



Students:

**ONE COSTLY MISTAKE
You Can't Afford to Make**

Your Personal College ROI

As students eagerly begin to plan for life after high school, there's one mistake millions who don't have the luxury of a 'free ride' to college are making ... and yet it's so easy to prevent. It's calculating your *personal* College ROI – or **Return on Investment** – before registering for college or borrowing your first dollar.

Note: This exercise does not take into account the value of the financial contribution your parents or grandparents make toward your education. Instead, it's designed to help determine whether the cost of your degree will personally pay off for you in the future. With families paying an average of **\$80,000** to more than **\$250,000** for college, estimating the 'value' of this investment has become more important than ever. The point of this simple exercise is to help you decide whether the income you'll generate will be enough to afford to live on your own once you graduate.

The key right now is to keep it simple. Your initial calculation may be a 'big picture' estimate, but as you get closer to identifying your specific school and final costs after financial aid, the numbers will become more accurate.

You'll find more details, links, and resources to calculate a more specific **College ROI** below, but if you already know your 'ball park' numbers, simply use these 3 quick Steps to determine it now.

Step #1: Your 'Net' monthly paycheck after college	\$ _____
Step #2: Subtract monthly loan payments & expenses	– \$ _____
Step #3: Total remaining ... and is it enough?	\$ _____

Details to Calculate Your 3-Step College ROI

The following is probably much more detail than you need, but with the high cost of college today, some families are prioritizing their pre-college planning with as much information as possible. We hope you find it helpful.

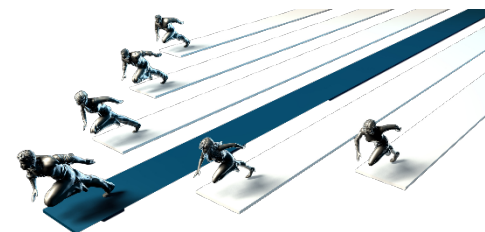
Step #1: How much will you earn: Your 'Net Monthly Pay'?

The goal of higher education is to build the skills to obtain a better job in the future. That's why rather than beginning with your school selection, the first step should be to determine what major – and ultimately what career – is right for you. Answering the following questions will help you identify the right school, but more importantly, the potential *value* of your education.

A. Career fields that have a positive return: _____

Here are just a few resources you may find helpful:

[50 Highest Paying College Majors - Glassdoor Blog](#)
[The Top 20 Best College Majors \(For a High-Paying Job\) - Frugal Budgeter](#)
[Salary Survey Data Program for Job Seekers](#)



Your Personal College ROI

B. What will your estimated 'Annual Income' when you graduate? \$ _____

What will your 'Monthly Income' be (annual income divided by 12)? \$ _____

One of the best ways to estimate your potential future income is to see what employers are paying today. Keep in mind that you'll typically see 'average' salaries, so you'll need to adjust the amounts for what they'll pay for new Grads. Continue to monitor salaries throughout your academic life to see if there are any major changes.

Here are just a few sites that can help determine an average 'Gross Annual Pay':

- [PayScale Salaries | Data and Advice to Help You Boost Your Salary](#)
- [Company Salaries | Glassdoor](#)
- [Salaries | Indeed.com](#)
- [Find Average Salary for Any Jobs in US - ZipRecruiter](#)
- [Wages | CareerOneStop](#)

C. Gross vs. Net

It can be a shock to many when they realize that their 'Gross Monthly Pay' – the amount of their annual income divided by 12 – is quite different from the 'Net Monthly Pay' – the amount they actually take home each month. In some high-tax states like New York, California, Minnesota, etc., the differences are even greater. Here are some links to calculate your potential 'Net Monthly Pay' given where you plan to live:

- [Free Paycheck Calculator: Hourly & Salary Take Home After Taxes \(smartasset.com\)](#)
- [Salary Paycheck Calculator · Payroll Calculator · PaycheckCity](#)

Step #1: Net Monthly Pay in your career field: \$ _____

Use this number for calculations in **Step #3**.



Your Personal College ROI

Step #2: What will your monthly debt payments & expenses be after college?

The next step is to determine whether the income noted in **Step 1** is more than enough to justify the debt (and resulting payments) you will incur, as well as cover your monthly expenses.

There are several easy mini-calculations to arrive at your future student loan debt payments.

A. Total Student Loan Payments

A-1: The tuition & fees of the college you plan to attend

You'll find some of the *published* tuition and fees at these sites, but they may not include the expenses noted below. Remember, a new U.S. GAO Study found over **90%** of college misrepresent their costs and fees.

- [College Scorecard](#) | [College Scorecard \(ed.gov\)](#)
- [Free College Search - Find Affordable Colleges](#) | [College Raptor](#)
- [Home – BigFuture](#) | [College Board](#)

Students often run out of money because they fail to include one or more of these additional fees that may not be included in the number above:

- | | | | |
|----------------------------|----------|--------------------------|----------|
| ▪ Dorm – Premium Room | \$ _____ | ▪ Healthcare Lab Fees | \$ _____ |
| ▪ Meal Plans | \$ _____ | ▪ Graduation Fees | \$ _____ |
| ▪ Freshmen Orientation | \$ _____ | ▪ Sports Tickets & Fees | \$ _____ |
| ▪ Fridge/Other Rentals | \$ _____ | ▪ Laundry Services | \$ _____ |
| ▪ Concierge Services | \$ _____ | ▪ Lab Fees | \$ _____ |
| ▪ Entertainment | \$ _____ | ▪ Travel - Spring Breaks | \$ _____ |
| ▪ Tutors | \$ _____ | ▪ Premium Parking | \$ _____ |
| ▪ Local Transportation | \$ _____ | ▪ Fitness Center | \$ _____ |
| ▪ Extra-curricular Studies | \$ _____ | ▪ Event Fees | \$ _____ |
| ▪ Dorm Damage Fees | \$ _____ | ▪ Computer/Subscriptions | \$ _____ |
| ▪ Tablet/Devices | \$ _____ | ▪ Fridge Rental | \$ _____ |
| ▪ Health Insurance | \$ _____ | ▪ Membership Fees | \$ _____ |

Total Fees per Year: \$ _____

Number of years it will take to obtain your degree: _____

Now multiply the cost per year by the number of years. Keep in mind that 60% of college grads take 6 years – or more – to complete a 4-year degree.

A-1 Total estimated cost of college: \$ _____



Your Personal College ROI

A-2: Amount of Financial Support from Parents or Others: \$ _____

Consider how this amount will be paid: *All at once? Each year? Each semester?*

What happens if you run out of money before the next payment? Where will additional funds come from if you need them? What if it takes longer to graduate than originally planned?

A-3: The Amount You'll Need to Borrow: \$ _____

A-1: Total Cost of College	\$ _____
A-2: Minus: Parent's Financial Support	- \$ _____
A-3: Equals: How much you'll need to borrow	= \$ _____

A-4: Calculate your Monthly Student Loan Payments

Use the total you will need to borrow (**#A-3**) to calculate your monthly – loan payments. Federal student loans generally only cover a portion of your costs. The balance needed can be obtained through private loans, but those numbers can add up quickly. The average amount for private student loans today is over **\$54,000**, and the interest rate will typically be higher than it is for Federal loans.

You may need to estimate interest rates and total amounts at this time, but with the majority of both students and parents stating their final loan balance was higher than they anticipated, it will pay to overstate your estimates rather than understate them.

Here are some resources you can use to determine your payments:

- [Loan Simulator | Federal Student Aid](#)
- [Student Loan Calculator](#)
- [The Sallie Mae Smart Option Student Loan](#)
- [Private Student Loans - Borrow with Confidence - Earnest](#)
- [How to pay for extra college expenses | Credible](#)



A-4: Total Monthly Student Loan Payments (Federal & Private): \$ _____

Your Personal College ROI

B. Total 'Living' Expenses After College

Too many students feel their future income will more than cover their student loan payments ... and that may be true. But unfortunately, they fail to consider their 'Living' expenses after college. This is why over **30%** of college grads move back home after graduation ... and **45%** of young adults receive financial support from parents or grandparents. Now is the time to take that step – *before* you register!

To realistically determine if all the money and hard work you will invest in higher education will pay off in the future, it's important to add your living expenses to your loan payments to determine if you'll make enough to live independently after graduation. Here are just a few of the common expenses to consider. Talk with your parents about additional costs.

- | | | | |
|-------------------------|----------|-------------------------------|----------|
| ▪ Rent | \$ _____ | ▪ Gas | \$ _____ |
| ▪ Utilities | \$ _____ | ▪ Groceries | \$ _____ |
| ▪ Health Insurance | \$ _____ | ▪ Parking | \$ _____ |
| ▪ Renter's Insurance | \$ _____ | ▪ Meals Out | \$ _____ |
| ▪ Car Insurance | \$ _____ | ▪ Entertainment | \$ _____ |
| ▪ Car Payments | \$ _____ | ▪ Digital/Music Subscriptions | \$ _____ |
| ▪ Streaming Services | \$ _____ | ▪ Meals Out | \$ _____ |
| ▪ Public Transportation | \$ _____ | ▪ Taxes | \$ _____ |
| ▪ Device Payments | \$ _____ | ▪ Travel | \$ _____ |
| ▪ Cellular Service | \$ _____ | ▪ Miscellaneous | \$ _____ |
| ▪ Membership Fees | \$ _____ | ▪ Credit Card Payments | \$ _____ |

B. Total Living Expenses after College: \$ _____

The final calculation in **Step #2** is to combine all of your expenses after college.

Debt Payments per Month (A-4)	\$ _____
Add Living Expenses per Month (B)	+ \$ _____
Equals Total Expenses per Month	= \$ _____



Your Personal College ROI

Step #3: Total Remaining After Monthly Payments & Expenses

Now simply subtract your monthly expenses in **Step #2** from your net income in **Step #1** to see if you'll earn enough to repay your debt, as well as your living expenses, after college.

Total Monthly 'Net' Income (Step #1)	\$ _____
Minus: Total Monthly Expenses (Step #2)	– \$ _____
Total Available after Expenses	\$ _____

Is It Enough?

This is the ideal time to evaluate whether the money you'll have to live on (after loan payments and expenses) will be enough ... when you have the opportunity to alter the outcome *before* it's too late.

Here are just a few suggestions to increase your income or reduce your college debts. Most are pretty obvious, but without completing their **College ROI**, thousands of students every year fail to use them prior to registration. You'll find specifics on each strategy in other videos in your Library.

- **Identify a major & career path with better income opportunities**
- **Attend a less expensive school**
- **Take College Prep courses in high school**
- **Attend a school offering 3-year Degree Programs**
- **Look at alternatives to college**
- **Take advantage of Apprenticeship Programs**
- **Obtain an *Associate Degree* at a lower-cost or free Community College**
- **Work for a company that provides free tuition**
- **Save first ... then register for college**
- **Look into 'Up-Skilling' programs**

If you alter any of your decisions, go back and redo the 3 Steps. You'll find making just one or two changes can make a significant difference to your future success.

That's it. This simple 3-Step approach will not only help you save thousands on college, but prevent unwanted surprises in the future. Completing your own personal **College ROI** will also bring you closer to achieving the financial freedom you seek after college.

