

# Sophomore: Spring/February/Unit 4

## Personal and Family Finances

### Objectives:

- To better understand how your finances impact your postsecondary education.
- Examine the relationship between current finances and future financial aid options.
- Evaluate what you have learned.
- Contact Site Teachers and NAU Upward Bound office for help as needed.
- Assist in the development of the portfolio program.

To complete this unit successfully and receive your stipend,  
you and your parents should finish the following activities:

1. Read all of the information in this unit and complete all of the activities in this unit.
2. Obtain and complete a grade check for all of your classes. Place a copy of the grade check with the work/information required for this unit.
3. Fill out the evaluation sheet when you have completed the unit assignments.
4. Fill out and sign the Honorarium/Stipend Request form.
5. Complete this unit and be prepared to review it by \_\_\_\_\_.

Once you have completed this unit, you should meet with an Upward Bound staff member to go over it.

**Telephone**  
1.800.628.4494

**E-mail**  
Diana.Betoney@nau.edu  
Verlinda.Folgheraiter@nau.edu  
Sarah.Friedmann@nau.edu

How much will I earn this month?	
C = \$40.00 complete	<ul style="list-style-type: none"> <li>• Unit 100% complete</li> <li>• Unit turned in on time</li> </ul>
P = \$20.00 partial	<ul style="list-style-type: none"> <li>• Unit <b>more than</b> 50% complete</li> <li>• Unit turned in on time</li> </ul>
0 = \$0.0 incomplete	<ul style="list-style-type: none"> <li>• A unit turned in <b>late</b> is considered incomplete</li> <li>• A unit <b>less than</b> 50% complete is considered incomplete</li> </ul>

### What to do if you are absent on the day Portfolio's are to be reviewed by Upward Bound staff members?

<u>Planned Absences</u> <i>(e.g., basketball games, track meets, etc.)</i>	<u>Unplanned Absences</u> <i>(e.g., sickness, flat tire, abduction by aliens, etc.)</i>
<ul style="list-style-type: none"> <li>◆ Give your binder to your site teacher <b>before you leave</b> for the planned absence.</li> <li>◆ If you give your binder to your site teacher <b>before you leave</b>, then the UB staff can review your work and you are still eligible for the full \$40.00 stipend.</li> <li>◆ If you forget to leave your binder with your site teacher before you leave, then your work is late and you are no longer eligible for a stipend.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Give your binder to your site teacher <b>As Soon As You get back to school.</b></li> <li>◆ If you give your binder to your site teacher <b>As Soon As You return from an unplanned absence</b>, then you are still eligible for the full \$40.00 stipend.</li> <li>◆ If you forget to give your binder to your site teacher <b>As Soon As You return</b>, then your work is late and you are no longer eligible for a stipend.</li> </ul>

**Step 1: “Wants” Versus “Needs”**

Realistically you are probably going to have to help pay for your postsecondary education. The vast majority of college students today are doing just that, and they are doing it in a variety of ways.

The first thing we need to do is to take a look at where your finances are right now. To start this process, fill in the table below and identify your purchases **OVER THE NEXT TWO WEEKS**, such as clothes, gas, food, shoes, DVDs, etc. Also indicate where you purchased each item, how much each item cost, and whether you think the items listed are *needs* or *wants*. Use the back of this page if you need more room.

PURCHASES FOR 2 WEEKS					
Item	When Purchased	Where Purchased	Cost (Estimated)	Need? √	Want? √
<b>TOTAL EXPENSES</b>					

In the space below, please define a *need* and explain how it is different than a *want*.

**Now it's time to go back and review your list. If you think you should change some of your needs to wants, or vice versa, then go ahead! Then answer the following questions.**

- Did you spend more money on things you wanted or that you needed?
- Do you think you are more likely to spend money on needs or wants? Why?
- Where do you tend to purchase items on your list? Could you have gone to less expensive stores or websites to buy these things?
- Did you take time to consider whether you really needed these purchases before you bought them, or did you buy on impulse?
- Did you buy any of the items because you were with other people who also were buying them?
- Did you buy any of the items in an attempt to make yourself feel better about something? (This practice is sometimes referred to as “retail therapy.”)

**Your spending habits are very important.** College seems like it is a long ways away, but, in reality, it's just around the corner. Now is as good a time as any to start thinking about how you spend money.

Please take a moment and reflect on your answers to the above questions. Then briefly describe your spending habits in the space below.

## **Step 2: Your Monthly Income**

Now we need to go one step further and look at your income. In order to better understand your own financial situation, you need to figure out both how much you make and how much you spend. You may have done this before or may have never even thought about it. Either way, do the best you can and be as accurate as possible. In order to do this, please complete the following table. If you find that you are filling in a lot of zeros, that's okay. At this point in your life, you may not have much income, but it is still very important that you start thinking about your finances now. If you do, then you will likely make wise financial decisions in the future.

Income for Two Weeks	Dollar Amount
Wages (such as part-time job, babysitting, etc.)	\$
Savings	\$
Support from Parents or Family Members	\$
Other (please specify – such as Child Support, Social Security, etc.) _____	\$
Other (please specify – such as Child Support, Social Security, etc.) _____	\$
<b>Total Monthly Income</b>	\$

**Step 3: Are You in the Red or the Black?**

Now that you know how much money you make each month, it's time to figure out if it covers your purchases. If you find yourself entering a lot of zeros, that's okay. (Just remember those zeros will turn into dollar amounts.)

**Subtract your expenses from your income to figure out your ending balance.**

$$\underline{\hspace{2cm}} \text{ Income (above)} - \underline{\hspace{2cm}} \text{ Expenses / Spending (p. 2)} = \underline{\hspace{2cm}} \text{ Ending Balance}$$

**Are you in the black (profit) or in the red (financial trouble)?** If your spending exceeds your income, you must find ways to either get more money or reduce how much you spend. The only other option is to go into debt, which you should avoid at this point in your life.

**Step 4: How Can You Contribute Financially to the Goals You Have Set for Your Future?**

Take a moment and look back at your September portfolio unit. Look at the list of your long-term goals. What educational and career goals did you list? 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, as well as your *wants* and *needs*, 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 (**even if it is only \$10/month!**). 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*.

**EXAMPLE: You want to be a 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

Of course, you're in the very beginning of all this. All you need to do now is begin the planning process by making short-term goals, such as examining your spending habits, saving money, and making good grades. Doing this will help you when it comes time to complete the financial aid process and pay for your postsecondary education.

**Below is a SAMPLE MONTHLY budget for expenses you can expect to pay for once you are working.** This is by no means a complete list (other common expenses can include student loan payments, credit card payments, car repairs, home repairs, etc.) – and some items may never be applicable to you. However, it will give you a general idea of what to prepare for – and if your chosen career will cover your monthly expenses. Also note that you will not graduate from college in 4 – 7 years, will need to take inflation into consideration, and may live in a town/city that has a higher OR lower cost-of-living – and YES, savings and retirement are vital even when you have just graduated from college! Make sure you start saving early!

Monthly Expenses	Dollar Amount
<b>Rent / Mortgage</b>	<b>\$900</b>
<b>Utilities</b>	<b>\$75</b>
<b>Phone</b>	<b>\$50</b>
<b>Car Payment</b>	<b>\$250</b>
<b>Auto Insurance</b>	<b>\$125</b>
<b>Gas</b>	<b>\$100</b>
<b>Health Insurance</b>	<b>\$100</b>
<b>Laundry</b>	<b>\$40</b>
<b>Clothing/Shoes</b>	<b>\$100</b>
<b>Entertainment</b>	<b>\$50+</b>
<b>Childcare</b>	<b>\$400+</b>
<b>Groceries</b>	<b>\$200</b>
<b>Savings / Retirement Fund</b>	<b>\$100+</b>
<b>TOTAL</b>	<b>\$2,490</b>

### Step 5: Understanding the Financial Aid Process

**Why you don't have to be rich to go to college: there's money out there looking for you!**

<http://www.collegeboard.com/article/0,3868,6-29-0-4494,00.html>

**If you think you have to be rich to go to college, think again.** More than \$74 billion in financial aid goes to college students every year. Most of those dollars go to students who really need them. In fact, *the greater your need, the more financial aid you may get.*

### What is "Need"?

**College aid is tied to need, and need, the way colleges define it, has two parts:**

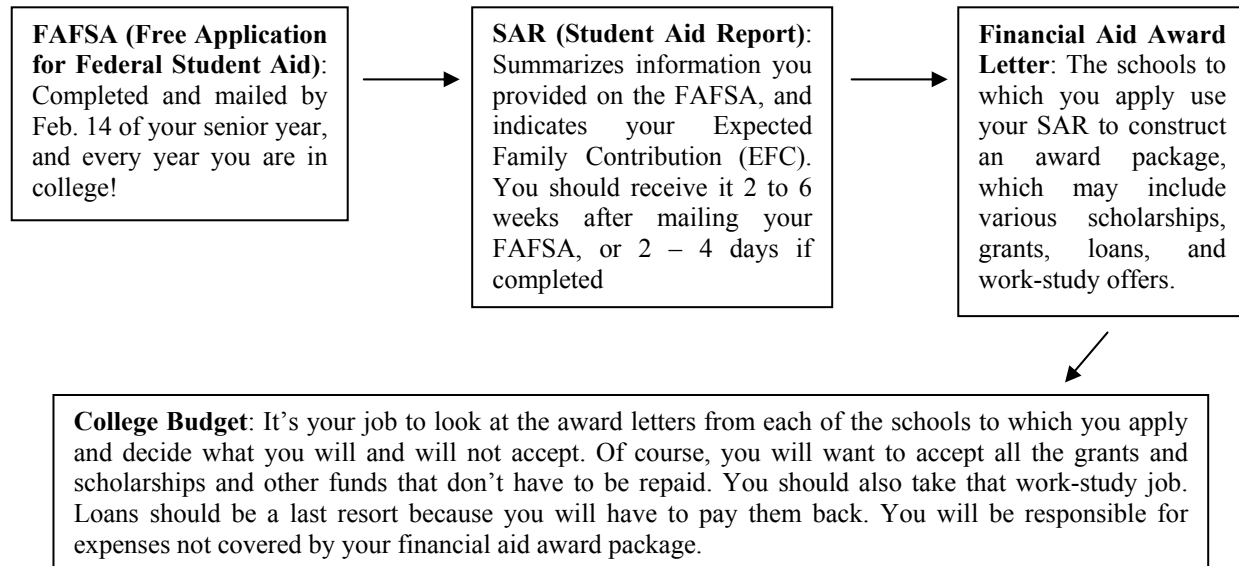
1. **What college costs:** One kind of cost is the cost of going to school (e.g., tuition, books, fees, and supplies). The other is the cost of living while you go to school (e.g., food, housing, transportation, and personal expenses).
2. **What you and your family can afford:** The colleges and universities you list on your Free Application for Federal Student Aid (FAFSA) will receive a copy of your Student Aid Report (SAR) at about the same time you do. They will use the financial information on your SAR to decide how much aid you will need. For example, if your family has a low income, colleges will figure you need a lot of aid. And if you have big expenses? Say, mom makes a good salary, but there are three kids, one already in college, one in daycare, and grandpa needs long-term care. Again, colleges will figure you need lots of aid.

### What is "Aid"?

**After a college decides what you need, it decides how much and what kind aid to offer. There are 4 types:**

- 1) **Grants:** Given based on need. They don't have to be repaid.
- 2) **Scholarships:** Given based on need or another basis (e.g., PSAT, ACT/SAT scores, grades, chosen major, tribal, ethnicity, gender, volunteer activities, etc). They don't have to be repaid.
- 3) **Loans:** From the government, banks, or colleges, these must be repaid after you graduate or leave school.
- 4) **Work-study jobs:** Given out by colleges, these let you earn money while doing something like working in the library or another office on campus. You will probably get paid every two weeks while you are working.

## The Financial Aid Process Goes a Little Like This:



This is a lot of information! Basically, you can boil it all down to one formula. Before we give you the formula, bear in mind that it is very simple and will only give you a rough estimate of how much money you might *need* to attend a college or university. *(We do not know how different postsecondary institutions are going to calculate your need. When you get your financial aid award letters, your need and the amount of aid each school awards may vary dramatically from our calculation. However, this is the best we can do right now.)*

### Here's the Formula:

$$\text{COA (Cost Of Attending the college of your choice for one year) – EFC (Expected Family Contribution: amount you and your family can afford to contribute) = NEED}$$
$$\text{COA – EFC = NEED}$$

Each school to which you apply will look at your level of need and try to compile a financial aid package that meets your need. However, schools are often not able to provide enough financial aid to cover a student's entire need.

Typically, schools will offer scholarships (if you meet the requirements) and grants (if you meet the requirements) first. Scholarships and grants are funds that don't have to be paid back. They are not loans. You want lots of these, if you can get them. If a school cannot give you enough money through scholarships and grants to cover your need, then they will generally offer work-study jobs and loans. Work-study jobs are good for you (trust us). Loans are not so good for you. Only take them if you have no other options. (Don't be afraid of loans. Just make them your last resort because you will have to pay them back.)

### Step 6: Your Monthly Family Budget

Once you decide how much of your financial aid package you are going to accept (each school makes you an offer, and you get to decide how much or little of it you want), it is your responsibility to pay for the rest. Therefore, it's important to know about your family's budget and to understand how you fit into this budget.

The reason it's important to know about your family's budget is because your college financial aid package will be based on your need, which is determined by looking at how much money your family makes and spends. (You also may be hoping that your parents will be able to pay for part of your postsecondary education, and knowing where the money goes in your family will give you a reasonable idea as to how much your parents will be able to provide.)

**Of course, we realize that some families are sensitive when it comes to sharing information about their finances. If your family has concerns and does not wish to share this information, please contact one of your friendly Upward Bound staff members.**

**Accommodations can be made on a case-by-case basis for this part of the unit, but please don't wait until the end of the month to inform us of your concerns.**

**If we haven't heard from you in advance you will not be eligible for a complete portfolio stipend.**

Expenses for the Last Month (approximately 30 days)	Dollar Amount
<b>Housing</b>	
	\$
	\$
	\$
	\$
Rent / Mortgage	\$
Utilities (electricity, gas, oil)	\$
Water, sewage, garbage	\$
Other (please specify) _____	
<b>Education</b>	\$
	\$
	\$
	\$
	\$
	\$
Tuition and fees (private secondary and/or postsecondary institutions)	\$
Books	\$
School supplies (copying, pencils, notebooks, calculators, etc.)	\$
Computer and supplies	
Other (please specify) _____	
<b>Food</b>	\$
	\$
Groceries (include such things as cleaning and personal care products)	
Eating out (restaurants, fast food, etc.)	
<b>Other Living Expenses</b>	\$
	\$
	\$
	\$
	\$
	\$
Health / Dental insurance	\$
Laundry and dry cleaning	\$
Clothing/shoes/hats	\$
Gifts/cards	
Monthly membership dues/subscriptions	
Other (please specify) _____	
<b>Transportation</b>	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
Car payments	\$
Gas and oil	\$
Normal car maintenance	\$
License and registration fees	\$
Auto insurance	\$
Parking fees	\$
Bus, taxi, carpool, etc.	
Other (please specify) _____	
<b>Entertainment</b>	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
Movies	\$
Concerts	\$
Sporting events	\$
Health club memberships	\$
Parties	\$
Cable television	\$
Theater and plays	\$
Other (please specify) _____	\$
<b>Child Care</b>	\$
	\$
	\$
Daycare / Babysitting	\$
Toys, books, etc.	\$
Other (please specify) _____	

<b>Pet Care</b> Veterinary Food Other (please specify) _____	\$
	\$
	\$
<b>Unexpected Expenses</b> Car / House repairs Other (please specify) _____	\$
	\$
	\$
	\$
<b>Other</b> _____ _____ _____	\$
	\$
	\$
	\$
	\$
<b>Total Monthly Expenses</b>	

The last thing you will need to do is figure out the ending balance for your monthly family budget. You figure this the same way you figured your own ending balance for your monthly budget, by subtracting expenses from income.

$$\text{Income} - \text{Expenses} = \text{Ending Balance}$$

### Step 7: Let's Say You Want to Attend NAU

Now that you have compiled all this information, let's do a trial run. For this example, let's assume that you are planning to attend Northern Arizona University when you graduate from high school.

First, you will need to complete the table below to figure out how much money you and your family would be able to contribute for one year (two semesters) of school.

<b>Family Contribution</b>	
<b>Source of Contribution</b>	<b>Dollar Amount</b>
<b>Savings</b> (estimate how much you might have when you graduate from high school)	\$
<b>Other</b> (please specify)	\$
<b>Other</b> (please specify)	\$
<b>Other</b> (please specify)	\$
<b>Total Family Contribution</b>	\$

Then you will need to know how much it costs to attend NAU for one year.

NAU One – Year Budget (Full-time student and AZ resident for 2009 – 2010)		
Expenses	On-campus	Off-campus
Tuition and Fees	\$6,092	\$6,092
Books and Supplies	\$ 916	\$ 916
Room	\$4,344	\$7,154
Board	\$3,428	\$2,588
Transportation	\$1,566	\$1,566
Personal	\$2,778	\$2,778
<b>Total</b>	<b>\$19,124</b>	<b>\$21,094</b>

All that is left to do is subtract the money you have to contribute towards your college expenses from the cost of attending NAU.

$$\text{Cost to attend NAU for one year} - \text{Family Contribution} = \text{Need}$$

As you look at this number (and think to yourself, “How am I going to pay for that?”), please remember that this is just a rough estimate and does not take into account the financial aid package that NAU will compile for you, which might include grants, scholarships, work-study, loans and other types of financial aid.

**Whatever you do, don’t let this number scare you.** Our intent is not to frighten you, but, rather, to convince you of the need to start planning for the cost of your education now – while you still have some time. Imagine if you waited until your senior year to start thinking about this stuff!

### Step 8: What Does It All Mean? Why Should You Get a Degree?

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 may want to estimate how much money you will make at that profession. You already know that paying for your education is expensive. You will want to make sure that the money you invest in your education is invested wisely. This issue becomes particularly important if you need to borrow money to pay for your education. You don’t want to borrow more than you can pay back from the salary that you will earn.

Level of Education Attained	Average Yearly Income for Men	Average Yearly Income for Women
9 <sup>th</sup> to 12 <sup>th</sup> Grade (no diploma)	\$22,602	\$14,202
High School Graduate (includes equivalency)	\$32,435	\$21,219
Associate’s Degree	\$41,035	\$27,046
Bachelor’s Degree	\$57,397	\$38,628
Master’s Degree	\$77,219	\$50,937
Professional Degree (MD, JD etc)	\$77,219	\$50,937
Doctorate	\$100,000	\$70,520

<http://www.census.gov/prod/2008pubs/acs-09.pdf>

*Source: U.S. Dept. of Commerce, Bureau of the Census, American Community Survey Reports, “Income, Earnings, and Poverty Data from the 2007 American Communities Survey,” August 2008.*

You can find average annual salaries for a variety of careers online at <http://www.salary.com>. When you access the website, be sure to click on “Salary Wizard” on the main page. This will allow you to find salary ranges by zip code in “Salary Wizard.” Once you have entered your desired job and location, click the “Search” button. In the next window (after clicking “skip advertisement”), find the specific job you are interested in and click on “base pay” below that job. In this way, you can learn about the average salary, bonuses, and benefits for almost any job in many locations. You can also learn what qualifications and experience are required or preferred, along with the duties and responsibilities associated with the chosen profession below any of the job listings you are interested in.



**SOPHOMORE MID-MONTH PORTFOLIO CHECK-IN SHEET Fall/September/Unit 1**  
**Self Discovery, Goal Setting, & Self Management**

Student Name: \_\_\_\_\_ Date: \_\_\_\_\_

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

- It is advisable to 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.

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. When do you work on your unit?
  - a. at home in the evening
  - b. on the weekends
  - c. during class
  - d. on the bus going to/from school
  - e. other (*please explain*):
  
3. Rate the difficulty of this unit. 1 is easy and 5 is very hard.  
1      2      3      4      5
  
4. From who did you/will you seek help for this unit?
  - a. teacher
  - b. friend
  - c. parent
  - d. other adult (*please identify*)
  - e. other (*please explain*)
  
5. How well did you manage your time during this unit?
  - a. very well
  - b. ok
  - c. not great
  - d. poorly
  
6. Look at your answer to number 5. How could you improve the way you managed your time? Or if you answered "a. very well", what else could you do to be a more efficient time manager?

**SOPHOMORE FEEDBACK AND EVALUATION SHEET**  
**Spring/February/Unit 4** **Personal and Family Finances**

Student Name: \_\_\_\_\_

**Directions: To obtain full credit**

- It is required to explain what you have learned in paragraph form and in full sentences.
- It is advisable to take time to think of what was interesting to you, what you learned, and WHY.
- Simple yes or no responses are not acceptable.

1. Describe what you learned about money and finances as a result of completing this unit.
  
2. How will you pay for your college education? Have you talked to your family about college money? What are their thoughts?
  
3. Describe the insights you may have gained about your family, how you spend money, what a need versus a want is and anything else?
  
4. Do you think college is affordable or expensive based on this unit? Please explain.
  
5. Once you investigated salaries, do you think the cost of college is worth it in the long run? Will you earn more money by spending money on a college education? Please explain your answer.
  
6. Discuss / Share portfolio information with your parent(s). Share their thoughts and some of the things you talked about together.

\_\_\_\_\_  
Student Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Parent Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Parent Phone Number

\_\_\_\_\_  
Parent Email

# STUDENT GRADE CHECK

**Instructions:** Fill out this form. Obtain an estimate of your current grade from each of your teachers. He/she should sign and date next to each grade in the appropriate column. You may also substitute a printed grade check from your school. Include this form in your Portfolio Unit for review by UB staff at your next Portfolio visit.

**Student's Name:** \_\_\_\_\_

Name of Class	Grade	Teacher's Name (Printed)	Teacher's Signature	Date	Comments
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

***STUDENT:*** Please give an explanation for any grade lower than a C in the space provided below. Feel free to use an additional page if necessary.