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Financial Literacy and My College Decision

Part 1

Both my parents and grandparents have always impressed upon me the importance of smart money management. Some of the fondest memories that I have with my grandfather were made going to Golden Plains Credit Union to “cash in” my Looney Bucks. However, when I began the college decision process, I quickly realized that the price of a college education was far more than I had ever imagined and that I had been naive to think that I could afford to go to school anywhere I wanted. My college of choice quickly went from the prestigious University of California, Berkeley, to the University of Kansas, and finally, to Fort Hays State University, the alma mater of both of my parents.

Although I had a basic understanding of money management from completing a personal finance course at my school, I was completely oblivious to the real cost of college. From that point on, I knew that I would need to learn everything I could about money management to graduate from college debt-free. To accomplish this, I began working towards the completion of an Everfi Financial Literacy course. The interactive modules, including Banking Basics, Credit and Debit, and Financing Higher Education, allowed me to take a deeper dive into areas where my personal experiences and other courses were lacking.

I have had a savings account since I was a baby, and as a grade school student, I participated in my school’s banking program. Despite this, there were still several gaps in my knowledge of financial literacy. The Everfi modules were able to fill in these gaps. With the knowledge I gained from Everfi, I was able to open a savings account at a regional credit union completely on my own. Through the completion of the modules, I learned how to budget, build

credit, and manage my debt responsibly. These are skills that I will be able to use for the rest of my life. I feel confident that with the skills I have learned from the completion of the Everfi modules, I am uniquely positioned to manage my finances and assets responsibly. Over the next five years, I will use these skills to manage my finances appropriately so that I can complete my education without being forced to take on an immense amount of debt.

Part 2

This is especially important for my chosen career field of law, which requires a bachelor's degree and the completion of a three-year law degree. According to the *US News and World Report*, as cited by Abigail Johnson Hess of *CNBC*, "the average cost of attending a private law school is \$43,020 and attending a public law school costs an average of \$26,264 for in-state residents and \$39,612 for out-of-state students." Matt Carter of *Credible*, a financial technology company, reports that on average, it takes 18 years to pay off law school debt. In the next ten years, according to the US Bureau of Labor Statistics' (BLS) *Lawyers Occupational Outlook Handbook*, the employment of lawyers is projected to grow at an average rate of 4%. The majority of United States lawyers work in the corporate or private sector setting, although many work for local, state, and federal governments. However, the BLS continues, "Competition for jobs over the next 10 years is expected to be strong because more students graduate from law school each year than there are jobs available." This means that, although the median salary of an attorney in the United States is \$122,960 per year, I cannot work from the assumption that I will immediately have a high-paying job immediately following my graduation that will allow me to pay down high-levels of educational debt.

With this in mind, I looked beyond Berkeley and decided that attending a public, in-state, four-year institution, would be the best fit for me. I subsequently narrowed my choices to the

University of Kansas, Wichita State University, and Fort Hays State University. There are several resources available to help students narrow their college choices. One of these resources is the Consumer Financial Protection Bureau's (CFPB) "Compare your College Costs and Financial Aid Offers" tool. I used this tool to compare the costs of these institutions to select the best option for myself and my financial needs.

The first step in completing the college decision process was to identify how I planned to pay for my education and to determine if I would need to take out student loans. Through the completion of Everfi's "Paying for Higher Education" module, I became familiar with the different types of loans, who may apply for them, and the limits they have. As a result of this, I can make an informed decision on whether or not I would like to take out loans. There are many advantages to taking out student loans, including being able to afford your dream school. However, if they are not managed responsibly, student loans can damage your credit score and create financial stress. Furthermore, student loans can cost you more money in the long-term as a result of high-interest rates. According to the US Department of Education, the interest rates for direct subsidized and unsubsidized undergraduate loans is 2.75%, and the interest rate on direct unsubsidized loans for graduate students is 4.30%. Use of such loans is common but also avoidable.

To avoid paying more for their education in the long-term, many people opt to work their way through college, paying for and taking classes as they can afford it. Although this is a great option for saving money, using this financial strategy may force students to take a longer period to complete their degrees. After analyzing the advantages and disadvantages of both options, I decided to combine the two. To save money on my education, I will work hard to apply for as many scholarships as possible, get a job in college, and use personal and family savings to pay

for college; avoiding taking out loans for as long as possible. Should I have to take out loans, I will use the budgeting and financial planning skills I learned through Everfi to ensure that I will be able to pay more than the minimum payment each month and protect my credit score.

Since I knew that I wanted to avoid student loans if possible, I explored colleges with this in mind. First, using the Consumer Financial Protection Bureau's comparison tool, I explored the costs of attending the University of Kansas. (KU) According to the CFPB, the tuition rate at the KU is \$11,148 per year, the cost of housing and meals is \$11,262, and books will cost \$1,076, totaling \$23,486 per year. With my ACT score of 28, I am eligible to receive a \$2,000 Crimson and Blue Scholarship, bringing the cost down to \$21,486 per year. The US Department of Education's Office of Federal Student Aid reports that the maximum amount a student can borrow in both subsidized and unsubsidized loans is \$13,000 per year. To attend KU, I would have to take out the maximum amount of money I could borrow, and I would still be nearly \$8,500 short of paying the full cost. Because of this, I decided that attending KU was not the best option for my financial situation and long-term financial goals.

Next, I explored the cost of attending Wichita State University (WSU), a smaller Division 1 university. According to the CFPB, the cost of tuition is \$8,270, the cost of housing and meals is \$11,252, and the cost of books is \$1,250, totaling \$20,772. After analyzing the scholarship rubric from WSU, I discovered that I am eligible for a merit scholarship for \$3,500 per year, bringing the cost per year down to \$17,272 per year; roughly \$4,000 less per year than the University of Kansas. However, I realized that even with the maximum amount of student loans, I would still be roughly \$4,000 short of paying for my first year of college. Although WSU is significantly more affordable than KU, I decided that it was still out of reach for me.

Finally, I explored the cost of attending Fort Hays State University, a more affordable Division 2 option. The annual cost of tuition at FHSU is \$5,130, housing and meals are \$8,034 per year, and books are \$1,080, totaling \$14,244 per year. I have been awarded a \$3,750 Tiger Pride scholarship, bringing the annual cost down to \$10,494. Even without factoring in additional scholarships and personal savings, I discovered that FHSU was well within my budget, given that I have about \$9,000 in personal savings, accrued from my summer job and a small stock portfolio that was set-up for me by my grandparents.

Since I come from a long line of FHSU graduates, I had always ruled out attending FHSU. As an independent-minded teenager, I had no desire to follow in their footsteps; I wanted to walk my own path. However, as I walked through campus, I realized that it felt like home. Furthermore, because my grandparents live in Hays, I knew that I would have a support system while I was away from home. Additionally, the small class sizes FHSU offers allow students to form meaningful relationships with professors, allowing them to make lifelong connections and expand their network. The affordability, location, and opportunities that FHSU offers has made it perfect for me.

The completion of the Everfi Financial Literacy Course and the use of the CFPB's comparison tool have allowed me to find the perfect college for me and how to pay for it. This will set me up for success in my future endeavors, both academically and financially. I am incredibly grateful for both of these resources and am proud to be certified as an Everfi Financial Literacy completer. More importantly, I am proud that I have been able to plan for a future that does not involve the burden of student debt.

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