

Planning for Higher Education

Advanced Level

The best way to take charge of your future is to plan for it. Instead of thinking about training and education after high school as something you need in order to find a job and work, think instead about making training or education something that works for you. This is sometimes called “college planning” or “career planning.”

Refine Your Education and Training SMART Goals

Goals can be achieved over different lengths of time; sometimes you can achieve a goal quickly, such as “Learn to sing ‘Happy Birthday’ in Spanish” or sometimes it can take much longer to achieve a goal, such as “Save enough money to buy a used car.” When setting goals, we usually classify them as short-term (less than one year) or long-term (more than one year).

An important part of making long-term goals is to continually evaluate those goals to see if they need to be adjusted or refined. For example, what if you discovered that you won’t be able to afford four years of higher education, but you could afford two years? Then, you would adjust your goal for a two-year degree instead of a four-year degree.

In order to refine your SMART goal for your career education and training, you will need to do research to answer the following questions:

- A. *What kind of training and education do I need? How much would my career education and training cost?*
- B. *Is there a career pathway available if I continue my education and training?*
- C. *Will I earn enough in my career to pay for the education and training it requires? Will there even be jobs available?*

Career Pathways: How can I determine what type of training and education I need?

Planning for college and career sometimes requires some “backwards planning,” meaning, you start with the end goal and plan backwards to determine the steps you need to take to get to that end goal. Consider Imani’s goal. She realized early on that she wanted to be a politician so she could help create policies that would make positive changes in the neighborhood where she grew up. After researching this career in sources like the Occupational Outlook Handbook¹, she learned that most politicians have law degrees from a law school. “Law school” is a type of graduate school, and students who apply to graduate school must first have an undergraduate degree. So in this case, Imani would have to pay for two college degrees, or at least 7 years of higher education.

The further away your goal is, the more commitment and patience it will take to reach it. Usually, saving for college is considered a long-term goal, a goal that can seem overwhelming and unreachable. Breaking up that long-term goal into shorter ones can help keep you on track and motivated along the way.

What do you hope to accomplish in your career?

¹Available online at <http://www.bls.gov/ooh/>

That type of long-term goal can seem overwhelming, as it takes a long time (seven years!) and a lot of money. In this case, it can make sense to break this goal into smaller education or training goals, each with possible occupations or jobs. For a lawyer, it might look like this:

Training	Time to Complete	Possible Occupations
Associate's Degree (Transfer)	2 years	Paralegal
Bachelor's Degree	2 years for a transfer program	Policy Analyst
Master's or Professional Degree	3 years	Lawyer



This is one way to build out your **career pathway**. A “career pathway” is a series of connected education and training programs that allow you to secure a job and then to advance within an industry or occupation.

What could be your career pathway? Start at the end goal and figure out the educational certificates or degrees that would get you there. Then, figure out what type of job you can do with each higher education credential as you climb your way to your goal!

Will there be jobs available? If so, will I earn enough in my career to pay for the education and training required?

The expense of education and training after high school is not to be taken lightly. Loans can be expensive and scholarships are highly competitive. In 2010, about two-thirds of college seniors graduated with debt that averaged \$25,250.² In addition, it has been more difficult for college graduates to find employment in their field of study. Therefore, is higher education really worth the costs, or more specifically, the opportunity costs?

The opportunity cost of continuing your education is the money you spend on tuition, books and other direct school expenses, plus the money you would have earned if you worked instead. On the one hand, in a 4-year degree program you lose four years of wages while getting your degree; on the other hand, you hope to earn more during your career, thanks to your education, to offset those lost wages.³ So how do you figure out if it's worth it?

What are benefits of earning a higher education?

First step: Determine if jobs are available in your desired occupation.

College or training is a stepping stone to getting a good job that pays well. Most jobs that provide a decent wage require some level of training or education beyond high school. But saying you want to do something for a living isn't enough—you need to make sure there are employment opportunities when you are finished with the education and training that job requires. You do this by researching the **job outlook** or the demand for a particular job when you are qualified and ready to enter the field. ready to enter the field.

Why is it important to consider trends both nationally and in the state which you hope to work?

²Peter Coy, “Student Loans: Debt for Life,” Global Economics, Bloomberg Business Week, Sept. 6, 2012. http://www.businessweek.com/articles/2012-09-06/student-loans-debt-for-life?cmpid=linkedin&goback=%2Egde_160704_member_161370695

³Investopedia, “Opportunity Costs,” <http://www.investopedia.com/terms/o/opportunitycost.asp#ixzz2AbGa30l4>

Here's how you can figure out the job outlook:

1. **Write out your career goal.**
2. **Research:** Using the Occupational Outlook Handbook, or state employment resource, determine the job outlook for your desired occupation:
3. **Identify:** What education or training does that career require? (What type of education or training, and how long would it take?)
4. **List:** What three other jobs could you still do with same education or training if the demand for your identified career *decreases* over the next ten years?

So, reflect on the job outlook of your goal career, and the other possible job options available with the education and training it requires. Do you think you'll be able to find work?

If so, then let's keep going!

Use the Consumer Reports "Find the Best Colleges for You" guide to help compare colleges including if the school offers what you want, how much it will cost, and quality and experience offered by the school. Guide is available for free online. <http://www.consumerreports.org/cro/resources/streaming/college-choices/final/college-choices.htm#>

Next step: Determine your debt-to-income ratio

So, you think you can get a job. Can you afford the debt you may take on to get the education and training that job requires? To determine that, you need to calculate your education/training debt and compare it to your estimated starting wage. (Remember, the starting wage is not the same as the median wage!)

Figure out where you would go to get the education or training your career requires, and how long it would take you to complete it. Use that college's website, or a college cost calculator (<http://www.collegesavings.org/collegeCostCalculator.aspx>) to estimate the cost of one year of education or training. (Remember to determine if you will need only tuition and books, or if you have to include room and board costs as well.)



You now have the information you need to calculate your debt-to-income ratio. The **debt-to-income ratio** is a standard tool that calculates whether a borrower will have difficulty meeting his or her loan repayment obligations. Banks frequently use this when evaluating car or home loans. It is recommended that your educational loan payments represent no more than 10% to 15% of your estimated starting income.⁴

Some students save money by living at home. What are things you would consider doing to reduce your education costs?

²Peter Coy, "Student Loans: Debt for Life," Global Economics, Bloomberg Business Week, Sept. 6, 2012. http://www.businessweek.com/articles/2012-09-06/student-loans-debt-for-life?cmpid=linkedin&goback=%2Egde_160704_member_161370695
³Investopedia, "Opportunity Costs," <http://www.investopedia.com/terms/o/opportunitycost.asp#ixzz2AbGa30I4>
⁴FinAid.org. *Student Loan Advisor-Undergraduate Students*. Retrieved 7 October 2012 from FinAid.org: <http://www.finaid.org/calculators/undergradadvisor.phtml>

Now it's your turn! Calculate your estimated monthly starting wage by dividing your starting wage by 12. Calculate your monthly loan payment by using a college loan calculator, such as the one found on www.FinAid.com. Figure your debt-to-income ratio using the following equation:



Ideally this percent will fall between 10% and 15%.

Imani knows the median wage for a lawyer is \$113,304, and that it will take her seven years and roughly \$241,458 to get the education and training she needs for that career.

Imani's debt-to-income ratio looks like this:

$$\frac{\$1,574.13}{\$9,442.50} = 16.67\% \text{ debt-to-income ratio}$$

You can change the debt-to-income ratio by changing the number of years you have to repay your loan, the loan interest rate (if you qualify for a subsidized loan, for example), or the amount of your loan.

Now you have all of the data you need to refine the career goal you identified. Make sure your goal is "SMART," meaning it contains the elements that make it an effective goal, by answering the following questions:

Goal Element	Ask yourself...	Your response(s):
Specific	What exactly do I need to accomplish?	
Measurable	How will I know when I've accomplished my goal?	
Attainable	Do I have what I need to achieve my goal? Does someone else need to be involved?	
Realistic	Is this goal doable? Do I have all the information I need to make sure this goal is appropriate for me, right now?	
Time-Bound	What is my deadline for achieving this goal?	

Once an individual has created a career pathway, analyzed the job outlook, and considered the cost of education they have much of the information they need to analyze if higher education is worth the cost. If you discover it might not be for a particular career goal, consider your options and if alternative training and education programs are a possibility.