

Money Smart Students

Celebrating National Financial Literacy Month and Money Smart Week

Planning for the Future

Have you ever heard someone call college an investment? Businesses invest in equipment to increase productivity, which likely will lead to an increase in revenue and higher profits. People invest in education for the same reason: Skills you acquire in school will make you more productive, which makes you more valuable to employers. In short, more education is associated with higher income. (See www.bls.gov/emp/ep_chart_001.htm.)

To plan your future, start with three steps:

- 1. Consider the job you want after graduation.** The Occupational Outlook Handbook (www.bls.gov/ooh/) explores jobs and education. For example, physical therapist assistants typically earn an associate's degree and have a median income of about \$40,000. Accountants typically earn a bachelor's degree and have a median income of about \$65,000. Thinking of a future job will help you choose a college and what to study once you're there.
- 2. Consider several colleges.** With more than 4,700 two- and four-year colleges in the United States, there are several options: big public universities, small private colleges, community colleges and trade schools.

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WORD BANK

Income - Payment people earn for their work.

Productivity - The amount of output produced per unit of time.

Do your homework: what is the graduation rate, what percentage of graduates get a job in their field, what is the school's reputation?

- 3. Consider how you will pay for higher education.** First, complete the FAFSA form, which colleges use to determine financial aid.

The FAFSA can seem scary, but this video will help: [▶ stlouisfed.org/fafsa](http://stlouisfed.org/fafsa).

Financial aid includes scholarships and grants, which you do not repay. For the remainder, you can finance college with a combination of savings, student loans and working while in school.

There are no guarantees, but college is generally a good investment and offers a bright future.

Money Smart Students Preparation: You learned about education and income. Find current job postings in the St. Louis Post-Dispatch or the ePost. In the ePost Jobs tab, use the "Salary Wizard" to explore jobs and income. Compare the income for a specific job in St. Louis to another city. Why do you think the pay varies? Then use the "Cost of Living Wizard" to compare St. Louis to the same city. Present your findings to the class.

Money Smart Students Extension: Most colleges are either public (supported primarily with taxpayer money) or private non profit (supported primarily with tuition and donations). However, there also are

for-profit schools that operate to make money for shareholders. For-profit colleges have come under scrutiny. Search the ePost for recent news to see why. Further, search online for the findings of a U.S. Senate committee report on "Troubling Realities for For-Profit Schools." Share your findings.

Money Smart Students Tip: Benjamin Franklin said, "An investment in knowledge pays the best interest."

Money Smart Students Trivia: In 2014, median weekly earnings were \$1,101 for someone with a bachelor's degree, as opposed to \$668 for someone with only a high school diploma.

