

# ROCI Reality Check

## A Curriculum Guide for Educators



Programs from Iowa Student Loan Liquidity Corporation

# Our Responsible Borrowing Efforts

We are dedicated to finding ways to help students make responsible borrowing decisions. Since 2009, we have devoted a tremendous amount of research and development hours to produce several financial literacy tools to aid Iowans' college success. These financial literacy tools are offered at no charge to all educators, students and families.

Most Appropriate for grades 5–10

## It's Worth It: Thinking Smart About Your Money

This program aims to help middle school students gain a good understanding of finances and develop sound financial behaviors and decision-making skills so they can better face more difficult financial decisions, such as borrowing for college, in the future.

Most Appropriate for grades 9–12+

## Student Loan Game Plan



Student Loan Game Plan® is integrated into our private loan program applications for student borrowers and their cosigners, and public versions are available for college and high school students on our website. Users are encouraged to consider various means of lowering costs and increasing income to reduce borrowing.

## Return on College Investment



This resource helps students discover how to maximize their return on college investment, or ROI. Return on College Investment allows students and families to explore jobs held by others in their areas of interest. After choosing a degree type and area of career interest, users see potential careers. Each career choice shows estimated starting salary, a potential financial return on an initial investment in multiple educational scenarios, recommended education for the chosen career and prospective future job openings, as well as related careers to explore.

## College Funding Forecaster



The College Funding Forecaster helps families determine a total four-year college cost—and potential debt—based on the information provided in a freshman-year financial aid award packet, as well as family and student savings and earnings, additional scholarships and planned expenditures during college. The tool is customizable to allow families to see how the decisions they make affect their bottom line and total forecasted student debt.

## Return on College Investment

The Return on College Investment tool is vital to anyone planning to borrow money for college because:

- ▶ College degrees continue to cost more.
  - As students take on more debt to finance college, they must take steps to ensure the end justifies the means.
  - A focus on financial return helps put in perspective the possible outcome for a student's investment of time, money and effort in college
- ▶ Informed decisions are better decisions.
  - This information helps students understand whether they are likely to realize their desired financial results from a college degree.
- ▶ The choice of a career interest matters.
  - The tool allows students to compare different career choices' earnings potential, job prospects and maximum suggested student loan debt level.
- ▶ Students expect convenience.
  - Users can easily compare many jobs and educational scenarios in one location.
- ▶ The tool provides opportunities to explore careers in depth.
  - Expanded job information is provided through links to the U.S. Bureau of Labor Statistics.
  - Additional jobs related to the result are easily displayed.

## Purpose of This Guide

In 2008, Iowa’s Governor Chet Culver signed into law a bill that required Iowa schools to adopt a core curriculum that included financial literacy skills in its 21st Century Learning Skills. According to the text of the law, “financial literacy” should “include but not be limited to financial responsibility and planning skills; money management skills, including setting financial goals, creating spending plans, and using financial instruments; applying decision-making skills to analyze debt incurrence and debt management; understanding risk management, including the features and functions of insurance; and understanding saving and investing as applied to long-term financial security and asset building.”

No particular text or curriculum was endorsed or required by the law, leaving the choice of materials to individual schools. The online Return on College Investment tool can help educators in Iowa meet some of the standards listed in the Iowa Core while helping young Iowans and their families make informed decisions about financing their college experience. The table beginning on the next page correlates some of the activities in this guide with the Iowa Core 21st Century Learning Skills. We hope that educators will expose students and their families to the concepts introduced by the Return on College Investment tool to fill gaps in this aspect of financial literacy education.

## How to Use This Guide

This guide was created to provide educators with a flexible set of discussion questions and topics that can be used to build a lesson or set of lessons related to the concepts covered by the Return on College Investment tool. These concepts involve using knowledge of the potential financial return for college graduates to put into perspective the possible outcome for a student’s investment of time, money and effort in college.

Educators are encouraged to use the suggested activities to put together lessons on this aspect of financial literacy that can range from one day to several weeks. Some lessons can be completed in one class period or be expanded to cover several periods and possibly additional long-term assignments. Prompts are provided to encourage discussion both in the classroom and at home—studies show the importance of involving parents in the financial literacy education of their children.

Iowa Core 21st Century Skills: Financial Literacy Essential Concepts and Skills for High School	Covered in this Curriculum Guide
Demonstrate financial responsibility and planning skills to achieve financial goals for a lifetime of financial health. (21.9-12.FL.1)	
Develop short- and long-term financial goals.	
▶ Understand the concept of setting short-term (next six months) and long-term (beyond six months) goals.	✓
▶ Evaluate the role short- and long-term goals play in financial success. Assess the impact of goal setting on personal financial success.	✓
▶ Describe the impact of goal setting on personal financial success.	✓
Understand needs versus wants.	
▶ Explain the difference between needs and wants. Analyze their own needs and wants to determine importance (prioritize).	✓
▶ Develop plans to achieve their most important needs and wants.	✓
▶ Explore individual decisions made as a consumer and distinguish between fact and opinion in advertising.	
Manage money effectively by developing spending plans and selecting appropriate financial instruments to maintain positive cash flow. (21.9-12.FL.2)	
Develop a realistic spending plan for financial independence.	
▶ Understand the concept of developing a spending plan that promotes living within one's means.	✓
▶ Evaluate spending plans that promote maintaining a larger income than expenditures.	✓
▶ Develop and assess impact of different spending plans to make informed choices.	✓
▶ Describe the impact of global issues on financial planning.	
Understand various sources of compensation.	
▶ Identify various types of income (e.g., allowances, salary, hourly wage, commission, benefits, gross and net income).	✓
▶ Compare various compensation options to determine which best fits individual needs.	
▶ Explain how income affects lifestyle and spending choices.	✓
Understand financial instruments.	
▶ Understand the responsibility of maintaining accounts using financial instruments such as checking accounts, debit cards, and ATM cards.	
▶ Demonstrate the ability to reconcile personal records with financial institution's records.	
▶ Differentiate between interest-bearing and noninterest-bearing accounts.	

Recognize the impact of fees and charges.	
▶ Identify options for online financial transactions (buying, making payments, transfers, etc.).	
▶ Understand the distribution of resources.	
▶ Identify options for distributing resources.	
▶ Analyze short- and long-term benefits of different resource allocation opportunities.	
▶ Create a personal spending plan to include savings, spending, giving, and/or investing consistent with their financial goals.	✓
Make informed and responsible decisions about incurring and repaying debt to remain both creditworthy and financially secure. (21.9-12.FL.3)	
Identify responsible credit card management.	
▶ Compare and contract offers of credit card, instant loan, and introductory offers (low rate introductory, startup fees, and fixed rate.)	
▶ Explain credit card features, including annual fees, interest rates, and incentives.	
▶ Understand implications of making minimum payments, late payments, and late fees.	
Understand different types of debt.	
▶ Understand the types of debt consumers encounter.	
▶ Compare loan terms and rates to determine best choice.	
▶ Identify the impact of loans on a personal financial plan, such as auto, student, credit card, major purchase.	
▶ Identify asset-producing debt versus living expense debt.	✓
Understand rights and responsibilities of borrowers.	
▶ Identify factors considered for qualifying for and securing a loan (i.e., what makes a person a good or bad credit risk).	
▶ Understand the meaning of a credit score and how it is used to negotiate better loan options. Identify the steps in checking their own credit score and making corrections if needed.	
▶ Explain the potential consequences for not meeting the requirements of the agreement (i.e., payment amount, due dates, insurance, taxes, etc.).	
▶ Explain an individual's rights and responsibilities under consumer protection laws.	
Evaluate and identify appropriate risk management options, including types of insurance, non-insurance, and identity protection. (21.9-12.FL.4)	
Establish strategies for protection of identity.	
▶ Describe the importance of protecting their identity.	
▶ Distinguish legitimate from fraudulent solicitations.	
▶ Understand the impact of technology on personal security.	
▶ Identify important identification numbers and explain when they should or should not be shared.	
▶ Explain ways to protect their identity.	

Recognize different types of insurance.	
▶ Explain different types of insurance and identify the appropriate need for each.	
▶ Determine appropriate options available to reduce the cost of premiums.	
Recognize different types of non-insurance protection.	
▶ Explain importance of legal and written documentation to protect individuals.	
▶ Identify types of documentation used by individuals to prevent personal and financial loss. Analyze the types of protection available and their appropriate use.	
Assess the value, features, and planning processes associated with savings, investing, and asset building, and apply this knowledge to achieve long-term financial security with personal and entrepreneurial goals in a global market. (21.9-12.FL.5)	
Recognize investment options.	
▶ Assess the many factors that influence financial planning. Explain the importance of savings.	✓
▶ Explain the impact of short- and long-term financial goals for asset building.	✓
▶ Outline the process of adjusting the financial plan to accommodate changes in funds.	✓
▶ Describe the importance of adjusting goals over a lifetime as well as preparing for retirement and estate planning.	
Distinguish investment options.	
▶ Distinguish between the various types of investment options.	
▶ Understand the power of compounding interest.	
Understand the relationship between investment risk and return.	
▶ Identify the level of risk involved with investment options.	
▶ Explore the potential returns related to investment options.	✓
▶ Explain the concept of wealth building.	
Understand human, cultural, and societal issues related to financial literacy, and practice legal and ethical behavior. (21.9-12.FL.6)	
Recognize the local, state, national, and international impact of personal financial habits and actions.	
▶ Analyze the complexity of financial transactions as a member of the international community.	✓
▶ Evaluate the interconnectedness of the production of goods and services at the local to international levels.	
Demonstrate responsible financial behaviors, at the personal, local, state, national, and international levels.	
▶ Manage personal and professional financial interactions following legal and ethical guidelines.	
▶ Respect the rights and responsibilities of others in financial interactions.	
▶ Practice responsible financial behaviors within an international financial environment.	

# Classroom Guide

## Return on College Investment

# Lesson 1 Think About Career Choices



Discover the educational paths that can bring a student to the career destination of their choice.



Explore the relationship between education after high school and career paths.

1. What do you want to do for a career? What college major will let you successfully follow that career path? Although some students will provide responses that do not require a traditional college education, the Return on College Investment tool focuses on getting a college degree, whether it is an associate, bachelor's, master's or professional degree. Listen to and positively reinforce any non-traditional paths offered and assure students who provide responses focused on military, career training education and apprenticeships, or other paths that this exercise will have relevance to them too.
2. People select certain career paths for reasons other than the financial rewards. What is important to you in regard to your future career? Ask students to discuss what is important to consider when choosing a career path.
3. Look at a specific degree—a bachelor's degree for someone interested in an accounting career. Check out the return on investment results for two or three of the results. What college majors are associated with each career? Compare the results for an accountant or auditor to those for a chief executive. What do you notice about these results? Students should note several related majors associated with the job results—accounting is one, along with economics, finance and applied mathematics. But social sciences and statistics are also represented. If students are not familiar with a particular major or how it differs from another, encourage them to research the types of classes each major may take. When comparing accountants and auditors to chief executives, students may notice the differences in starting salary as well as the number of new jobs needed nationally in the near future. Also point out that while the Return on Investment by College Options charts may look similar, the scale indicates that those who end up as chief executives see a higher return on their investment. Point out that new college graduates are not likely to find a job as a chief executives.

Students or the teacher can repeat this exercise using some of the careers that students provided in response to the first question.

4. Remember, the education you need to pursue your career is not free. How do you plan to pay for the education necessary to achieve your career goal? Discuss options for funding post-high school education:
  - Savings, earnings (including 529 plans, income from jobs worked before and during education)
  - Gift aid (including grants and scholarships, parent or family contributions)
  - Borrowing (including federal student and parent loans listed in financial aid packages as well as private student loans that students need to borrow themselves)
5. Do you think you have a realistic understanding of the costs of a college education? Let's look at some examples of real costs from college websites and compare these to what you think it costs. How close were students' estimates? If they were generally too low or too high, discuss why that might be.



## Explore the variation in expenses and outcomes for a given career path.

1. Think about the college degree you want to pursue. Is it possible that you could pay more to earn that degree than another person who earns the same degree? Discuss why this might happen. Possible causes of variation in costs include the type of school attended; in-state/out-of-state tuition differences; effort exerted—a person taking more credit hours per semester (plus summers) may earn a degree faster than another person who does not exert extra effort, thereby saving money by graduating on time; travel expenses based on in-state/out-of-state differences; buying used books versus new books; etc.
2. What things can you do now and when in college to minimize the cost of college? Examples include:
  - Try to live off a small amount of cash instead of using debit or credit cards.
  - Target a career and prepare for future job opportunities.
  - Apply for financial aid on time—or early.
  - Borrow only the amount you really need.
  - Research grants and scholarships.
  - Explore loan forgiveness programs.
  - Find paid internships.
  - Consider volunteer and military programs that will pay some or all of your tuition.
  - Plan out your classes to graduate on time.
  - Take as many classes as you can handle without spending more.
  - Rent your textbooks.
  - Live at home.
  - Eat meals that have already been paid for through a dining plan.
  - Find roommates to share living expenses.
  - Use public transportation, or bike or walk, instead of driving.
  - Buy items at a discount.
  - Reduce your entertainment expenses.
  - Stay healthy and in good shape.
  - Work part-time on or off campus.
  - Work during holiday and summer breaks.
  - Rely on relatives for financial assistance.
  - Save what you can.

3. Is it possible that you will be paid more or less for your first job out of college than someone who earned the same degree? Discuss why this might happen. Two reports by Anthony Carnevale at Georgetown University's Center on Education and the Workforce ("What's It Worth? The Economic Value of College Majors" and "The College Payoff") provide examples of salary variation. Discuss the difference between starting salary and average salary and median salary for a given major (the latter two statistics being the ones provided by most websites and colleges to students). The variation can be explained by experience level (which is why internships are important), job type, location of the job, the size of the company, the nonprofit status of the company, etc. Also, be sure to point out that statistics about salaries by major can include a wide variety of jobs from professional positions to non-skilled positions, causing some of the variation. Use the Carnevale reports to discuss differences across race, gender and age as well as what type of jobs people with each major end up in.
4. Education matters. How much better are the financial outcomes of a college graduate over a high school graduate? Use the Carnevale report "The College Payoff" to demonstrate the differences over a lifetime for various jobs.



## Useful Websites

ISL Education Lending

Return on College Investment

<https://www.iowaStudentLoan.org/ROCI>

Student Loan Game Plan (reducing student loan debt)

<https://www.iowaStudentLoan.org/GamePlan>

CommonBond

What Is the FAFSA and How Does It Work?

<https://www.commonbond.co/post/what-is-the-fafsa-and-how-does-it-work>

U.S. News and World Report

Paying for College

<https://www.usnews.com/education/best-colleges/paying-for-college>

FinAid

Financial Aid Information

<https://finaid.org/>

Consumer Protection Finance Bureau

Paying for College

<https://www.consumerfinance.gov/paying-for-college/>

Federal Student Aid

Types of Financial Aid

<https://studentaid.gov/understand-aid/types>

CollegeData.com

How Much Does College Cost?

<https://www.collegedata.com/en/pay-your-way/college-sticker-shock/how-much-does-college-cost/whats-the-price-tag-for-a-college-education/>

National Center for Education Statistics

College Navigator (costs, enrollment, graduation rates and general information)

<https://nces.ed.gov/collegenavigator/>

Georgetown University Center on Education and the Workforce

"What's It Worth? The Economic Value of College Majors"

<https://cew.georgetown.edu/cew-reports/whats-it-worth-the-economic-value-of-college-majors/>

"The College Payoff"

<https://cew.georgetown.edu/cew-reports/the-college-payoff/>

College Board

Major and Career Search

<https://bigfuture.collegeboard.org/majors-careers>

The Ultimate Guide to Choosing a Major

<https://blog.collegeboard.org/the-ultimate-guide-to-choosing-a-major>

BestColleges

Your Guide to Choosing a Major

<https://www.bestcolleges.com/resources/choosing-a-major/>



## Additional Topics

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Holland Occupational Themes Exercise

Have students take an online version of the Holland Occupational assessment at <http://www.roguecc.edu/Counseling/HollandCodes/test.asp> or <https://www.123test.com/career-test/> and then see what jobs are related to their interests.

Career Assessments

Have students take the online career assessment available at <http://www.iseek.org/careers/skillsAssessment>.



## At-Home Discussion Topics

### Deciding on a Career Path

Have students ask one or more parents at what point in their life they decided on a career path. How did they make that decision? If they are not in the same career as they originally were, how did they know it was time for a change and how did they accomplish the change?

### Postsecondary Education

Ask students to find out what type of postsecondary education their parent(s) pursued in order to follow their chosen career path. What was their major or area of focus? How did they know what major or area of focus they wanted to pursue? How did they pay for that additional education or training? Was the degree or training they received related to the first job they took? Is the degree or training relevant to the work they do today?

### Education Matters

There are many aspects to the statement that “education matters”—financial, health, life satisfaction and others. Have students discuss the value of education with their parents and report on what their parents feel they have gained from their educational experience. How would their lives be different if they had/had not pursued additional education after high school?

### First Generation to College

Some students are the first generation in their families to have the opportunity to pursue postsecondary education; perhaps some students’ parents or grandparents were the first in their family to go to college. Have students who are first-generation college students write about their feelings about being the first to go to college. For others, have them talk to their parents or grandparents and find out what it meant to them to be the first generation to go to college.

## Lesson 2 Introducing Return on College Investment



Understand the concept of return on college investment.



Learn about the components of a return on investment calculation and why they might be different than expected.

1. Discuss the business term return on investment (ROI). Definition of ROI: the benefit an investment of time, energy and resources provides to the investor beyond the value of the investment. More simply, ROI measures how worthwhile an investment is to the investor. Ask the students for examples of cases where they invested time, energy or resources and felt that the return made the investment worthwhile. Examples: Spending several hours studying for an important test that earned them a good grade; participating in a school activity and earning a letter; eating a healthy diet and losing weight; or the traditional investment of capital that earned a financial gain.
2. What does the concept of return on investment mean in relation to the college experience? Why might going to college produce a high return on college investment or not? Things to consider would be whether the student graduates from college with a degree; whether the graduate gets a job that meets their personal and financial needs; whether or not the college graduate is better off financially and in terms of personal satisfaction than a high school graduate; and whether or not the graduate ends up living the lifestyle they had imagined before going to college.
3. Discuss the components that would go into the cost of an investment in a college degree. When discussing this with students be sure to include expected costs (such as tuition and fees, housing, materials, etc.) as well as other investments that may not spring to mind immediately, such as loss of potential income while in school; the repayment obligation of student loans; time and effort spent going to class and studying (potentially five or more years); time and money spent preparing for job searches (creating resumes, purchasing business apparel, expenses related to traveling for interviews, and so on), etc.
4. How does the type of degree you seek change the calculation? Students should recognize that earning an associate degree typically takes about two years, while a bachelor's degree may take four or five years, and master's and professional degrees take additional education. Generally, community colleges cost less than four-year institutions, and the longer students are in school, the more they will pay for their education and the longer they will delay entering the workforce. However, advanced degrees may pay off in higher salaries, more job opportunities and overall satisfaction.
5. What educational paths might you take to earn a college degree? Encourage students to consider educational paths that start at a community college and end at a traditional four-year institution. Point out potential overlaps, such as earning dual enrollment credit in high school toward an associate or bachelor's degree; working toward a graduate degree while completing an undergraduate bachelor's degree; and completing an advanced degree after entering the workforce. In addition, students should consider alternatives within each category of institution, such as in-state vs. out-of-state colleges and private vs. public institutions. Discuss how cost changes with these choices.
6. Given all these investments, what level of income do you feel is necessary to make the return on college investment a positive for you? Are these realistic expectations given the career path they have chosen?



## Understand the investments and potential returns associated with going to college and earning a degree.

1. Paying for tuition, fees, books and materials, housing, and food is one of the largest investments when earning a college degree. Estimate these educational costs per year and sum them up for a four-year college experience. Don't forget to increase the tuition and fees each year to reflect expected increases. The College Funding Forecaster, which we also offer online, is a useful resource that demonstrates expected increases.
2. Look at some real costs. Split students into groups and have each group look up actual costs (tuition, fees, room and board) on websites for a technical school, a community college offering skilled trades programs and a private and state university and sum them for a four-year college experience. Don't forget to increase the costs for each future year to mimic increases in tuition. Data from the College Board Trends in Pricing website can be useful for this exercise.
3. Discuss the difference between sticker price and net price of college. Use data from the College Board Trends in Student Aid and Trends in Pricing websites to see what a more realistic cost of college could be.
4. Make a list of other costs you would will need to pay over the course of your educational experience through to the time you are ready to start looking for your first job. Encourage students to think about how they will pay for daily living expenses, such as housing, food, clothing, transportation (including parking, insurance, fuel and maintenance), books or materials, entertainment and even little things like shampoo, laundry detergent and daily coffee or snack purchases. Also, the cost of time spent not working a full-time job needs to be considered—using the number of estimated hours missed each year in college (assume 40 hours per week for full-time work) and an expected hourly wage, compute the dollars lost.
5. Create a list of other components that might figure into the computation of return on college investment for the college experience. Other considerations may include where the student wants to live after college, whether or not the job they get is something they enjoy, their ability to afford to purchase a house and/or car that they want, the ability to live near relatives, the ability to live in a big city, to get a job with advancement potential, getting a job that is personally satisfying, getting a job that allows for student loan forgiveness, and their general level of satisfaction with their lifestyle. Other aspects to consider may be exploring new and different academic disciplines and topics; being exposed to leaders and experts in science, the arts and other fields; learning to get along with others; becoming a more cultured person; finding opportunities to develop leadership skills; developing lifelong friendships and connections; developing a personal identity; developing a meaningful philosophy of life; getting to know people who are different from themselves; finding more people who are like themselves; experiencing a different place or living away from home; participating in sports, clubs and/or other extracurricular activities. (Source of this list: [https://www.huffpost.com/entry/how-much-is-college-worth\\_b\\_4420416](https://www.huffpost.com/entry/how-much-is-college-worth_b_4420416))



Understand the concept of cost of living, how it varies across the country, and how it may affect, along with macroeconomic factors such as a recession or job shortage, the estimated return on college investment.

1. Imagine two identical jobs—one in Des Moines that pays \$50,000 and the other in a large city (where your family and best friend live) that pays \$100,000. Ask students which one they would take and have them explain the reason for their choice. Have a short discussion of the response students provide—some may not want to live near their family, others may want to live in a smaller metropolitan area like Des Moines, while others may like the excitement of the big city.
2. Why does the job in Des Moines actually pay better than the job in the larger city? Introduce the concept of cost of living and use an online cost of living calculator to show why this is the case. Have students explore the website and see what the comparisons are for places they might be interested in living or places they have visited in the past. See if students can find a place where the cost of living is lower than in Des Moines.
3. What economic factors might lower your estimate of returns on a college investment? Discuss the effects that inflation, declining family income, an economic downturn such as a recession and other macroeconomic factors have on financial returns. Example: During a recessionary period, consumers are not spending at high levels, so businesses are not expanding, causing a reduction in available jobs.



## Useful Websites

ISL Education Lending  
College Funding Forecaster  
<https://www.iowaStudentLoan.org/Forecaster>

PayScale  
College ROI Report  
<http://www.payscale.com/college-roi/>

National Center for Education Statistics  
College Navigator (costs, enrollment, graduation rates, and general information)  
<https://www.payscale.com/college-roi>

CNN Money  
Cost of Living Calculator  
<https://money.cnn.com/calculator/pf/cost-of-living/>

Bankrate  
Cost of Living Calculator  
<https://www.bankrate.com/calculators/savings/moving-cost-of-living-calculator.aspx?MSA=5602>

College Board  
Trends in College Pricing  
<https://research.collegeboard.org/trends/college-pricing>

Trends in Student Aid

<https://research.collegeboard.org/trends/student-aid>

U.S. Bureau of Labor Statistics

Consumer Price Index (CPI)

<https://www.bls.gov/cpi/>



## Additional Topics

College Costs in the Future

Project the cost of college in the future. Compare the rise in colleges costs over time with the rise in the cost of other goods and services, such as health care, food, gasoline, etc. Using data from the College Board Trends in College Pricing website, project the cost of college in five years, 10 years and 20 years for different types of schools. Using Excel to graph the data and fit a regression line can be useful. Compare the increase in the past with increases in the price of other goods and services. Information from the U.S. Bureau of Labor Statistics Consumer Price Index (CPI) website can be useful for this exercise.

Cost of Living

Use the Internet to check prices of various goods and services in other cities and compare the results to results obtained from the cost of living calculators for the same city. Ask students to rate the realism of the cost of living calculators based on their research.



## At-Home Discussion Topics

Paying for College

The cost of postsecondary education is higher than it has ever been—both in terms of actual dollars and the proportion of family income needed to go to obtain it. Have students talk to their parents about how the students plan to pay for postsecondary education and report back on various ideas. Do they plan to borrow money? Do their parents plan to borrow? Do their parents have savings? Does the student? Does the student plan to work to earn money for further education?

Return on Investment

Have students discuss investments that have paid off with their parents. Have them find investments (not necessarily financial) that have paid off for their family members. What lessons have they learned from these investments?

Life After College

Have students gather information from their parents about what their lives were like when they were first starting out after finishing their education. Have them report their parents' story back in writing including where they lived, what jobs they had, what was easy, what was not easy, and how things may be different for students when they get out of college.

Cost of Living Variation

Have students talk to relatives in a different city/state and report on how the cost of living there differs from what they and their parents experience.

## Lesson 3 Experience the Return on College Investment Tool



Explore the connection between college majors and the jobs and financial return associated with them.



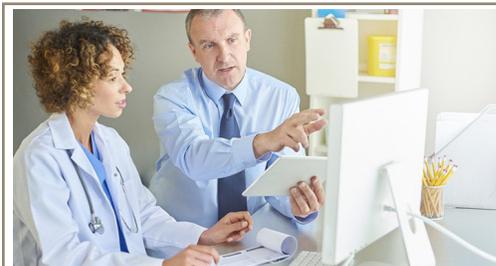
Make good decisions about the college experience.

1. How much do you know about your college plan and expenses? Before using the Return on College Investment tool, have students consider how much they know (or don't know) by completing the Before column of the quiz on page 27 of this guide. Good decisions can only be made with the right information in hand. For making choices about college, that information should include knowing the major associated with a career they wish to pursue, their potential starting salary, the number of jobs that will be available in their area of interest, what to do in college to get a good job right out of college, and the limits they should put on student loan borrowing. Use the quiz on page 26 of this guide to see how students feel about their level of knowledge at this point for comparison to their responses on a post-assessment.
2. Share what you want to do for a career. A good conversation starter can be created by selecting one student who knows what he or she would like to do and one who isn't sure to discuss their feelings about knowing a career choice at this stage in their life. Also, a discussion of jobs that they would like to do versus jobs they will need to do in order to live the lifestyle they envision is useful.
3. How much research have you done regarding starting salaries, average incomes, job availability, etc.? Stress the importance of knowing this information before decisions about the college experience and career paths are made.
4. Many students will need to take out student loans to pay for part or all of their education. How much do you think you will need to borrow? Are student loans a good or bad use of credit? Check out the Project on Student Debt website for the latest average debt in the country and in Iowa. For the class that graduated in 2018, the average debt in the U.S. was \$29,200, and in Iowa it was \$30,045. Remind students that 65% of college students in the U.S. and 63% of those in Iowa who graduated in 2018 had student loan debt, so it is likely they will as well. Ask students if they are aware of the rule of thumb for knowing the recommended aggregate borrowing limit for college (no more than the expected first-year salary). Use Student Loan Game Plan® to give students an idea of how much their future student loan payments might be.



## Use information to help select a major that leads to a viable career path.

Before sending students to the Return on College Investment tool be sure they understand what they will see. First, show an example of results for a particular career and explain how each piece of information is useful.



1

### Medical and Health Services Managers

Plan, direct, or coordinate medical and health services in hospitals, clinics, managed care organizations, public health agencies, or similar organizations.

[▼ Show Return on Investment](#)

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2

Starting salary: \$49,920

Recommended degree type: Bachelor's degree

New jobs needed nationally by 2026: 71,600

---

3

**Return on Investment by College Options**

Here are returns for possible four-year program costs for your choice of bachelor's degree. Your initial investment in program costs varies based on your cost of attendance and reduction of costs through scholarships, grants and other aid.

**Scenario 1:** Program costs of \$12,750/year or \$55,000 over four years

**Scenario 2:** Program costs of \$17,000/year or \$68,000 over four years

**Scenario 3:** Program costs of \$20,250/year or \$81,000 over four years

**Scenario 4:** Program costs of \$26,500/year or \$106,000 over four years

Scenario	Total Program Costs	ROI Over time
Scenario 1	\$55,000	\$120,000
Scenario 2	\$68,000	\$110,000
Scenario 3	\$81,000	\$95,000
Scenario 4	\$106,000	\$75,000

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4

**Reality Check**

Not all college graduates work in a field related to their college major.

On average, **about 42%** of people with college degrees have jobs considered to be on the career track for their major. Your odds of getting a job related to your major depend on the number of available jobs, how many graduates pursue them and where you stack up against your competition.

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Major	Proportion with this Job	Percent working on career track
Health and Medical Administrative Services	10.1%	17.6%
Naval Architecture and Marine Engineering	6.1%	8.1%
Community and Public Health	5.4%	8.5%

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6

[See more about this career.](#)

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7

**Related Areas of Interest**

You may also be interested in jobs in the following career areas.

**Community and Public Health**

Learn how health issues affect populations, and the development of methods to improve the general well-being of the public at large.

**Pharmacy Pharmaceutical Sciences and Administration**

Learn to create new drugs and administer prescription drugs to those who need them.

- 1

A short job description provides an overview of what people with this job do every day.
- 2

The starting salary is based on the 25th percentile of all salaries for that career in the U.S. Census Bureau's American Community Survey. A recommended degree type and the number of new jobs needed nationally in the near future provides additional information.
- 3

A graph of common program cost scenarios shows initial investment in program costs compared to a return based on earnings over the 14-year period after high school graduation.
- 4

The user should keep in mind that many people with a specific major don't end up working in a job associated with that major.
- 5

The chart shows the top three majors associated with the career, the proportion of college graduates with that major working in the job, and the percent of graduates with that major working in a job related to their major.
- 6

This link takes the user to the U.S. Bureau of Labor Statistics Occupational Outlook Handbook entry about this career.
- 7

The user can explore other jobs related to the career field the user chose.

1. Go through the Return on College Investment tool. Ask students to first select a career field closely associated with what they would like to do. Ask students who are undecided to choose any career area. Have students repeat with a different career and keep track of the careers they explore and the top three jobs they would like as they work through the tool and discuss the results as a class the next day.
2. The U.S. Bureau of Labor Statistics Occupational Outlook Handbook (OOH) is an excellent source of information about specific jobs. Each job result in the Return on College Investment tool has a link to the corresponding page in the OOH. Students can spend time exploring the OOH website for various jobs that interest them (and even some that don't interest them at this time). A discussion about the various forms of compensation (wage vs. salary, expected benefits, commissions, etc.) is useful after reviewing some potential jobs.
3. Do you understand the difference between gross and net income? This is a good time to discuss all of the deductions (including the variety of national and state taxes as well as elected deductions for insurance, 401(k), etc.) that lower the amount of money that is actually available for budget purposes each month. Be sure students understand that the salaries displayed are gross salaries and have them use the paycheck calculator in the "Useful Websites" section to estimate take home pay for a given salary.
4. How much money will you need to live the lifestyle you imagine you will be living after college? Have students research expenses for housing, food, purchase and care of cars and houses, utilities (including cell phones and Internet access), etc.
5. Rank the different types of information found in the job results in order of importance to you. Discuss students' choices using the following categories: starting salary, degree type, new jobs needed nationally, Return on Investment by College Options, major, proportion with the job, and percent working on career track. Discuss the importance as assigned by the students to each element.
6. Discuss the larger yellow box found in the Reality Check section. How does that number impact any decisions about what major you plan to pursue? The point of this section of the tool is to get students to understand that they need to work hard and put out extra effort if they intend to stay on the career path they envision.
7. The starting salary listed in the Return on College Investment tool is the 25<sup>th</sup> percentile of all salaries reported for that career on the U.S. Census Bureau's American Community Survey. Is this realistic? Why or why not? Discuss what it means to find the 25<sup>th</sup> percentile salary and whether the students feel that it is an accurate representation of a starting salary given the salaries of a representative group within each career.
8. Compare starting salaries and other information from the U.S. Bureau of Labor Statistics Occupational Outlook Handbook for jobs you think you would want to do versus jobs that you would not want to do or have not considered. This exercise can potentially reinforce current plans or encourage exploration of careers that have not been considered up to this point.
9. As a rule of thumb, you should not borrow more than your expected first-year salary in student loans. What does this mean for you? First, have students figure out how much they can borrow each year based on an estimated starting salary from the Return on College Investment tool. Have students use the federal loan limits published on the U.S. Department of Education's website (<https://studentaid.gov/understand-aid/types/loans>) to compute how much they can borrow from other sources. Compare the allowable amount to be borrowed to the cost of attendance of some colleges in the state.
10. Discuss the potential effects of career choice on your future ability to purchase a house or buy a car. Introduce the concept of credit risk and explore how earnings, spending habits and responsible behavior influences credit risk. This is a good time to discuss how loans are made and the influence of consumer reporting agencies.
11. Complete the After column on the Where Are You Now? worksheet. Have students compare their before and after responses. Discuss whether they feel they are now better prepared for an investment in a college education and why.



## Understand how actions students take now and while in college can help them achieve success after they complete their college experience.

1. Discuss the importance of setting short-term and long-term goals. Using the “Setting SMART Goals” worksheet on page 27 of this guide can help students clearly set some short-term and long-term goals while helping them think through their potential future career path. Have students put together an action plan for how they will achieve their career goals and complete the worksheet for one short-term and one long-term goal.
2. When it comes time to apply for jobs after college, the competition will most likely be tough. How can achieving good grades in high school and college help you? Provide students with information about good time management skills and study habits that will help them earn good grades and discuss.
3. To find the “job of your dreams,” you may need to do some research. The Occupational Outlook Handbook at the U.S. Bureau of Labor Statistics’ website is a good place to start doing that research. In addition, you may need to research employers that you may want to work for in the future. Have students identify and research a local employer that they think they would possibly want to work for in the future. They should include job types, salary ranges, possibilities for growth, work culture, etc., in their research.
4. Do you know exactly what the day-to-day tasks of a particular job may entail? Seek out a family member or family friend who works in a job you would like to do and find out what it is really like. This is a good opportunity to talk about future networking opportunities, such as relationships with professors, extracurricular activities, volunteer work, internships, involvement in academic and professional organizations, etc. Also, the Occupational Outlook Handbook at the U.S. Bureau of Labor Statistics’ website is a good place to find this type of information.
5. How does a good resume and cover letter and being comfortable in an interview help you with your future job search? Students need to understand the best strategies for their future job search. This includes how to put together a good resume and cover letter as well as how to interview well. Provide students with some tips on how to prepare for the job search and have them start putting together a resume and cover letter.



## Useful Websites

ISL Education Lending

Return on College Investment

<https://www.iowaStudentLoan.org/ROI>

Student Loan Game Plan

<https://www.iowaStudentLoan.org/GamePlan>

The Institute for College Access and Success

Project on Student Debt

<https://ticas.org/our-work/student-debt/>

Federal Student Aid

Federal Student Aid Estimator

<https://studentaid.gov/aid-estimator/>

U.S. Bureau of Labor Statistics  
Occupational Outlook Handbook  
<https://www.bls.gov/ooh/>

U.S. Bureau of Labor Statistics  
Occupational Outlook Handbook Teacher Guide  
<https://www.bls.gov/ooh/about/teachers-guide.htm>

Paycheck City  
Paycheck Calculator  
<https://www.paycheckcity.com/calculator/salary>

MindTools  
Tips on Setting SMART Goals  
<https://www.mindtools.com/pages/article/smart-goals.htm>

Goal Setting Booklet Template  
<http://www.isetmygoals.com/goal-setting.html>

San Jose State University  
Time Management Tips  
[https://www.sjsu.edu/people/annette.nellen/website/time\\_management.htm](https://www.sjsu.edu/people/annette.nellen/website/time_management.htm)

College Board  
Take Control of Your Time  
<https://bigfuture.collegeboard.org/get-started/inside-the-classroom/8-ways-to-take-control-of-your-time>

Dartmouth College  
Useful Time Management Materials  
<https://students.dartmouth.edu/academic-skills/learning-resources/time-management-tips>

Timeman  
Time Management Tips for Students  
<https://timeman.com/time-management-tips/time-management-tips-for-students>

ReadWriteThink  
Resume and Cover Letter Generator and Examples  
<http://www.readwritethink.org/classroom-resources/lesson-plans/resumes-cover-letters-high-30847.html>

The Balance Careers  
High School Resume Examples and Writing Tips  
<https://www.thebalancecareers.com/high-school-resume-examples-and-writing-tips-2063554>



## Additional Topics

### Student Loan Debt Variation

Have students explore the state-by-state data on the Project on Student Debt website. Have students compare debt amounts across the country. By selecting a specific state (such as Iowa), debt by school and other important statistics are presented (be sure pop-ups are not blocked). Have students select a school name and compare the debt, percentage of students borrowing, percent receiving Pell Grants, etc., with other schools in the state and country.

### Financial Aid

Discuss the concept of financial aid with students and relate that amount to the amount their family would actually need to have saved or they would need to borrow to cover college costs. Use the appropriate formulas or an online calculator to estimate future loan payments. Federal student financial aid can be estimated using the Federal Student Aid website listed in the “Useful Websites” section. Students may need to use a fictional birthdate and to estimate income and asset amounts using U.S. averages. Trying various scenarios may take more than one class period and can demonstrate to students how federal student aid is calculated.

### Job Report

Have students present a report of their findings from the U.S. Bureau of Labor Statistics Occupational Outlook Handbook website. Students can select specific jobs to research or they can use the “Select Occupations By” section to find a list of jobs meeting certain criteria provided and select a job or two from that list to research. Report findings can cover information from each of the tabs and headlines on the job pages: median pay, typical entry-level education, number of jobs, job outlook, what they do, the work environment, how to become one, similar occupations, etc.

### Budgets

Have students create a monthly budget for their future expected lifestyle. Use the sample budget worksheet shown on the next page. Provide students with national or regional expense amounts or have them research the information. Be sure to include student loan payments as an expense.

### Calculating Monthly Payments

The rule of thumb to not borrow more than the expected first-year salary is equivalent to borrowing an amount that will require monthly payments that are approximately 8% to 12% of the expected gross monthly salary. Have students verify this fact using the appropriate formulas for computing a payment on an amortized loan at an interest rate of 5% over a 10-year term.

## Monthly Budget Calculator

Item	Amount	Description
<b>Income</b>		
Gross Monthly Income	\$	Enter your monthly income before taxes or deductions.
<b>Expenses</b>		
Deductions	\$	At least 20% of your monthly income will go to state and federal taxes and other deductions.
Insurance	\$	This covers a basic medical insurance plan for one person.
Retirement	\$	If you aren't sure what to save for later, assume about 3% of your salary will go to a retirement plan.
Housing	\$	The national average for rent is nearly \$700 per month.
Food	\$	Include all your meals for a month. Remember, buying gourmet coffee and drive-thru meals every day will add to this amount.
Transportation	\$	Include monthly payments for a good used car plus gas, insurance, registration and maintenance.
Utilities	\$	Assume that at least some of your water, electricity or heat is included with your rent.
Entertainment and Communications	\$	Include high-speed Internet service, streaming and other subscriptions, and a basic cell phone plan, plus an occasional evening out.
Personal	\$	You'll need to buy clothes for work, personal care items, products to clean your home and other miscellaneous purchases.
Student Loan Payments	\$	Add the monthly payment amount for all your student loans together.
<b>Balance</b>		
Monthly Surplus or Shortfall	\$	If you have a surplus, start adding to your savings or retirement plans; a negative number means you need to either increase income or reduce expenses.



## At-Home Discussion Topics

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### Lifestyle Choices

Students may not understand what their parents spend to maintain the lifestyle they have. Have students imagine what life would be like if they were the ones who had to pay the expenses related to their household. Have them make a list of the top 10 things they could not live without and talk to their parents about how much those things actually cost.

### Family Budget

Have students ask their parents if they set up a monthly or annual budget. If so, have them discuss the budget. If not, encourage students to work with their parents to create a budget that includes a line item for putting money away in savings each month.

### Good Grades

Have students discuss what high school was like for their parents. Did they earn good grades? If yes, did it help them in their future life; if no, did it hurt them in their future life?

### Life Resume

Have students discuss a “life resume” with their parents and have students put together their own resume that details the achievements of their life up to the current time. Parents can help students recall all their achievements.

# Where Are You Now?

We will use this worksheet to see how much you already know before you use ROCI Reality Check and how much you've learned after using it for a few days.

I know:

		Before		After	
1.	The major I will pursue in college.				
	I have no idea what major I will pursue.		1		1
	I have an idea but I have not decided.		2		2
	I have decided on a major.		3		3
2.	The starting salaries of careers I am interested in pursuing.				
	I have no idea what the starting salaries are.		1		1
	I think I know approximate starting salaries, but I haven't done any research.		2		2
	I know exactly how much starting salaries are.		3		3
3.	The number of jobs that are projected to be available in the career field I am interested in pursuing.				
	I have no idea how many jobs will be available.		1		1
	I think I know how many jobs will be available, but I haven't done any research.		2		2
	I know exactly how many jobs will be available.		3		3
4.	How to increase my chances of getting a good job right out of college.				
	I have no idea how to increase my chances.		1		1
	I think I know how to increase my chances, but I haven't done any research.		2		2
	I know exactly how to increase my chances.		3		3
5.	How much to borrow for college to allow for a comfortable lifestyle after I graduate.				
	I have no idea how much I can comfortably borrow.		1		1
	I think I know how much I can comfortably borrow, but I haven't done any research.		2		2
	I know exactly how much I can comfortably borrow.		3		3
<b>Score</b>		<b>Before</b>		<b>After</b>	
Add up the numbers next to each checked box to get your total score.					

## Compare Your Scores

If your total score in the "After" column is greater than your total score in the "Before" column—congratulations! You are on your way to getting a good return on college investment!

# Setting SMART Goals

**S**PECIFIC — State your goal using a very detailed description.

**M**EASURABLE — How will you measure your success?

**A**TTAINABLE — Why is the goal achievable? List any barriers and how you will overcome them.

**R**ELEVANT — Why does this goal matter to you in the short term? In the long-term?

**T**IME-BOUND — When will you start, how often will you measure success and when do you expect to achieve the goal?