HOW LONG WILL YOU PAY FOR COLLEGE?

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About the Activity
Student loans can help pay for college, but what about repaying those loans after graduation? This activity will help students compare potential income based on different career paths and get a sense of what it takes to pay for monthly living expenses — including repaying those student loans.

Supplies

• Device with internet connection
• Access to a printer
• Calculator or computer/online spreadsheet program (like MS Excel or Google Sheets)

Grades: 7-12

Topic: College Readiness, Financial Literacy
Time: 45-60 minutes
Activity Steps

Before we start, think about the fact that most students use loans to pay for part of their college expenses. Those loans need to be paid back, and that repayment process starts after you graduate, typically six months after graduation or otherwise leave school. So, the income you earn from a job after college needs to pay for all of your basic expenses (like rent, food, and transportation), but also for monthly loan repayments.

Not surprisingly, different careers pay different amounts. So, depending on what career you pursue, you might have only a little money, or a lot, left over in your budget each month. Sometimes, but not always, what you study in college can influence what kind of job you might pursue. So, it could pay to begin thinking about what you want to major in, and what kind of job you think you’ll get coming out of college, and farther down the road.

Okay, let’s get started.

1. Take a Career Interest Survey

What you study in college can influence your career path. Taking the time to complete a career interests survey can help you better understand what careers and college majors to consider. This survey is free: Free Career Test for Students Online: High School, College, Teens, Adults

DID YOU KNOW? The top 3 most popular majors are business, nursing and psychology.

2. Find the Starting Salaries for a Career

• Download the worksheet and print three copies.
• Using results from the survey above, write down a possible career on each worksheet.
• Then, go to the U.S. Bureau of Labor Statistics and search for each job. Use the search box on the left side of the screen about halfway down if you can’t find your career on the first page.
• When you find the right job, click on it. Then, scroll down to “Percentile wage estimates” for the job.
• Find the estimated annual salary listed in the 10% column. This number is generally the starting salary for that career.
• For this activity, you want a monthly income, so take the estimated annual salaries you already found and divide by 12.
• Write each monthly salary on the corresponding worksheet.

DID YOU KNOW? 7 in 10 college students graduate with nearly $30,000 in student loan?

3. Calculate Your Budgets

• Using the budgeting template, fill in monthly income and expenses. Ask a parent or another adult to help you estimate the cost of various items.
• For the purpose of the exercise, assume your monthly student loan debt after graduation is $300.
• Using a calculator or spreadsheet program, add up all those expenses in your budget.

DID YOU KNOW? The average student loan monthly payment is $393, according to the Federal Reserve Bank of New York.

4. Compare Your Budgets

Compare the three estimated starting salaries with the expenses in your monthly budget. What does your bottom line look like in each scenario?
Test Your Knowledge

See how much you learned about paying for college with student loans.

QUESTION 1
What is the average amount graduates repay in student loans?
- $3,000
- $75
- $393
- $222

QUESTION 2
Fill in the Blank: _____ in 10 students graduate with more than $_______ in loan debt.
- 2, $100,000
- 7, $30,000
- 4, $50,000
- 8, $12,000

QUESTION 3
Usually, when do graduates begin to pay back their student loans?
- One year
- Immediately
- Six months
- Three months

QUESTION 4
Fill in the Blank: In the Bureau of Labor Statistics salary survey, the 10% figure is ______.
- The typical starting salary.
- What the worst performers make
- The salary in the least expensive parts of the country

QUESTION 5
Fill in the Blank: The three most popular college majors are business, nursing, and ______.
- Computer science
- Engineering
- Liberal Arts
- Psychology

Reflection Questions
Questions to deepen wonder and understanding

- Did the starting salaries you researched cover all your expenses including your monthly $300 student loan repayment? Did any fail to cover your budget?
- If you found a career that you think you are interested in pursuing, what would be an appropriate college major to consider?
- Do you think the amount of money you will pay for college will be worth your expected salary for your chosen career/major? Why or why not?
- Is financial compensation all that you should consider when choosing a career or major? What are other considerations?
Investigate & Explore

Take your new knowledge to the next level.

You should choose a career that matches your interests and abilities, not one that will simply pay the bills – because you should enjoy what you do every day! But it is important to consider the types of careers you’re interested in and what those career prospects look like so that you can be realistic about your life after college in terms of how much money you will earn, how much you will owe, and the lifestyle you want to lead. Here are a few things to consider:

**Find a college offering the major:** If this activity helped you find a major or two you might be interested in exploring further, that’s great! But how do you find a college that offers that major? You can search for colleges with top-ranked programs by major [here](#).

**Jobs in the future:** If you are unsure about a major or career, that’s okay! A lot of students begin college without declaring a major. In-demand careers in the future might be different than what is popular today. Here is a helpful [article about future careers](#).

**Budgets depend on where you live:** The cost of living and lifestyle varies greatly in different parts of the country. For instance, **$1000 a month might get you a tiny apartment in New York**, but you could rent a whole house in Kansas. Likewise, you can do the same job in different parts of the country and earn different amounts. That is because the cost of living varies depending on where you live. If you know you want to live in a certain city after graduating college, you can use a [cost of living calculator](#) to learn more about costs there and what your monthly budget might look like.