

Warm-Up

Planning for the Cost of College

?

Lesson
Question

Lesson Goals

Plan for the necessary expenses of college.

Understand and find the costs of attending a two-year college for year.

Understand and find the of attending a four-year college for one year.

Devise a periodic plan for accumulating the money needed for college.

W
2K

Words to Know

Fill in this table as you work through the lesson. You may also use the glossary to help you.

scenario	an imagined or projected sequence of <input type="text"/>
four-year college	a higher <input type="text"/> institution with programs to earn bachelor's degrees
periodic	occurring at <input type="text"/> time intervals, such as weekly or monthly
two-year college	a higher education institution, such as a <input type="text"/> college or vocational school, with specialized job-training programs or programs to earn associate's degrees

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Two-Year College

A **two-year college** is a higher education institution, such as a college or vocational school, with specialized job training programs or programs to earn associate's degrees.

Benefits of a two-year college:

- Specific training
- Certification for specialized jobs
- Launching point for a degree

Costs of a Two-Year College

The table shows the average costs for the 2012-2013 school year for a full-time student who commutes to a public two-year college.

Costs	Average Amount
tuition/fees	\$3,131
living costs	\$7,419
books/supplies	\$1,229
transportation	\$1,648
other expenses	\$2,157

Total: \$

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Student Contribution for College

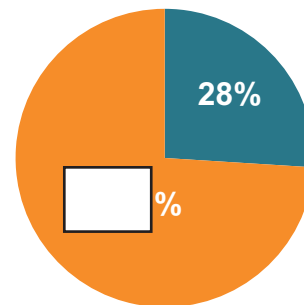
In 2012-2013, the average student at a two-year public college received \$4,350 in financial aid/grants.

- Average Total Cost: \$15,584
- Average Grant Aid: \$ 4,350
- Average Student Contribution:

per year
or \$5,617 per semester

College Costs

■ grant aid ■ student contribution

**Cost of College when Living at Home**

Consider this **scenario**.

- Stephanie plans to attend a local two-year college while living at home. She will not need to pay room and board.

• Average Total Cost: \$15,584

• Average Cost Room/Board:

\$

• Average Grant Aid:

\$ 4,350

- Expected Student Contribution:

11,234
– 7,419
\$

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Funding for College

Cost for one academic year at a two-year college:

- Average Total Costs: \$15,584
- Average Aid: \$4,350
- Average Student Contribution: \$11,234

What other sources of funding exist to cover a student's personal contribution toward education?

- accounts (tax free)
- Loans
- Part-time
- plans

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Creating a Plan to Save for College

Create a plan to save money throughout high school for your first year at a two-year college.

- Set a .

Example: \$10,000

- Determine the number of **periodic** deposits.

Monthly over a four-year period: deposits

- Determine the amount of each deposit.

$$10,000 \div 48 = \$208.33$$

\approx \$

- Start saving. Assume the account has a 4% interest rate compounded monthly.

4% interest rate on \$200 a month: \$ over the course of 4 years

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Four-Year College

A **four-year college** is a higher institution with programs to earn bachelor's degrees.

Benefits of a four-year college:

- Broad range of applicable to many fields
- Diverse topics to explore
- applicable to a wide spectrum of jobs

Costs of a Four-Year College

The table shows the average costs for the 2012-2013 school year for a public college attended by a full-time student who lives on campus.

Categories	In-State Average Costs	Out-of-State Average Costs
tuition/fees	\$8,655	\$21,706
living costs	\$9,205	\$9,205
books/supplies	\$1,200	\$1,200
transportation	\$1,100	\$1,100
other expenses	\$2,091	\$2,091

Total Average In-State Costs:

\$

Total Average Out-of-State Costs:

\$

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Determining the Student Contribution

In 2012-2013, the average student at a public four-year in-state college received \$5,750 in grant aid and federal tax benefits.

- Average Total : \$22,251

- Grant Aid: \$5,750

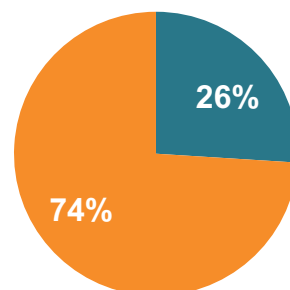
- Average Student Contribution:

\$16,501 per year

or \$ per semester

College Costs

■ grant aid ■ student contribution



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Creating a Plan to Save for College

Create a six-year plan to prepare for at least the first year of a four-year in-state college.

- Set a goal.

\$30,000.

- Determine the number of periodic deposits.

$6 \text{ yrs} \times 12 \text{ months} = \text{ } \text{ deposits}$

- Determine the amount of each deposit.

$30,000 \div 72 = \$416.67 \approx \$ \text{ } \text{ per month.}$

- Start saving. Assume the account has a 4% interest rate compounded monthly.

4% interest rate on \$400 a month: \$ over the course of 6 years

Summary

Planning for the Cost of College



Lesson Question

How can you plan to pay for the costs of college?



Answer

Use this space to write any questions or thoughts about this lesson.