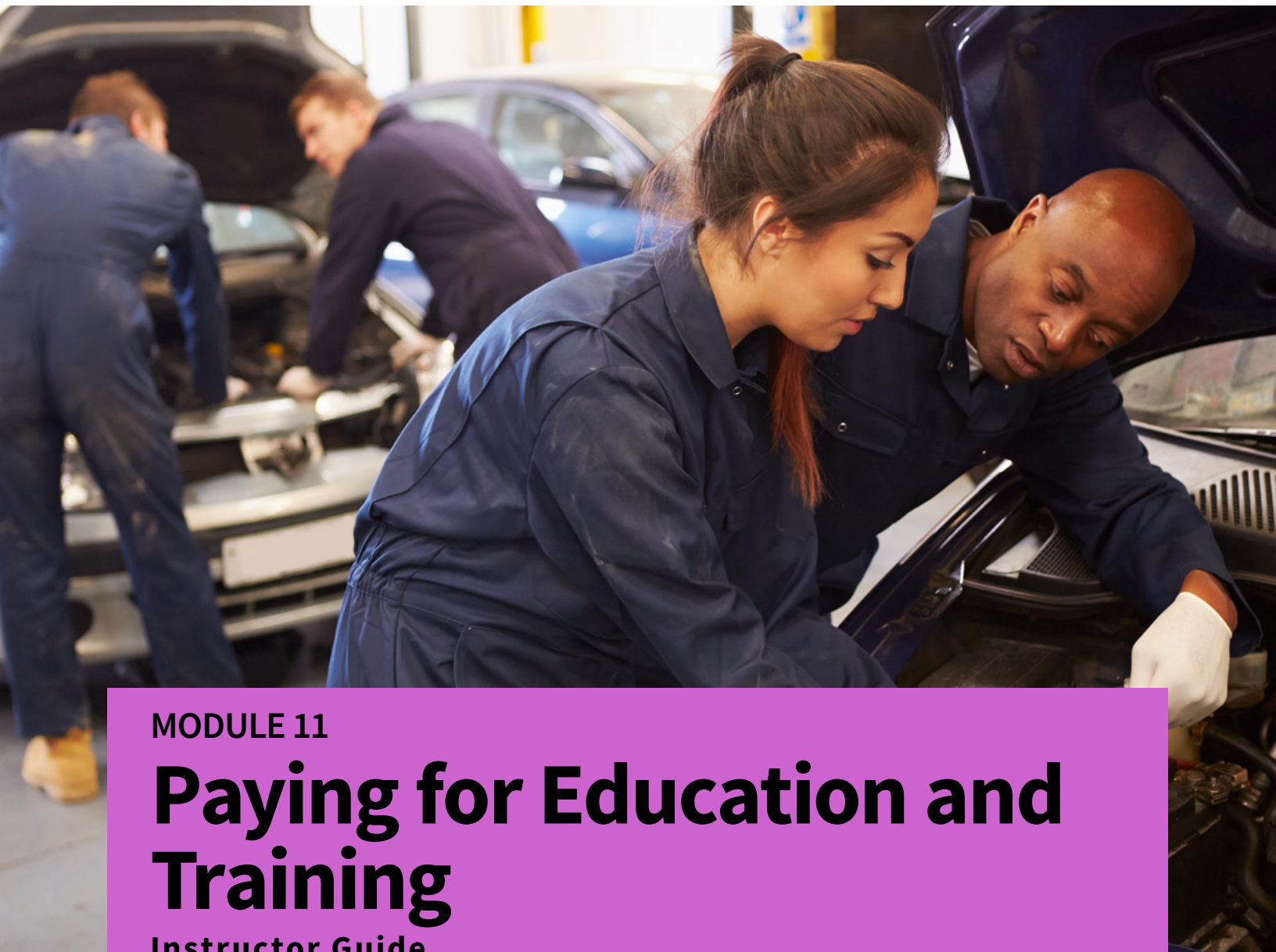




# **MONEY SMART FOR YOUNG ADULTS**



**MODULE 11**

## **Paying for Education and Training**

**Instructor Guide**



FDIC-030-2022

The Federal Deposit Insurance Corporation is an independent agency created by Congress to maintain stability and public confidence in the nation's financial system. One way we do that is by providing free, non-biased financial education materials, including this instructor guide. For more information about our family of Money Smart products, visit **[fdic.gov/moneysmart](https://www.fdic.gov/moneysmart)**.

# Contents

<b>Welcome .....</b>	<b>1</b>
Module Purpose .....	1
Module at a Glance .....	1
<b>Module Opening.....</b>	<b>3</b>
Welcome Participants as They Arrive .....	3
Pre-Training Survey (Optional) .....	3
Parking Lot and Participant Guide .....	4
<b>Section 1: Benefits and Costs of Education and Training .....</b>	<b>5</b>
Benefits of Education and Training .....	6
Costs of Education and Training.....	7
Apply It: Considering a Training or Education Option .....	8
<b>Section 2: Paying for Education and Training .....</b>	<b>10</b>
Ways to Pay .....	11
Financial Aid .....	11
Try It: Reading a Financial Aid Offer Letter.....	15
<i>Sample Financial Aid Offer Letter</i> .....	16
<i>Try It: Reading a Financial Aid Offer Letter – Answer Key</i> .....	17
Try It: Considering Options for Paying for School.....	18
<i>Scenario: Two Friends Consider Options for Paying for School</i> .....	18
<i>Try It: Considering Options for Paying for School – Answer Key</i> .....	19
Tax Advantaged Savings for Training or Education .....	19
<b>Section 3: Repaying Federal Student Loans .....</b>	<b>21</b>
Consequences of Not Repaying Student Loans .....	22
Federal Student Loan Repayment Options.....	23
Try It: Exploring Options for Repaying Student Loans.....	26
<i>Scenario: Alexander Is Worried About His Student Loans</i> .....	26
<i>Try It: Exploring Options for Repaying Student Loans – Answer Key</i> .....	27
<b>Module Closing .....</b>	<b>28</b>
Remember the Key Takeaways.....	28
Take Action .....	28
Post-Training Survey (Optional) .....	29
Answer Key for the Pre- and Post-Training Survey .....	29

# Welcome

Welcome to the FDIC's Money Smart for Young Adults!

This is the instructor guide for **Module 11: Paying for Education and Training**.

## Module Purpose

This module helps participants consider the benefits and costs of education and training after high school and how to pay for it. By the end of this module, participants will be able to:

- Explain the value of education and training after high school
- List different types of education and training
- Estimate the cost of education and training options
- List ways to pay for education and training, including student financial aid
- Compare offers from schools, including both financial and non-financial considerations
- List options for repaying federal student loans
- List steps to take to address falling behind on repaying student loans

## Module at a Glance

We estimate that you will need approximately two hours to cover the entire module, not including breaks.

SECTION	SUBSECTIONS AND ACTIVITIES	ESTIMATED TIME (MINUTES)
<b>Module Opening</b>	<ul style="list-style-type: none"><li>▪ Welcome Participants as They Arrive</li><li>▪ Pre-Training Survey (Optional)</li><li>▪ Parking Lot and Participant Guide</li></ul>	<b>10</b>
<b>Section 1: Benefits and Costs of Education and Training</b>	<ul style="list-style-type: none"><li>▪ Benefits of Education and Training</li><li>▪ Costs of Education and Training</li><li>▪ Apply It: Considering a Training or Education Option</li></ul>	<b>20</b>
<b>Section 2: Paying for Education and Training</b>	<ul style="list-style-type: none"><li>▪ Ways to Pay</li><li>▪ Financial Aid</li><li>▪ Try It: Reading a Financial Aid Offer Letter</li><li>▪ Try It: Considering Options for Paying for School</li><li>▪ Tax Advantaged Savings for Training or Education</li></ul>	<b>50</b>
<b>Section 3: Repaying Federal Student Loans</b>	<ul style="list-style-type: none"><li>▪ Consequences of Not Repaying Student Loans</li><li>▪ Federal Student Loan Repayment Options</li><li>▪ Try It: Exploring Options for Repaying Student Loans</li></ul>	<b>25</b>
<b>Module Closing</b>	<ul style="list-style-type: none"><li>▪ Take Action</li><li>▪ Post-Training Survey (Optional)</li></ul>	<b>10</b>

The FDIC created Real-Life Money Situations for Young Adults to strengthen the financial knowledge, skills, and self-efficacy of young adults ages 16 to 24. The five scenarios can be used with the Money Smart for Young Adults financial education curriculum, with other financial education curricula, or as stand-alone activities. Each scenario features a young adult facing realistic financial decisions. Young adults reflect on the scenarios and consider how they might respond in similar situations. The scenario titled Mateo Plans to Pay for College features financial decisions that relate to the content of this module. Search [fdic.gov](https://www.fdic.gov) for Real-Life Money Situations for Young Adults.

# Module Opening

Time estimate for this section: 10 minutes

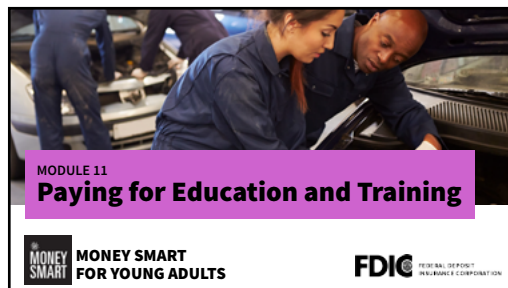
## Welcome Participants as They Arrive

### SHOW SLIDE 1



**DO**

- As participants arrive for the training, use this time to:
  - Welcome them and introduce yourself
  - Ask them to sign in for the training if you are using a sign-in sheet
  - Ensure that any requested reasonable accommodations are in place and make any necessary adjustments



## Pre-Training Survey (Optional)

See page 17 in the participant guide.

**Note to instructor:** Before training starts, you can ask participants to complete the pre-training survey in the back of the participant guide. Give participants copies of the survey, so they do not have to tear pages out of their guides. The questions are repeated in the post-training survey.

The answer key is at the end of this instructor guide, but do not share the answers now.

Using the pre- and post-training surveys allows you to estimate knowledge gains and get other feedback on the training. You may decide to compare pre-training surveys to post-training surveys to estimate knowledge gains of the entire group or for individual participants. To estimate by participant, ask them to write their name or some other unique identifier on both their pre- and their post-training surveys.

### SHOW SLIDE 2



**SAY**

- Thank you for coming to this Money Smart training on “Paying for Education and Training.”
- Please complete the pre-training survey on page 17 of your participant guide.
- It should take less than five minutes to complete.



**DO**

- Collect the completed surveys.

**Pre-Training Survey**  
See page 17 in your participant guide.

**Pre-Training Survey**  
Your instructor may ask you to complete this pre-training survey before the training begins.  
Please answer these questions:

1. Training equips you to perform a particular job or task. It has the potential to prepare you for a better career or higher paying job.  
☐ True ☐ False
2. You should only complete the Free Application for Federal Student Aid (FAFSA) if your family has low income.  
☐ True ☐ False
3. Scholarships and grants are only available from schools as part of the financial aid packages they offer.  
☐ True ☐ False

2

# Parking Lot and Participant Guide



- I will use a parking lot to capture questions, ideas, and other thoughts. We can add items anytime during the training. I will address them during breaks or at the end of training.
- You have a participant guide. You can write in it. It is yours to keep.

# Section 1: Benefits and Costs of Education and Training

Time estimate for this section: 20 minutes

See page 2 in the participant guide.

Participants will be able to:

- Explain the value of education and training after high school
- List different types of education and training
- Estimate the cost of education and training options

## SHOW SLIDE 3



**SAY**

- We will discuss the costs, benefits and different types of post-high school education and training.

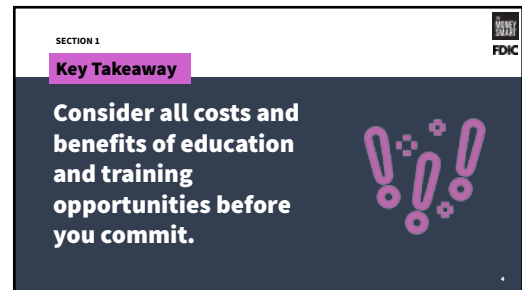


## SHOW SLIDE 4



**SAY**

- The key takeaway for this section is: Consider all costs and benefits of education and training opportunities before you commit.







# Benefits of Education and Training

Lead discussion (5 minutes)

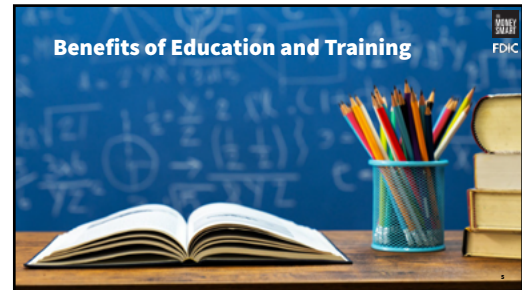
See page 2 in the participant guide.

## SHOW SLIDE 5



### SAY

- Training equips you to perform a particular job or task. It can prepare you for a higher paying career. Examples include training in automotive repair and graphic design.
- Education may be less focused on a particular task or job, but can also prepare you for a higher paying career. Examples of credentials you can earn from educational institutions after high school include:
  - Associate degree from a two-year college
  - Bachelor's degree from a four-year college



### ASK

- What are some types of education and training that could help you earn more?



### DO

- Let participants know they can take notes on page 2 in their participant guides.
- Write participant responses on a flip chart or whiteboard.

## SHOW SLIDE 6



### DO

- Add the following if not contributed:
  - On-the-job training
  - Apprenticeships
  - Vocational schools
  - Career and technical schools
  - Community colleges
  - Four-year colleges
  - Military service
  - Job Corps, AmeriCorps, and Peace Corps





# Costs of Education and Training

Lead discussion (5 minutes)

See page 2 in the participant guide.

## SHOW SLIDE 7



### ASK

- The increased pay and other benefits of education and training are important and can last for many years. However, education and training also have costs. What are some costs of education and training?



### DO

- Let participants know they can take notes on page 2 in their participant guides.
- Write participant responses on a flip chart or whiteboard.

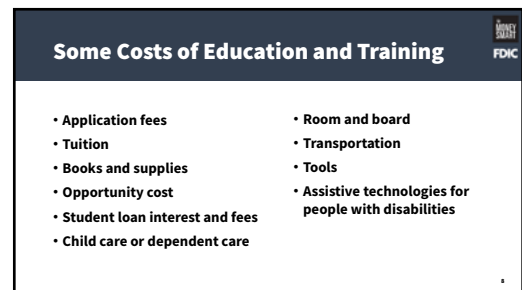


## SHOW SLIDE 8



### DO

- Add the following if not contributed:
  - Application fees
  - Tuition
  - Laptop/computer
  - Books and supplies
  - Opportunity cost of time spent in school that could be spent earning money
  - Student loan interest and fees
  - Child care or dependent care
  - Room and board
  - Transportation
  - Tools
    - » For example, a culinary school may require students to bring their own knives. A set of electrical tools may be needed for training to be an electrician.
  - Assistive technologies for people with disabilities
    - » A variety of technologies—including both software and physical equipment—can help people with different disabilities get education and training. For example, software may help students with dyslexia complete reading and writing assignments. An adaptive keyboard can help people with disabilities related to muscle control complete assignments that require typing.



## SHOW SLIDE 9



**SAY**

- When a school offers you a financial aid package, you will receive a financial aid offer letter.
  - This is different from an acceptance letter offering admission to the school's training or education program.
  - The financial aid offer letter—sometimes just called “offer letter”—states the estimated cost of attendance and lists financial aid the school is offering.
- The estimated cost of attendance may include tuition and fees, room and board (or living expenses), books, supplies, transportation, loan fees, a reasonable amount for a personal computer, and child care or other dependent care.
- If you will have costs that the school did not include in its estimated cost of attendance, consider those in your decision-making.
- We will talk more about offer letters and the cost of attendance later in the training.

Estimated Cost of Attendance	
• Tuition and fees	• Loan fees
• Room and board	• Personal computer
• Books	• Child care or other dependent care
• Supplies	
• Transportation	



## Apply It: Considering a Training or Education Option

Present information (10 minutes)

See page 3 in the participant guide.

## SHOW SLIDE 10



**SAY**

- Turn to “Apply It: Considering a Training or Education Option” on page 3 in your participant guide.
- If you are thinking about pursuing a training or education option, ask yourself the questions in this Apply It.
- We will review the questions now. You can complete this activity whenever you want to consider a specific training or education option.
- What is the average pay, required education, and market demand of the job you plan to pursue? To answer this question, you might want to research this career online. The Occupational Outlook Handbook from the Bureau of Labor Statistics is one place to start. There is a link to the handbook in the “Where to Get More Information or Help” section of the participant guide.
- How much does the training or educational program cost? Research how much it will cost. Keep in mind that, while enrolled, you will still need to cover your living expenses, including occasional unexpected expenses.
- When would you complete the training or educational program?

**Apply It**  
**Considering a Training or Education Option**  
See page 3 in your participant guide.

**APPLY IT:**  
**Considering a Training or Education Option**

If you are thinking about pursuing a training or education option, ask yourself these questions. These questions are just a start. Contact a person or organization you trust for additional help with the decision.

What is the pay, required education, and market demand of the job I am planning to pursue?

- If you are currently working, will your employer pay for some or all of the cost and what will your employer require in return? Are there other sources of funding available? We will talk about scholarships, grants, student loans, and other ways to pay for education and training later in this training.
- The next two questions start with “If applicable.” These questions apply if you will have student loans, which we will talk about later in this training.
  - When will you have to start repaying loan(s)? For how long will you have to repay them?
  - What will be the minimum monthly payment for your loan(s)?
- What will your job prospects be immediately after you graduate? What is the average starting salary in your city or town? How often do graduates from this school get this type of job?
  - Research can help you answer this question.
  - The U.S. Department of Education’s College Scorecard provides data on starting salaries by field of study for people who graduate from colleges around the country. Its site—**collegescorecard.ed.gov**—allows users to compare colleges: their fields of study, costs, and admissions. The site also offers information on graduation rates, levels of student debt after graduation, and students’ typical monthly loan payment.
  - The Bureau of Labor Statistics’ Occupational Outlook Handbook provides information about how much growth economists expect in specific professions, along with information on pay.
- How much more might you earn over my working years?
  - Estimate how much more money you might earn in the career in the years after you complete the training or education program. To answer this question, you will need to estimate how many years you will work in this career. Many people work into their 60s or longer before retiring.
- Given the above answers, is pursuing this path likely a good investment for you?
  - You can answer “yes,” “no,” or “I’m not sure. I need to give this more thought.” It’s okay if you need to give this more thought. The questions in this activity are just a start. Contact a person or organization you trust for additional help with the decision.

## SHOW SLIDE 11



### SAY

- Remember the key takeaway: Consider all costs and benefits of education and training opportunities before you commit.

SECTION 1

**Remember the key takeaway**

**“Consider all costs and benefits of education and training opportunities before you commit.”**

11

# Section 2: Paying for Education and Training

Time estimate for this section: 50 minutes

See page 5 in the participant guide.

Participants will be able to:

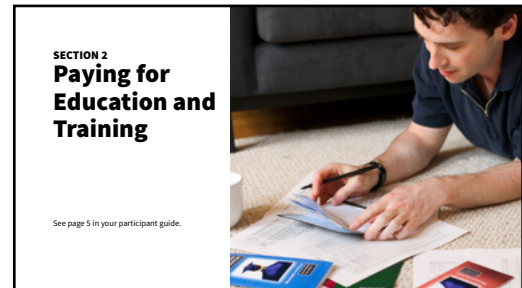
- List ways to pay for education and training, including student financial aid
- Compare offers from schools, including both financial and non-financial considerations

## SHOW SLIDE 12



**SAY**

- We will discuss ways to pay for education and training. We will also compare sample offers from schools, including both financial and non-financial considerations.

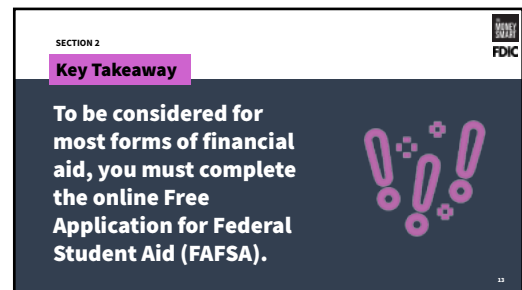


## SHOW SLIDE 13



**SAY**

- The key takeaway for this section is: To be considered for most forms of financial aid, you must complete the online Free Application for Federal Student Aid (FAFSA).





## Ways to Pay

Lead discussion (5 minutes)

See page 5 in the participant guide.

### SHOW SLIDE 14



#### ASK

- What are some ways people pay for education and training after high school?



#### DO

- Write participant responses on a flip chart or whiteboard.
- Add the following if not contributed:
  - Help from friends and family
  - Use savings
  - Work while attending school
  - Apply for scholarships and grants
  - Help from an employer
  - Borrow student loans

**Ways to Pay**

- Getting help from your friends and family
- Using savings
- Working while attending school
- Getting scholarships and grants
- Getting help from your employer
- Borrowing student loans



## Financial Aid

Present Information (10 minutes)

See page 5 in the participant guide.

### SHOW SLIDE 15



#### SAY

- Financial aid is money to help pay for education and training. Scholarships, grants, work-study, and federal student loans are forms of financial aid that help make education and training affordable.
- In addition to this training, you can get more information on financial aid from trusted sources listed in the “Where to Get More Information or Help” section of your participant guide.
  - Federal Student Aid, a part of the U.S. Department of Education, is the largest provider of student financial aid in the nation. Its website—**studentaid.gov**—includes information and resources to help people understand financial aid, apply for financial aid, and manage student debt.

**Financial Aid**

- Scholarships
- Grants
- Work-study
- Federal student loans

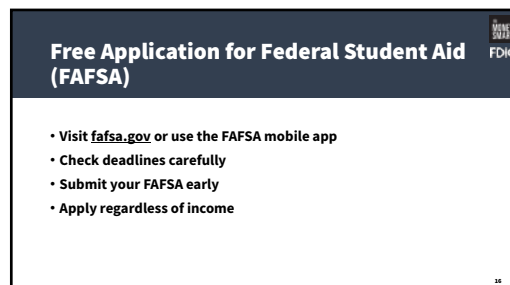
- The Consumer Financial Protection Bureau’s website includes a tool called *Your Financial Path to Graduation*. This tool can help you understand your financial aid offer, plan to cover the remaining costs, estimate how much you will owe and if you can afford that debt, compare offers from different schools, and decide what to do next. Visit **consumerfinance.gov**.
- The U.S. Department of Labor’s CareerOneStop includes information on paying for education and training. Visit **careeronestop.org**.

## SHOW SLIDE 16



### SAY

- To be considered for most forms of financial aid, you must complete the online *Free Application for Federal Student Aid* (FAFSA) at **fafsa.gov** or on the FSA myStudentAid mobile app.
- Submit the FAFSA and identify schools you want to attend. The selected schools access your FAFSA to consider what financial aid to offer you.
- Check deadlines carefully. There is a federal deadline for submitting the FAFSA each year. In addition, many states and colleges have earlier deadlines for your FAFSA information to consider what financial aid to offer you.
- Find your state’s deadline and check with schools about their deadlines.
- Submit your FAFSA early. If you submit your FAFSA early, there is a chance that colleges will give you an estimated financial aid offer early, giving you more time to compare colleges before the college decision deadline.
- Because of the variation in state and college deadlines, it’s highly recommended that you fill out the FAFSA form as soon as you can to avoid missing out on available aid. The FAFSA is normally available starting October 1 each year.
- There is no income cutoff to qualify for federal student aid. It doesn’t matter if you have a low or high income; most people qualify for some type of financial aid, including low-interest federal student loans. Many factors besides income—such as your family size—help determine your aid package.
- Many people who complete the FAFSA are dependent students and must report their parents’ information, as well as their own, on the FAFSA. If you are a dependent student but cannot get information from one or both of your parents, you can still submit a FAFSA. Federal Student Aid at **studentaid.gov** provides detailed information covering a variety of family situations.



## SHOW SLIDE 17



### ASK

- How are scholarships and grants different from each other?



### DO

- Write participant responses on a flip chart or whiteboard.

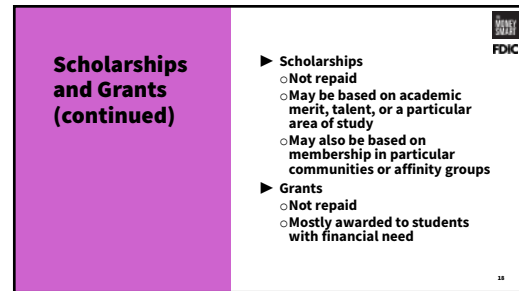


## SHOW SLIDE 18



### SAY

- A scholarship is a form of financial aid that does not have to be repaid. Scholarships may be based on academic merit, talent, or a particular area of study. Scholarships from sources other than federal funds may also be based on membership in particular communities or affinity groups.
- A grant is a form of financial aid that does not have to be repaid. Most grants are awarded to students with financial need. One example is Pell Grants, which are widely available. There are several other sources of grants as well.

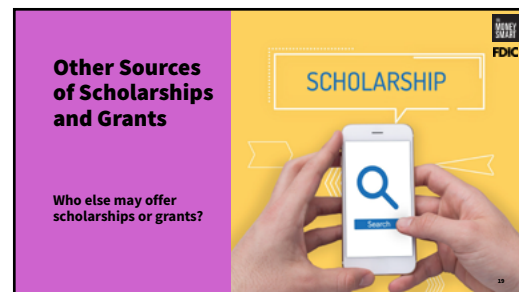


## SHOW SLIDE 19



### SAY

- Many scholarships and grants are awarded by schools based on information provided in the FAFSA and other considerations.
- However, scholarships and grants are also available from other sources. For example, local businesses may award scholarships and grants as a way to give back to their communities.
- You can look for websites that list scholarship and grant opportunities.



### ASK

- Who else may offer scholarships or grants?



### DO

- Let participants know they can take notes on page 5 in their participant guides.
- Write participant responses on a flip chart or whiteboard.

## SHOW SLIDE 20



### DO

- Add the following if not contributed:
  - Local businesses
  - Your employers
  - Your parent's employer
  - Trade associations and worker organizations
  - Places of worship
  - Chambers of commerce
  - Ethnic organizations



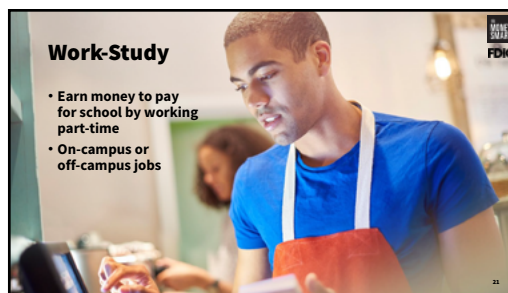


## SHOW SLIDE 21



### SAY

- The Federal Work-Study Program allows students to earn money to pay for school by working part-time.
- Schools offer financial aid in the form of work-study based on information provided in the FAFSA and other considerations.
- Schools maintain a list of jobs that are part of their work-study program. Most schools require students to apply for the jobs on their own.
- Jobs can be either on campus or off campus. On campus, students usually work for their schools. Off campus, they usually work for nonprofit organizations or state or local government agencies.

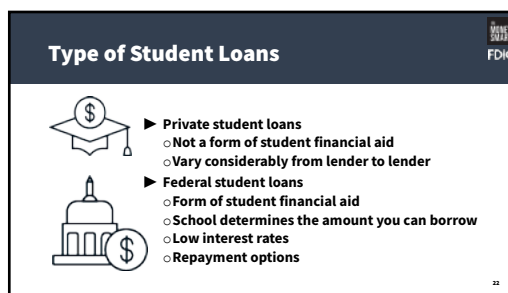


## SHOW SLIDE 22



### SAY

- There are two major types of student loans: private student loans and federal student loans.
- Private student loans are made by lenders such as banks, credit unions, state agencies, or schools.
  - Private loans are not considered financial aid. Still, information on private loan options sometimes appears on financial aid offer letters.
  - We will not be discussing private student loans in depth.
  - They can vary considerably from lender to lender.
- Federal student loans are offered by the federal government. Schools offer financial aid in the form of federal student loans based on information provided in the FAFSA and other considerations. Schools do not offer federal student loans to all students.
- Federal student loans help cover the cost of higher education at a four-year college or university; community college; or trade, career, or technical school. They are considered a form of financial aid.
  - Some people refer to these loans as Stafford loans or direct Stafford loans.
  - The U.S. Department of Education manages the federal student loan program. However, schools determine how much students can borrow, within limits set by the program.
  - The government may contract with a company to service the loans. Servicing includes the company's receiving your payments and being your point of contact for the loan during the repayment period.
  - Federal student loans offer interest rates that are lower than those commonly available from other lenders.
  - In addition, they offer several options for repaying your loan. Borrowers can select a different repayment plan at any point based on their financial situations. We will discuss those repayment options later in this training.



- For both private and federal student loans, it is each student's responsibility to borrow only what they can expect to repay. Estimating what you will earn after completing your education or training can help. The U.S. Department of Education's College Scorecard—at [collegescorecard.ed.gov](https://collegescorecard.ed.gov)—provides data on starting salaries by field of study for people who graduate from colleges around the country.

## SHOW SLIDE 23



### SAY

- There are two types of federal student loans: direct subsidized loans and direct unsubsidized loans.
- Direct subsidized loans are available to undergraduate students with financial need. Your school determines the amount you can borrow.
  - The U.S. Department of Education pays the interest on a direct subsidized loan while you are in school and during the six months after you leave school. The U.S. Department of Education pays the interest during deferments. Deferment is a temporary suspension of loan payments. People can qualify for deferment based on active-duty military service, some graduate fellowships, unemployment, economic hardship, and disability.
- Direct unsubsidized loans are available to undergraduate and graduate students. There is no requirement to demonstrate financial need.
  - You are responsible for paying interest throughout the life of the loan. If you choose not to pay the interest while you are in school, during the six months after you leave school, and during deferment, your interest will be added to the principal amount of your loan.

### Types of Federal Student Loans

- ▶ Direct subsidized loans
  - Available to undergraduate students with financial need
  - U.S. Department of Education pays the interest:
    - While you're in school
    - For the first six months after you leave school
    - During deferments
- ▶ Direct unsubsidized loans
  - Available to undergraduate and graduate students
  - No requirement to demonstrate financial need
  - Borrower responsible for paying interest throughout the life of the loan



## Try It: Reading a Financial Aid Offer Letter

Lead Activity (15 minutes)—Exercise  
See page 8 in the participant guide.

## SHOW SLIDE 24



### SAY

- Schools use the information in your FAFSA to decide what financial aid to offer you. They share the details of that financial aid package in a financial aid offer letter.
- Schools have different formats for their offer letters. However, they contain similar information and use similar terms. Understanding one offer letter format will make it easier to understand others.
- Turn to “Try It: Reading a Financial Aid Offer Letter” on page 8 in your participant guide.
- Take eight minutes to work in pairs to use the sample offer letter to answer the questions.

### Try It: Reading a Financial Aid Offer Letter

See page 8 in your participant guide.

**TRY IT:**  
**Reading a Financial Aid Offer Letter**  
Use the sample financial aid offer letter to answer the questions.

**Sample Financial Aid Offer Letter**

Arnold Lee  
123 Oakwood Drive  
Anytown, ST 00000

Dear Student:

We are pleased to offer you financial aid for the 2025/2026 academic year at Oakwood College. To accept, please click on online your financial aid offer letter and visit [www.oakwood.edu](http://www.oakwood.edu) to read your letter.

## Sample Financial Aid Offer Letter

Arnold Lee  
123 Orchard Drive  
Anytown, ST 00000

Dear Student:

We are pleased to offer you financial aid for the 2025/2026 academic year at Clearbrook College. To accept, decline, or reduce your financial aid offers, please visit [www.myclearbookfa.clearbrook.edu](http://www.myclearbookfa.clearbrook.edu). Once you have logged in, you may accept, reject, or reduce each form of financial aid offered.

Financial aid offers are subject to change based upon your eligibility. Eligibility may change due to verification of FAFSA data, enrollment status, satisfactory academic progress requirements, or other factors.

If you have any questions or would like to discuss your financial aid offer with one of our advisers, please contact our office by email at [financialaid@clearbrook.edu](mailto:financialaid@clearbrook.edu).

### Estimated Cost of Attendance

Estimated Cost of Attendance.....	\$50,000/yr
Tuition and fees.....	\$36,000
Housing and meals .....	\$11,000
Books and supplies.....	\$1,000
Transportation .....	\$1,000
Other education costs .....	\$1,000

### Grants and Scholarships

Total Grants and Scholarships .....	\$39,000/yr
Grants and scholarships from Clearbrook College .....	\$33,000
Federal Pell Grant .....	\$2,000
State grants .....	\$4,000

### Net Costs

Net Costs .....	\$11,000/yr
-----------------	-------------

### Options to Pay for Net Costs

#### Work-Study

Work-study .....	\$2,000/yr
------------------	------------

#### Loan Options

Federal direct subsidized loan (5.05% interest rate) .....	\$3,500/yr
Federal direct unsubsidized loan (5.05% interest rate) .....	\$2,000/yr
Private loan from Clearbrook College (6.00% interest rate) .....	\$2,000/yr
Private loan estimate based on market averages (8.25% interest rate).....	\$2,000/yr

### Estimated Family Contribution

Estimated family contribution .....	\$3,000/yr
-------------------------------------	------------

*As calculated using information reported on the FAFSA or to Clearbrook College.*



## DO

- Give participants five minutes in small groups to discuss the questions listed below the sample financial aid offer letter.
- After five minutes, review the questions, giving participants an opportunity to provide answers.

### Try It: Reading a Financial Aid Offer Letter – Answer Key

***How much financial aid is the school offering Arnold for the year that he does not need to pay back or earn by working?***

- \$39,000, the total annual amount of grants and scholarships.

***What is the cost of school to Arnold for the year, including amounts he will borrow, work to earn, and pay directly?***

- \$11,000, the net cost, which is the cost of attendance minus the grants and scholarships.

***Assume Arnold plans to pay \$3,000 directly for school from what he earns over the summer. Once at school he plans to earn \$2,000 through the work-study program. How much of the net cost remains?***

- \$6,000, the net cost minus the summer job and work-study earnings.

***If Arnold wants to borrow to cover that remaining amount, how much do you recommend he borrow for each type of loan? Explain your recommendations.***

LOAN	AMOUNT
Federal direct subsidized loan	\$3,500
Federal direct unsubsidized loan	\$2,000
Private loan from Clearbrook College	\$500
Private loan	\$0

- Borrowing the maximum amount in federal loans allows Arnold to benefit from the lower interest rates they offer. Federal loans also offer several repayment options that may benefit Arnold.
- Arnold should borrow the remaining \$500 from Clearbrook College because it offers a lower interest rate than the private loan.

***What options could Arnold explore that would allow him to borrow less?***

- Scholarships and grants from other sources
- Earning more
- Asking family for support



## Try It: Considering Options for Paying for School

Present information (15 minutes)

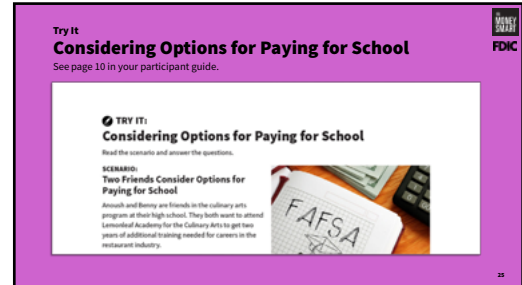
See page 10 in the participant guide.

### SHOW SLIDE 25



**DO**

- Ask participants to turn to “Try It: Considering Options for Paying for School” on page 10 in their participant guide.
- Read the scenario to the participants or ask for a volunteer to do so.



### Scenario: Two Friends Consider Options for Paying for School

Anoush and Benny are friends in the culinary arts program at their high school. They both want to attend Lemonleaf Academy for the Culinary Arts to get two years of additional training needed for careers in the restaurant industry.

Anoush submitted both the FAFSA and her application to Lemonleaf in November. Benny submitted his application to Lemonleaf in November but did not submit a FAFSA. He assumed that his parents' income was too high for him to qualify for financial aid.

They both received offers of admission in April. Around the same time, Anoush received a financial aid offer letter. The financial aid offer letter estimated the cost of attendance to be \$24,000 per year and offered scholarships, grants, and federal student loans to help offset that cost.



**DO**

- Give participants eight minutes in small groups to discuss the questions listed below the sample financial aid offer letter.
- After eight minutes, review the questions, giving participants an opportunity to provide answers.

## Try It: Considering Options for Paying for School – Answer Key

***Was Benny’s belief that he would not be eligible for financial aid a good assumption?***

- There’s no income cutoff to qualify for federal student aid. It doesn’t matter if you have a low or high income; most people qualify for some type of financial aid, including low-interest federal student loans. Many factors besides income—such as your family size—are considered to determine your aid package.

***What advice would you give Benny?***

- Check **fafsa.gov** to see if the federal deadline for submitting the FAFSA has passed for this year. If it has not passed, Benny could then contact Lemonleaf’s financial aid office to see if he could still be considered for financial aid. If so, Benny could submit the FAFSA and coordinate with Lemonleaf to find out what financial aid the school will offer him.

***If financial aid isn’t available to Benny from Lemonleaf this year, what are his alternatives?***

- Enroll and pay for the training without financial aid.
- Apply for scholarships. There may be scholarships available to Benny beyond what the school would offer based on the FAFSA. Benny could explore scholarships offered by businesses, individuals, private companies, nonprofits, religious groups, and professional and social organizations.
- Defer enrollment and use the time to work and save. Deferring enrollment means postponing attendance at a school for some period of time. Working for a year and saving would allow Benny to pay more of the costs of culinary school himself and borrow less. Doing so would also give him the opportunity to submit a FAFSA and be considered for a financial aid package from Lemonleaf. Schools have different policies on deferring enrollment. Benny should research whether he will risk not being admitted to Lemonleaf Academy for the Culinary Arts if he defers or reapplies.



## Tax Advantaged Savings for Training or Education

Present Information (5 minutes)

See page 11 in the participant guide.

### SHOW SLIDE 26



**SAY**

- Tax advantaged savings accounts can help you save for education. They have rules that eliminate or reduce the taxes you pay as your deposits are invested and earn income.
- 529 plans allow your savings for education and training to grow free of federal income tax. Each state offers one or more 529 plans, each with different rules and policies. Many state plans allow your savings to grow free of state income tax and offer other benefits.

**Tax Advantaged Savings for Training or Education**  
MONEY SMART  
FDIC

- ▶ 529 plans
  - Savings grow free of federal income tax
  - Rules and other benefits vary by state
- ▶ ABLE accounts (529A accounts)
  - For people with disabilities
  - Rules and other benefits vary by state

26

- When choosing a 529 plan, always consider your home state plan first as your state may offer state tax reductions or other benefits to residents. However, you can open a 529 account in other states. Only a few states restrict their plans to state residents.
- For more information on saving for education expenses using a 529 plan, visit **collegesavings.org**. This website address is in your participant guide in the ‘Where to Get More Information or Help’ section.
- ABLER accounts, also called 529A accounts, are for people with disabilities. They also allow money to grow tax free.
  - Money in ABLER accounts can be used for many qualified expenses, including education and training.
  - There are several state plans available with different rules and benefits.
  - For more information on ABLER accounts, visit the ABLER National Resource Center website: **ablenrc.org**.

## SHOW SLIDE 27



### SAY

- Remember the key takeaway: To be considered for most forms of financial aid, you must complete the online *Free Application for Federal Student Aid* (FAFSA).

SECTION 2

MONEY SMART  
FDIC

Remember the key takeaway

“To be considered for most forms of financial aid, you must complete the online Free Application for Federal Student Aid (FAFSA).”

27

# Section 3: Repaying Federal Student Loans

Time estimate for this section: 25 minutes

See page 12 in the participant guide.

Participants will be able to:

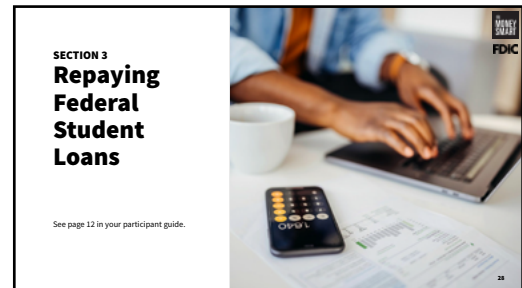
- List options for repaying federal student loans
- List steps to take to address falling behind on repaying student loans

## SHOW SLIDE 28



**SAY**

- We will discuss options for repaying federal student loans and steps people can take if they are behind on repaying student loans.

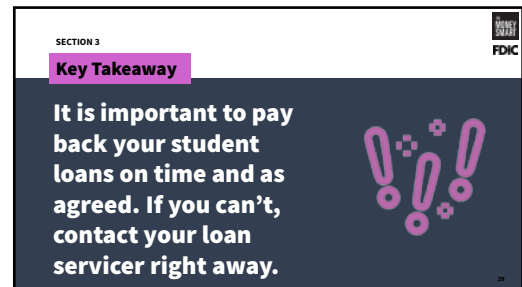


## SHOW SLIDE 29



**SAY**

- The key takeaway for this section is: It is important to pay back your student loans on time and as agreed. If you can't, contact your loan servicer right away.







# Consequences of Not Repaying Student Loans

Present Information (5 minutes)

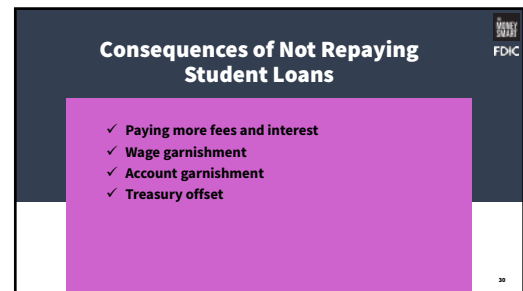
See page 12 in the participant guide.

## SHOW SLIDE 30



**SAY**

- It is important to pay back your student loans on time and as agreed.
- Problems caused by falling behind on student loan payments can include:
  - Paying more money in fees or interest than you would otherwise.
  - Having part of your paycheck taken for repayment of your student loan. This is often referred to as “wage garnishment.”
  - Having money taken from your account at a financial institution for repayment of your student loan. This is often referred to as “account garnishment.”
  - Having some or all of your tax refunds or other government payments taken for repayment of your student loan. This is another type of garnishment called a “Treasury offset.”

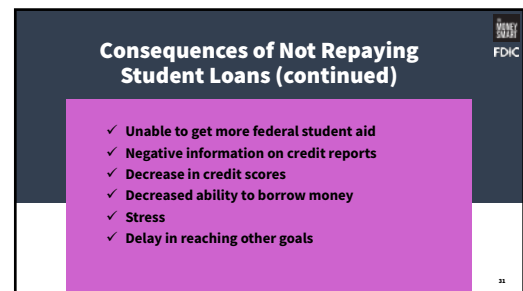


## SHOW SLIDE 31



**SAY**

- Other problems caused by falling behind on student loan payments can include:
  - Not being able to obtain more student aid until you catch up on payments. That could mean that you need to take one or more semesters off or otherwise change your educational plans.
  - Having negative information on your credit reports.
  - Having your credit scores go down because of the negative information on your credit reports.
  - Having a harder time borrowing money in the future because of the negative information on your credit reports and the decrease in your credit scores.
  - Experiencing stress.
  - Being delayed in reaching your other goals.



## SHOW SLIDE 32



SAY

- If you won't be able to make your student loan payments on time, contact your loan servicer right away. Your loan servicer is the financial institution, government agency, or other organization that collects your loan payments.
- You may have some repayment options that they can help you explore.
- For example, you may be able to restructure your monthly payments to be more in line with your current income.



## Federal Student Loan Repayment Options

Present Information (10 minutes)

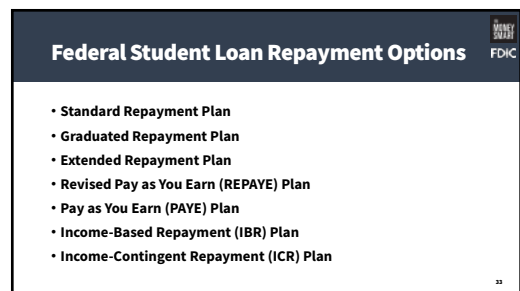
See page 13 in the participant guide.

## SHOW SLIDE 33



SAY

- Federal student loans offer several options for repayment. You can select a different repayment plan at any time for free.
- We will discuss the repayment plan options briefly. Consider whether a different repayment plan is right for you, visit Federal Student Aid at **studentaid.gov**. You will find up-to-date information on repayment plans and a loan simulator that you can use to choose a repayment plan.
  - You can also find rules for special situations. For example, teachers and employees of government and nonprofit organizations may be eligible for loan forgiveness.
- The options we will discuss apply only to federal student loans. If you consolidate your federal student loans into a private loan, these federal options are not available to you.
- Under the **Standard Repayment Plan**, your payments stay the same throughout the life of your loan. They are calculated so that you would pay off the loan in 10 years. You will generally pay less interest using this plan than under any other plan. The Standard Repayment Plan is the default option. If you do not apply for another option, you will be on this plan.
- Under the **Graduated Repayment Plan**, payments are calculated over a 10-year term and do not remain the same. They start out lower and usually increase every two years.
- Under the **Extended Repayment Plan**, payments are calculated over a 25-year term and may be fixed payments or gradually increase. You must have more than \$30,000 in outstanding federal student loans to qualify for this plan.



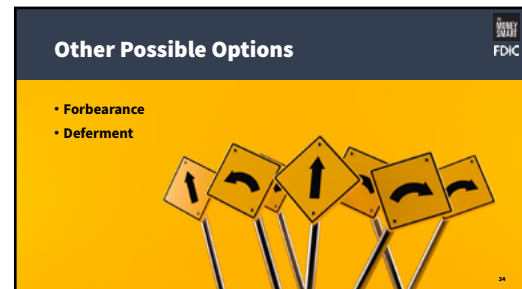
- Under the **Revised Pay as You Earn (REPAYE) Plan**, payments are 10% of your discretionary income. Your discretionary income is the difference between your annual income and 150% of the poverty guideline for your family size.
  - Payments are recalculated every year based on updated information.
  - The outstanding balance is forgiven after 20 years if all your loans are for undergraduate study or 25 years if any of your loans are for graduate study.
- The **Pay as You Earn (PAYE) Plan** is similar to REPAYE with a few exceptions. You need to consider a lot of details of your financial situation to choose between them. The repayment period for PAYE is 20 years.
- Under the **Income-Based Repayment (IBR) Plan**, payments are 10% to 15% of your discretionary income.
  - Payments are recalculated every year.
  - The outstanding balance is forgiven after 20 or 25 years, depending on when you are considered a new borrower.
- Under the **Income-Contingent Repayment (ICR) Plan**, the monthly payment will be either 20% of your discretionary income or the amount you would pay with a fixed payment over 12 years, whichever is lower.
- There are many more rules and eligibility requirements than those mentioned. If you are interested in exploring any of these options, you can read about them at **studentaid.gov**.
- That website also has a repayment estimator that can help you compare these plans.

## SHOW SLIDE 34



### SAY

- You may need to consider forbearance or deferment if you are struggling to pay federal student loans.
- Forbearance and deferment temporarily stop or reduce your monthly payments.
- They do not cancel your student loans or forgive your debt.
- **Forbearance** is a temporary postponement or reduction of payments.
  - People can qualify for forbearance because of financial hardship, including financial difficulties related to medical expenses. People can also qualify for forbearance because of changes in employment.
  - People who owe more than 20% of their monthly gross income in federal student loan payments may also qualify for forbearance.
  - Interest on your federal student loan will continue to accrue during that period.
- **Deferment** is a temporary suspension of loan payments.
  - People can qualify for deferment based on active duty military service, some graduate fellowships, unemployment, economic hardship, and disability.
  - Interest on your federal student loan may continue to accrue during that period, depending on the type of loan.

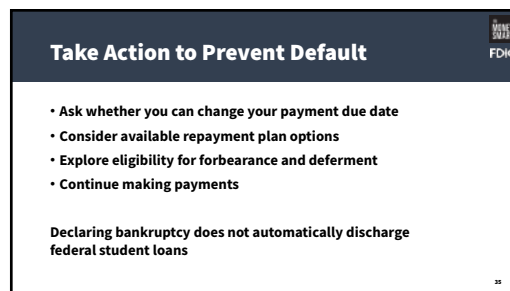


## SHOW SLIDE 35



### SAY

- Take action to prevent default. Default is failure to repay a loan.
- If you have missed one or more payments, you are delinquent, but may not yet be in default. For many federal student loans, you're considered to be in default if you don't make your scheduled student loan payments for a period of at least 270 days.
- Check your loan agreement to see how it defines default.
- To prevent default, consider contacting your loan servicer to:
  - Ask whether you can change your payment due date. If your payment due date is falling between paychecks, you may find you are struggling to make the payment.
  - Review the available repayment plan options and apply for a repayment plan you can afford.
  - Explore eligibility for forbearance and deferment.
- Continue making payments, if possible, until you receive official notification of your new repayment plan.
- Note that federal student loans are somewhat unique—they are not automatically discharged if you declare bankruptcy.
- Consult an attorney if you are considering filing for bankruptcy as a way to resolve default on student loan debt.

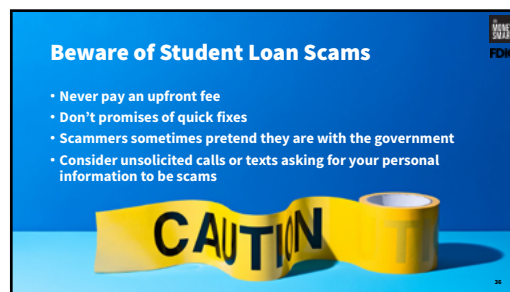


## SHOW SLIDE 36



### SAY

- Some companies may advertise that they can help student loan borrowers repay their loans quicker, cheaper, or get them forgiven altogether.
- Be cautious—some of these companies are running scams.
- Never pay an upfront fee. It is illegal for companies to charge upfront fees before providing debt relief services.
- Don't believe promises of quick fixes. Only scammers promise fast loan forgiveness.
- Scammers sometimes pretend they are with the government. Use of a U.S. Department of Education seal does not mean the company is legitimate.
- Consider unsolicited calls or texts asking for your personal information to be scams.





## Try It: Exploring Options for Repaying Student Loans

Present Information (10 minutes)

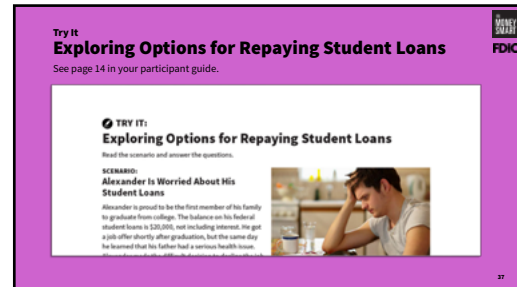
See page 14 in the participant guide.

### SHOW SLIDE 37



#### SAY

- Ask participants to turn to “Try It: Exploring Options for Repaying Student Loans” on page 14 in their participant guide.
- Read the scenario to participants or ask for a volunteer to do so.



### Scenario: Alexander Is Worried About His Student Loans

Alexander is proud to be the first member of his family to graduate from college. The balance on his federal student loans is \$20,000, not including interest. He got a job offer shortly after graduation. The same day, he learned that his father had a serious health issue. Alexander made the difficult decision to decline the job offer so that he could return to his hometown to help his parents and siblings.

Alexander found a job in his hometown, but it does not pay what he expected to earn after college. Alexander does not regret his decision to return home to help his family.

However, he doesn't know where the money will come from to make payments on his student loans.

The grace period will be ending soon, and he still has no idea how he will make the payments. The worry about his student loans is really weighing on him, especially when his family is already under stress.



#### SAY

- We don't have enough information to resolve Alexander's worry, but we can help give him some ideas for where to start.



#### DO

- Give participants four minutes to answer the questions.
- After four minutes, provide the answers as shown in the Answer Key. Time permitting, first ask participants to share their answers before providing the correct answers.

## Try It: Exploring Options for Repaying Student Loans – Answer Key

### *What repayment options could Alexander explore?*

Federal student loans have a number of repayment options. Alexander could explore whether he qualifies for:

- Graduated Repayment Plan
- Revised Pay as You Earn (REPAYE) Plan
- Pay as You Earn (PAYE) Plan
- Income-Based Repayment (IBR) Plan
- Income-Contingent Repayment (ICR) Plan

All of these options have the potential to relieve some of Alexander’s financial challenges. He would not be eligible for the Extended Repayment Plan because he does not have at least \$30,000 in federal student loans.

Alexander can also explore whether he qualifies for forbearance or deferment related to his current economic hardship.

### *Where can Alexander learn more about repaying federal student loans?*

Answer: A good starting place for Alexander to get information about his options is the U.S. Department of Education’s website for Federal Student Aid: **studentaid.gov**.

### SHOW SLIDE 38



#### SAY

- Remember the key takeaway: It is important to pay back your student loans on time and as agreed. If you can’t, contact your loan servicer right away.

# Module Closing

Time estimate for this section: 10 minutes

## Remember the Key Takeaways

**Note to Instructor:** Only mention key takeaways for sections you included in the training.



### SAY

Remember the key takeaways. These are also listed on page 15 in your participant guide. Let me know if you have questions about any of them.

SECTION	KEY TAKEAWAY
1: Benefits and Costs of Education and Training	Consider all costs and benefits of education and training opportunities before you commit.
2: Paying for Education and Training	To be considered for most forms of financial aid, you must complete the online Free Application for Federal Student Aid (FAFSA).
3: Repaying Federal Student Loans	It is important to pay back your student loans on time and as agreed. If you can't, contact your loan servicer right away.

## Take Action

See page 15 in the participant guide.

### SHOW SLIDE 39




### SAY

- You are more likely to take action if you commit to taking action now.
- Consider writing down what you intend to do based on today's training.
- Take a few minutes to answer the questions under "Take Action" on page 15 in your participant guide.






### DO

- If time permits, ask a few participants to share what they wrote.
- Remind participants about the activities in their participant guide they can complete after today's training.
- Refer participants to "Where to Get More Information or Help" on page 16 in their participant guide for a list of online resources.
- If this is the end of your training, thank participants for attending and administer the post-training survey.



### Take Action

See page 15 in your participant guide.

-  After this training, what is one thing you will do?
-  Who will you tell about your planned action?
-  What additional information do you need?

39

# Post-Training Survey (Optional)

See page 18 in the participant guide.

## SHOW SLIDE 40



### SAY

- Thank you for coming to this Money Smart training.
- Please complete the post-training survey on page 18 of your participant guide.
- It should take less than five minutes to complete.



### DO

- Collect the completed surveys.

**Post-Training Survey** **THANK YOU!** FDIC

See page 18 in your participant guide.

**Post-Training Survey**

Your instructor may ask you to complete this post training survey after the training ends.

Please answer these questions:

1. Training equips you to perform a particular job or task. It has the potential to prepare you for a better career or higher paying job.  
☐ True ☐ False
2. You should only complete the Free Application for Federal Student Aid (FAFSA) if your family has low income.  
☐ True ☐ False
3. Scholarships and grants are only available from schools as part of the financial aid packages they offer.  
☐ True ☐ False

40

## Answer Key for the Pre- and Post-Training Survey

1. Training equips you to perform a particular job or task. It has the potential to prepare you for a better career or higher paying job.

The answer is **true**.

2. You should only complete the *Free Application for Federal Student Aid* (FAFSA) if your family has low income.

The answer is **false**.

3. Scholarships and grants are only available from schools as part of the financial aid packages they offer.

The answer is **false**.

4. You can select a different repayment plan for a federal student loan at any time.

The answer is **true**.

**Note to Instructor:** There are no “right” or “wrong” answers to the remaining questions, which appear in the post-training survey and not in the pre-training survey.