

## Section 4: Training and Education as Assets

We will discuss how training and education can be productive assets. We will also explore some key considerations for getting and paying for training and education.



### Key Takeaway



**Training and education can be productive assets when they give you a strong chance of securing a better career or a higher paying job. Plan ahead to pay for them with as little debt as possible.**

### Training and Education Can Be Productive Assets

If training or education will lead to a better career or higher paying job, it is a productive asset – an asset that helps you get other assets.

**What are some types of educational experiences and educational institutions that could help you get a new job or career?**

### Pursuing Education and Training

As with other assets, training or education may require the investment of resources, such as time and money.

Take time to make informed choices. Training or education may or may not be a smart investment.



### Apply It: My Key Considerations in Paying for Training or Education

If you're thinking about pursuing training or education, ask yourself the following questions. These questions are just a start. Consider contacting a trusted organization in your community for additional help weighing the costs and potential benefits.

**What is the future earnings potential, job security, and market demand of the career or job I am planning to pursue?**

**How much does the school or training cost? Will I be able to pay my bills and keep a positive cash flow?**

**What is my timeline for completing the school program or training?**

**Apply It: My Key Considerations in Paying for Training or Education *continued***

**Will my employer pay for some or all of the cost and what will my employer require in return? Do I expect to receive grants or scholarships?**

**[If applicable] When will I have to start repaying loan(s)? How long will I have to repay them?**

**[If applicable] What will be the minimum monthly payment for my loan(s)?**

**What are my job prospects immediately after I graduate? What is the starting salary? How often do graduates from this school get this type of job (job placement rate)?**

**How will my long-term net worth be affected?**

**Given the above answers, is pursuing this path likely a good investment for me?**

☐ Yes      ☐ No      ☐ I'm not sure. I need to give this more thought.

## Ways to Pay

You have several options for paying for training or education.

- Ask for help from friends and family
- Save money now or use saved money
- Work while attending school
- Apply for scholarships and grants
- Ask your employer to cover some or all of the cost
- Borrow money using student loans
- Combination of above

## Scholarships and Grants

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**Scholarships** Most are monetary awards that are merit-based. They are awarded to students with certain qualities, such as proven academic or athletic ability. Scholarships are usually competitive and most have rules you must follow to qualify or continue receiving the funds.

**Grants** Most are need-based. They are usually awarded based on your or your family's financial situation. Some are also competitive.

## Saving Money for Training or Education

Some people choose to save money for education. There are special savings accounts and programs to help you save money for education.

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**529 Plans:** These plans are designed to help families save money for future education expenses.

**ABLE Accounts (529A Plans):** These are tax-advantaged savings accounts for individuals of any age with significant disabilities that began before their 26th birthday. Funds from an ABLE account can be used for qualified disability expenses, one of which is education.

## Student Loans

There are generally two major categories of student loans:

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**Federal student loans:** These loans are funded by the federal government. They usually have lower interest rates and offer more flexible repayment terms and options than private loans. Generally, repayment of a federal student loan does not begin until after the student leaves school.

**Private student loans:** These loans are nonfederal loans offered by a lender such as a bank, credit union, state agency, or a school. We will not be discussing private student loans.

You do not have to borrow the maximum amount of money you are offered. Borrow only the money you need for expenses while completing the educational program.

Try not to accumulate more student loan debt than you expect to earn as a starting annual salary after leaving school. That is what the Bureau of Consumer Financial Protection recommends.

### **Free Application for Federal Student Aid (FAFSA)**

To be considered for federal student loans, federal work study programs, or grants, you must complete the **Free Application for Federal Student Aid (FAFSA)**, at [www.fafsa.gov](http://www.fafsa.gov) or on the FAFSA mobile app.

Follow these tips:

- Check deadlines carefully
- Collect the information you'll need ahead of time
- Double-check your Student Aid Report to ensure all information is correct
- Respond immediately to all legitimate requests for additional information

## **Paying Back Student Loans**

It is important to pay back your student loans on time. Federal student loans are not automatically discharged due to bankruptcy.

If you are having difficulty paying back your student loans, contact the loan servicer right away. There may be repayment options you can pursue.

For more information on federal student loans, visit [www.studentaid.gov](http://www.studentaid.gov). That website also has information and interactive tools about repayment options.



### **Remember the Key Takeaway**

**Training and education can be productive assets when they give you a strong chance of securing a better career or a higher paying job. Plan ahead to pay for them with as little debt as possible.**