Time Required: 15 minutes

My Life, My Decision: Researching College Options

LESSON 4: STUDENT ACTIVITY SHEET

There's a lot to consider when deciding what you want to do after high school. What are your interests? Where do you want to work someday? How much money do you have to spend on your education, and how much debt are you willing to take on? Doing a little research can help you make wiser decisions. Get a head start by answering the questions below.

1. What are your interests? Is there anything you know you want to study in college? Do you have any career fields in mind?

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2. Which colleges offer programs in your fields of interest? Review websites such as Collegeboard.org and College.gov or pick up a copy of College Board's Book of Majors to help you find the strongest college programs in your area of interest.

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3. How much is tuition at the schools you researched? What other costs would be involved in going to school there (e.g., room and board, commuting to and from home, books and supplies)?

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4. What are the starting salaries in your career or field of interest? Websites such as salary.com can help you get a better idea.

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5. By what age do you want to have paid off your college loans? What else do you want for your life that could affect loan repayment (e.g., staying home for a time with small children)?

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Time Required: 20 minutes

Where to Stash Your Cash

LESSON 10: STUDENT ACTIVITY SHEET 1

There are lots of different choices when it comes to saving and investing your money. Understanding your options will help you make more informed decisions. Study the table below to familiarize yourself with different savings and investing strategies.

Strategy	What is it?	What's the risk?	What are the pros?	What are the cons?
Certificate of Deposit (CD)	Savings certificate issued by a bank or credit union	Minimal risk because it is insured by the Federal Deposit Insurance Corporation (FDIC) through a bank and the National Credit Union Share Insurance Fund (NCUSIF) through a credit union	- Higher interest rates than a traditional savings account - Not risky - The longer the term, the higher the interest you usually earn	- Must be left in the bank for a fixed amount of time - Steep penalties for withdrawing money early - Minimum balances required
Savings Account	A deposit account that earns interest and is issued by a bank or credit union	Minimal risk because it is FDIC or NCUSIF insured	- Not risky - No restrictions on withdrawals - Low or no minimum balances required	- Lowest interest rates - Some banks charge fees for opening and maintaining accounts
Money Market Account	A type of checking and savings account issued by a bank or credit union to hold your money	Minimal risk because it is FDIC or NCUSIF insured	- Higher interest rates than a savings account - Can withdraw money (with some restrictions)	- Higher minimum balance required - Some withdrawal restrictions (e.g., limits on number of withdrawals per month) - Subject to fees if balance below certain amount
Retirement Account	An account such as an IRA and 401(k) that helps you set aside money for retirement	Investment choices range from very secure government bonds to higher risk stocks	- Tax-deferred growth - Some employers will match contributions - Helps create long-term savings	- Steep penalties for withdrawing money before retirement - Contribution limits

Continued on the next page.

Where to Stash Your Cash

LESSON 10: STUDENT ACTIVITY SHEET 1

Strategy	What is it?	What's the risk?	What are the pros?	What are the cons?
529 Savings Account	A savings account designed specifically for educational expenses	Risk varies depending on investment choice. Some accounts offer FDIC or NCUSIF insurance while others can be invested in higher risk stocks	- Low minimum starting balance - Some states offer tax breaks - Tax deferred growth	- Have to use the money for college or face a 10% penalty
Mutual Funds	A collection of stocks, bonds or other investments that are professionally managed in a portfolio	Risk varies depending on the type of mutual fund	- Creates an opportunity to diversify investments	- Return is not guaranteed - If portfolio is professionally managed, it may be subject to high fees
Stocks	A stock is a share in the ownership of a company	Risk varies depending on investment choice	- If the market value increases, there is potential for great gain	- If the market value decreases, there is the potential for great loss - No guarantee for a return on investment and principle could be lost - Managing stock options may require professional help
Bonds	A bond is a loan in which you are the lender and the government is the borrower	Risk varies depending on investment choice	- Usually provides more security than stocks	- Historically lower return rates

STUDENT TIP

When you invest your money in CDs, savings accounts or money market accounts, a bank will insure your money through the Federal Deposit Insurance Corporation (FDIC) and a credit union insures your money through the National Credit Union Share Insurance Fund (NCUSIF). While the interest rates may be lower than other investment options, your money is always protected.

Time Required: 20 minutes

Bank It

LESSON 10: STUDENT ACTIVITY SHEET 2

If you had $100 and wanted to put it into a savings account, which institution and type of account would you choose? Choose two local banks or credit unions and write their names in the chart below. Then research specifics about each type of savings account at the two institutions, such as whether there are fees or minimum balance requirements. Record notes on your findings in the chart. Based on your research, which bank or credit union would you choose?

	Bank or Credit Union #1:	Bank or Credit Union #2:
Certificates of Deposit (CDs)		
Savings Accounts		
Money Market Accounts		
Retirement Accounts		
529 Savings Accounts		
Mutual Funds		
Stocks		
Bonds		

Continued on the next page.

Bank It

LESSON 10: STUDENT ACTIVITY SHEET 2

Scenario 1

Aiden's car is 12 years old and he's worried it might break down, so he's trying to save three months of expenses for unexpected repairs, while also saving for a new car. What are the best savings strategies for Aiden so he can keep his money accessible for repairs, but also save for a new car?

Scenario 2

Madeline's friends invited her to go to Cancun next year for vacation. She really wants to go, but she's not sure if she can afford the $1,000 trip. She has $500 saved in her dresser and has one year to save the rest, but she's not sure where to keep her money so she can maximize her savings. What is the best savings strategy for Madeline and why?

Scenario 3

Scott is a freshman in high school and plans to attend college someday. His grandparents gave him $5,000 to start his college savings, but he's not sure where he should keep this money until he's ready to go to college. What would be the best savings strategy for him?

STUDENT TIPS

When assessing the pros and cons of each savings option, remember to consider:

- Minimum and opening balances
- Contribution limits
- Service fees
- Withdrawal penalties or restrictions
- Interest rates
- Risks (is the account FDIC or NCUSIF insured?)

To get started with your research, check out:

- FDIC Bank Find: fdic.gov
- Credit Union National Association: creditunion.coop

Time Required: 15 minutes

Deal or No Deal: Understanding Car Loans

LESSON 3: STUDENT ACTIVITY SHEET

Down payment, interest rate, loan term—the lingo involved with buying a car can seem overwhelming. Find out more about the car-buying process and terminology by following the steps below.

STEP 1: Decide on a make and model. Visit truecar.com or Edmunds.com to find the price of the car you would like to buy; then record it here.
Total purchase price: $_______________.

STEP 2: Determine how much money you will need to borrow. Subtract the money you have for a ***down payment*** (the amount you give to the dealer on the day of purchase) from the total purchase price. For this exercise, imagine you have saved $5,000 for a down payment. The resulting total is the loan principal; record that amount here and in the chart below.
Loan principle: $_______________.

STEP 3: Get quotes from several lenders. The term and interest rate of the loan will vary and both of these factors will affect your monthly payment. (For this exercise, pretend that you have received the rates below.)

STEP 4: Calculate your monthly payments and total amounts paid. Your monthly payment is your principal divided by the number of months in your loan term, and then multiplied by your interest rate. Next, multiply the monthly payment by the loan term to determine the total amount paid. Record your monthly payments and final amounts paid in the chart below.

More Questions to Ask When Buying a Car:

What's the gas mileage? Cars with a higher gas mileage require less fuel.

Why do you need a car? A long commute or a big family could affect your choice.

What's the resale value? Some used cars are more desirable than others—visit kbb.com to find the resale value of yours.

How long do I plan on needing a car? This may influence how much debt you decide to take on.

Can I find a better price? Costs vary—do your research to get the best price.

Lender	Loan Principal	Loan Term	Interest Rate	Monthly Payment	Total Amount Paid
Scenario 1		36 months	6.75%		
Scenario 2		48 months	4.75%		
Scenario 3		48 months	5.99%		
Research your own					
Research your own					

STEP 5: Decide which loan makes the most sense for you. Which do you think is the best option above? Why?