

TIME
FOR KIDS

YOUR



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FINANCIAL LITERACY FOR KIDS

**Nuon Paye went to
Democracy Prep,
a middle school in
New York City. The
school focuses on
preparing students
for college.**

A SMART HEAD START

**College is expensive. But
there are things you can
start doing now to make it
more affordable. Here are
five suggestions.**

PLAN NOW, SAVE LATER

PICTURE PERFECT
Students relax on the grounds of the University of New Hampshire in Durham.

FAMILY CHALLENGE

Make a family plan.

Have a family discussion. Are there plans in place to save for your college education? Ask: What can you do to help achieve your goals?

POWER WORDS

grant *noun*: money given by an organization to be used toward a certain purpose

interest *noun*: a charge for borrowed money, usually a percentage of the amount borrowed

When Jose Edouard finished her junior year of high school, she had saved nearly \$7,000 to pay for college. How did the 17-year-old from Florida do it? When she turned 16, she landed a job at KFC. Her older sister helped her open checking and savings accounts and showed her how to manage them online. From that point on, in addition to paying for her own cell phone and clothing, she saved at least some of every dollar she made. "I started seeing real progress," she says. "It got to a point where I got obsessed with saving."



Jose Edouard

Jose wants her money to go as far as possible. Since she has earned all the credits she needs for high school (and received good grades), she'll complete her senior year at a local community college. Tuition will be free, and she will earn college credit. Then she hopes to go to Florida State University. "I plan on applying for scholarships," says Jose, who now works at Office Depot, "and continuing to work." Follow Jose's lead. Here are five things you can do now to help pay for college.

1. GET GOOD GRADES

It's a simple equation: Good grades plus good writing skills equals more money for college. "It's a fact that the biggest scholarships at colleges will go to the students with higher grade point averages," says FastWeb's Kathryn Randolph. She says roughly 54% of scholarships are won by students with A averages. The application essay you write is critical too. It lets you show off your creativity and is a good place to explain what makes you special. Keep a journal to record details about important events. That will help you improve your writing skills through practice.

2. BE A SMART SAVER

Avoid the temptation to spend money by visualizing yourself at college. (Research shows that imagining yourself accomplishing your money goals can help you save for them.) Ask your parents if you can set up a bank account that earns **interest**. The longer your money sits in the account, the more it will grow.

3. LOOK AT LOCAL OPTIONS

Some states have scholarship programs for kids who get good grades. Talk to a teacher or guidance counselor about your state. Also, consider that you can save almost

half the cost of a four-year college education by doing your first two years at a community college and living at home. Many community colleges have agreements in place with four-year colleges to help strong students transfer between schools.

4. SHOP FOR SCHOLARSHIPS

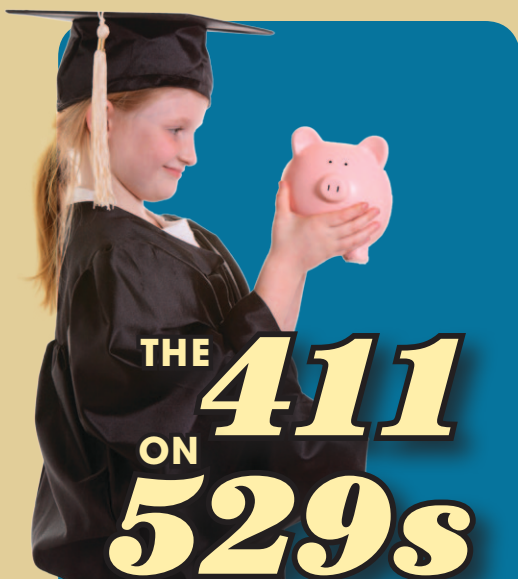
Scholarships and **grants** aren't only for straight-A students. There are tons of scholarships for special skills. Find the things you're good at and stick with them through middle school and high school. Leadership also impresses scholarship committees. Whether it's chorus, the track team, or student council,

think: "What do I have to do to be president of this organization?" Then make your move.

5. WRITE YOUR RÉSUMÉ

A résumé is a list of your accomplishments, like jobs, extra-curricular activities, and volunteer experience. Entrepreneurship stands out, so consider starting your own business. But don't feel you have to do everything. "Colleges would much rather see a student excel at one or two activities or jobs than be a jack-of-all-trades, master-of-none," says Kat Cohen, founder and CEO of IvyWise.

—By Hayden Field



THE 411 ON 529s

GETTY IMAGES

Different kinds of bank and investment accounts serve different purposes. A savings account is for money you plan on using in the next few years. A retirement account, like a 401(k) or IRA, is meant for money you plan to live on after you stop working. And a 529 college-savings account is a place to save money for college.

Why would you put money into a 529 instead of a savings account? Your parents may get a tax deduction for putting money into a 529. Also, the money in a 529 can be invested, where it can grow tax-free. When you withdraw it to pay for college, you don't have to pay taxes on it. That's a good deal. All states offer 529 plans—you can find a list at savingforcollege.com. After you open one, encourage family and friends to contribute to your account as a gift on your birthday, a holiday, or a special occasion.

COURTESY JEAN CHATZKY



ASK JEAN

Jean Chatzky is a money expert.

What is a credit score, and why is it important when you get older?
—Marie R., 14

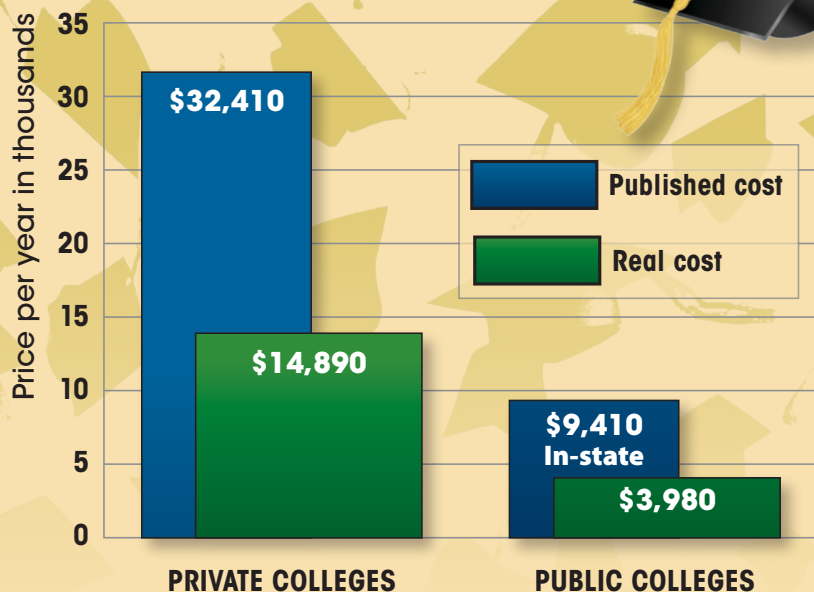
Have you ever watched your parents pay bills? Information about how they pay—including whether they pay on time and if they pay all or just part of what they owe—is reported to organizations called credit bureaus and filed away in credit reports. A credit score is based on the information in that report. If a person pays on time and doesn't over-borrow, his or her score is higher. If a person pays late and borrows too much, it's lower. A credit score is important when you get older because employers, landlords, and companies you borrow from when you buy a house or a car look for a high score. It indicates you're someone they want to do business with.

Questions? Write to Jean at tfkasks4you@timeforkids.com.

THE REAL COST OF COLLEGE

How much does college really cost? We've broken it down for you with data from the College Board. These costs may seem high, but many people don't pay full price. Instead, they use financial aid, scholarships, and college credit earned in high school and community college to bring the price down.

PUBLISHED vs. REAL COST OF TUITION



SOURCE: THE COLLEGE BOARD

FRANK WHITNEY—GETTY IMAGES