

Using the Loan Cost Estimator

This lesson is designed to help students estimate the amount they will need to repay each month for their student loans after graduation.

OBJECTIVES

Students will:

1. Determine and analyze the financial effects of their future goals
2. Connect information from their own lives in order to calculate how much it will cost to repay their student loans
3. Evaluate if they can afford their monthly loan payments based on the projected salary for their chosen career
4. Create a plan for how they will repay their loans

ACTIVITIES

PART 1

Content Knowledge

Ask students to reflect on their goals for the future. Have them develop goals for the next 5, 10, and 15 years. Have students then estimate the financial cost of each of these goals. Then ask them to share with a partner and discuss how having student loans might affect each of these goals.

PART 2

Applying Information

Students need to log in to MEFA Pathway and go to the Loan Cost Estimator in the Pay for College tab. Students should calculate how much it will cost to repay their student loans by entering the total amount in student loans they plan to borrow, the loan interest rate, and the years to repay. Students can get the total amount in student loans they plan to borrow by using the estimated total cost gap from the College Cost Calculator.

Grade Level: 11 - 12

MEFA PATHWAY LINKS FOR LESSON:

- Loan Cost Estimator

SUBJECT AREAS:

- Personal Finance
- Econ

MATERIALS NEEDED:

- Internet connection to work with the MEFA Pathway website
- Loan Cost Estimator Grading Rubric (attached)

Email any questions to:
info@mefapathway.org



LESSON PLAN

PART 3

Evaluating Information

Within the Loan Cost Estimator, students should select a career in which they are interested. When they select a career, the Projected Annual Salary will automatically populate. Students can then calculate the affordability of their monthly loan payment and analyze their estimated level of future financial stress.

PART 4

Critical Thinking/Creative Application

Students should create a plan for how they intend to repay their student loans. This could mean choosing a new career with a higher projected annual salary, thus decreasing their level of financial stress. It could mean adjusting some of their financial goals so that they have more funds available to go towards loan payments. Or it could mean going back to the College Cost Calculator and choosing a school that has a lower total cost gap, which would allow them to take out less in student loans. The plan should be detailed, thoughtful, and thorough. Students should then regroup with their partner to discuss their plans with each other.

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Loan Cost Estimator Grading Rubric

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CATEGORY	EXCELLENT 4	GOOD 3	SATISFACTORY 2	NEEDS IMPROVEMENT 1
<i>Includes Requirements</i> Loan cost estimate, description of the plan, and reflection.	All requirements are addressed.	At least two of the requirements are addressed.	One of the requirements is addressed.	No requirements are addressed.
<i>Description of the Plan</i> The plan is detailed, thoughtful, and thorough. Examples of how the student will repay his or her student loans are described.	The description of the plan is detailed, thoughtful, and thoroughly written. Several examples are described.	The description of the plan is detailed, and the student provides an example of how his or her loans will be repaid; however, the plan could be more thorough.	The description of the plan is basic and could use more detail and examples in order to support the plan.	The plan is limited if present at all. There are no ideas or examples of how the student could repay his or her loans.
<i>Conventions.</i> Student uses proper grammar, punctuation, and spelling.	There are no grammar, punctuation, or spelling errors.	There are 1-2 grammar, punctuation, or spelling errors.	There are 3-4 grammar, punctuation, or spelling errors.	There are 5 or more grammar, punctuation, or spelling errors.