2011)		
College #2:		
Expenses	In – State (AZ) Resident	Out – of – State
Tuition and Fees		
Books and Supplies	\$1,000	\$1,000
Room and Board		
Total		

Now you will need a rough calculation of how much a degree at your two chosen schools will cost.

1. Go to the website www.collegeanswer.com.
2. On the lower right, click on “Calculators”.
3. Choose the 2nd option, “College Cost Calculator”.
4. Use the following information
 - “Current Annual Cost of Attendance” = 1 year of tuition (for each college you researched above)
 - “Years Until Child Starts College” = 2
 - “Expected Annual Cost Increase” = 7% (estimated rate that tuition will raise each year)
 - “Expected Number of Years of College” = 4 (for a bachelor’s degree from a university)

The final calculation from “**Estimated College Costs**” is the rough estimate for your entire college education at that college.

Estimated College Costs for a Bachelor’s Degree	
College #1:	College #2:
Estimated Cost of Education:	Estimated Cost of Education:

Reflection Questions:

1. Based on your research, which college are you most interested in? Why?

2. What expenses do you think are not included in these estimates?

Step 5: Your Financial Goals? Why is Finishing College Important?

How much do you expect to earn once you complete your education? Before you commit yourself to years of study for a particular career, you will want to estimate how much money you will make in that profession. You already know that paying for your education is expensive. You will want to make sure that the money you spend on your education is invested wisely. This issue becomes particularly important if you need to borrow money to pay for your education. Entry-level salaries are dependent on a number of factors, including the profession itself, job location, qualifications, degree(s), work experience, etc.

For your sophomore February portfolio, you completed a salary search of a career you were interested in exploring. We want you to do this again for two jobs this time, one of which must be the career you chose on page 2 under “Career Goal”.

Before you begin, it is important to understand the kind of information you will be researching. What is the definition of “median”? When you see the phrase, “median salary”, what might this mean?

The following are examples taken from the website.

Occupation #1: Aerospace Engineer I	
1 st Location: Tucson, AZ	2 nd Location: Anchorage, Alaska
Median Salary: \$57,290	Median Salary: \$70,652

Occupation #2: Architectural Drafter I	
1 st Location: Flagstaff, AZ	2 nd Location: Honolulu, Hawaii
Median Salary: \$34,440	Median Salary: \$43,119

Visit the website **www.salary.com**. Using “Salary Wizard” (the box on the left side of the page):

- Enter your desired job title (such as “Elementary School Teacher” or “Chemical Engineer”)
- Enter the location (zip code or city)
- Click “submit”

In your search results, choose one of the careers, and click on “View Salary Info” to the right of your result. You will see a graph with the median salary of the career you searched.

Now click, “Job Information”, the 3rd tab underneath the graph.

Occupation:	
1 st Location:	2 nd Location:
1 st Median Salary:	2 nd Median Salary:

Occupation:	
1 st Location:	2 nd Location:
1 st Median Salary:	2 nd Median Salary:

Reflection Questions:

1. Are your career goals going to allow you to meet your financial goals from pages 2 and 3? Please explain.

2. Why would the same job pay more in one location than in another location?

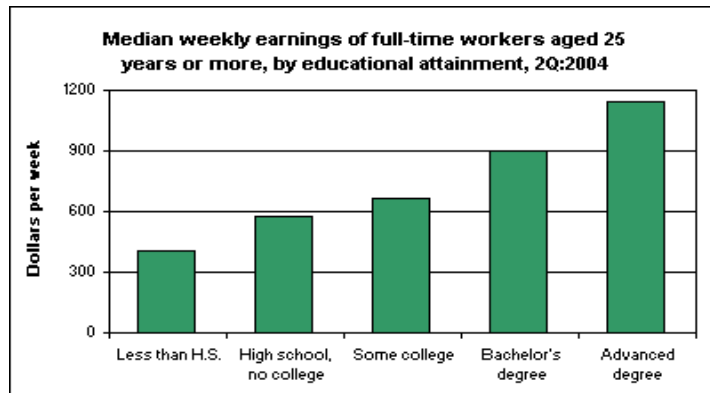
Step 6: Consider College an Investment!

Your college degree is your ticket to a much broader range of job opportunities in your life! A college education is the smartest financial decision you’ll ever make. Statistics show that higher levels of educational attainment are directly associated with higher levels of income.

Educational Attainment: People 25 Years Old and Over by Median Income and Sex

Level of Education Attained	Average Yearly Income for Men	Average Yearly Income for Women
9 th to 12 th Grade (no diploma)	\$19,720	\$12,278
High School Graduate (includes G.E.D.)	\$30,303	\$18,340
Some College (no degree)	\$36,693	\$23,107
Associate’s Degree	\$42,163	\$27,027
Bachelor’s Degree	\$54,091	\$35,927
Master’s Degree	\$69,825	\$50,576
Professional Degree (MD, JD etc)	\$102,398	\$60,259
Doctorate	\$89,845	\$65,587

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, 1991 – 2009.



Bureau of Labor Statistics, "Educational Attainment and Median Earnings" (<http://www.bls.gov/opub/ted/2004/jul/wk3/art03.htm>)

Step 7: Understanding and Using Credit Cards!

Credit cards are relatively easy to get nowadays, and many credit card marketers are targeting high school and college students. Why? Students are profitable to credit card companies. Basically, a credit card is an unsecured loan, which means you do NOT need collateral to back the loan. If you do not pay off your entire balance each month, the credit card company adds interest on to your balance, meaning the initial purchase cost goes up each month until it is paid off. The card issuer assumes you will pay the loan off with future earnings. Credit card issuers are also counting on your purchases being larger than your ability to pay for them. You get instant gratification, and the credit card issuer gets interest (\$\$\$).

- **The best way not to become caught up in credit debt is to NOT accept a credit card until you are older.**
- **If you need a credit card, consider opening a credit card at a local credit union.** A credit union is a "non-profit" organization that provides members with safe financial information and banking rates. In comparison, a bank is a business (which means it is "for-profit"), and their #1 priority is to make money off of customers. A credit union is owned and controlled by its members (or the people who bank there). They elect other members who set interest rates for everyone, which are often much lower than banks. To apply for a credit card at a credit union, you will first want to join the credit union and do your banking there.
- **The next best way is not to carry the card(s) around with you.** Use your credit card only when absolutely necessary for things you truly need (a "need" not "want"), and then pay off your balance each month.
- **A majority of credit cards do not charge added interest if your purchases are paid off within 30 days.** Credit card issuers require a minimum monthly payment for purchases. If you cannot pay off your purchase within 30 days, make sure you pay MORE than the monthly minimum. Paying only the minimum stretches out your payments, but adds interest each month.

In the end, you pay much, much more than your original purchase price!

The exercise below will show you just how much more you will pay when purchasing items with a credit card.

Directions:

There are many websites to help consumers answer financial questions and calculate the cost of credit card purchases. The following are only a suggestion of the many websites designed to help educate us on making appropriate financial decisions (or "Financial Literacy"). Before you begin, it is important to understand the kind of information you will be researching. Look at www.teamtechnology.co.uk/loans-guidebook/apr.html.

What is the definition of an "Annual Percentage Rate" (APR)? Please include information that you personally understand. Do not write a definition that does not make sense to you!

Next, using the website below, answer the following questions. You'll learn how much items bought with credit actually cost the buyer at www.practicalmoneyskills.com.

1. You will see 6 tabs at the top of the page.
2. Scroll over the "Calculators" tab.
3. Scroll down and click on "Cost of Credit". A new window appears:
"What's the true cost of your credit card purchases?"
4. Plug in the following figures and answer the questions on the next page.

Example: José wants to buy a new TV for his dorm room.

- He found one for \$400 and decides to pay for it with his credit card.
- His credit card has an Annual Percentage Rate (APR) of 19.85%.

A. José makes the minimum monthly payment of \$21.45.

1. How many months will it take José to pay off the TV? _____
2. What is the total amount José will pay for the TV? \$ _____
3. What is José's total cost of using the credit card based on the above APR? \$ _____
4. What is the total amount Jose will pay for a TV worth \$400? \$ _____

Click on **START AGAIN** and re-enter the information on Jose's new monthly payment plans listed below.

B. José makes a monthly payment of \$60.00:

1. How many months will it take José to pay off the TV? _____
2. What is the total amount José will pay for the TV? \$ _____
3. What is José's total cost of using the credit card based on the above APR? \$ _____
4. What is the total amount Jose will pay for a TV worth \$400? \$ _____

Click on **START AGAIN** and re-enter the information on Jose's new monthly payment plans listed below.

C. José pays the full amount of \$400 when he receives the bill:

1. How many months will it take José to pay off the TV? _____
2. What is the total amount José will pay for a TV worth \$400? \$ _____
3. What is José's total cost of using the credit card based on the above APR? \$ _____
4. What is the total amount José will pay for a TV worth \$400? \$ _____

Remember!

Don't get into the cycle of credit card debt.

Only buy what you know you'll be able to pay off within 30 days – or at least a very short period of time.

Scholarship Essay Question – March 2011

It is now time for you to begin preparing for the many scholarship essays you will have to write during your senior year! Remember that scholarship essays are similar to admission essays required by some universities. Practicing these essays benefits both!

Limit your essay to 2 paragraphs. Your essay must be typed.

Note: Essays not typed will result in an immediate \$10 deduction from your portfolio stipend!

Consider your favorite books, movies, works of art, etc. How have these influenced your life in a meaningful way? Why are they your favorites?

JUNIOR PORTFOLIO MID-MONTH CHECK – IN SHEET
March / Unit 11 • Personal Finances

Student Name: _____ Date: _____

Directions: To obtain full credit complete this check-in sheet of your unit work.

- It is advisable that you take time to think of what portfolio work you need to complete between now and the day your portfolio is due, and get to work on it!
- Please circle the appropriate response and answer in complete sentences where asked.
- **Site Sponsor must sign Check – In Sheet by due date on the 1st page of your portfolio unit.** This is typically 1 week before your portfolio visit.

1. What parts of the unit have you completed?

- a) all of it
- b) half or more
- c) very little of it
- d) none of it

2. What parts of the unit do you still need to complete?

3. What part of this unit, if any, are you having difficulties with? Why?

4. What type of help do you need, if any, in order to complete unit by the due date?

FOR SITE SPONSOR TO COMPLETE:

Unit at least ½ complete: Y N

Site Sponsor Signature _____

Date _____

