

**FT:** I do have one question though because this afternoon comes up and it's a topic for debate Lynnette. If your child gets into let's say Stanford or Harvard, in that case where, you know, job placement is just so very strong and great job placement is so very strong with those graduates. Is it okay? Is it relatively less damaging [chuckles] to take out say \$200,000 student loans which I, I mean my feeling is no. But I wanna know, I mean in the grand scheme of life perhaps if you get into Harvard, is it worth it? Because if you're gonna graduate and make, you know, six figures in your 20s perhaps of your brand name education, what do you think?

[00:03]

**LKC:** My answer is no, it's not worth it and here's the reason why. First, you have to understand the financial aid policies and the aid policies, in general, at these schools. You mentioned two different ones, Harvard and Stanford, obviously both excellent schools. Some families mistakenly think like, "Oh, my kid is such an academic standout, or he is gifted in athletics, or in the arts," and something else, and they're gonna get a merit-based scholarship. Well, none of Ivy League schools offer merit-based scholarships. The only offered need-based scholarships which is institutional aid in effect that is based on a family's income and assets.

So fortunately, places like Harvard and Princeton and Yale have very generous need-based policies and you're able to do that, of course, because they have very strong, very large endowments. You know, a loan received tons of debt donations, alumni get back, that kind of thing. So it's possible that if you get into say a Harvard or a Princeton, you're actual net cost what you'll have to pay is gonna be less than say a public university which doesn't have as much resources which--eventhough that school might be lower-priced school, you might end up getting more aid from, say a Stanford or a Yale, and Stanford obviously not in a Ivy League system but also a school that has good financial aid policies.

But now, to answer the question about whether it's worth to say take on a \$100,000 or \$150,000 worth of student loan debt. My answer would be no. To me that means you haven't picked the right exact fit. Now obviously, they'll be some people who disagree with me who say, "Listen, I'm telling you but it's Harvard." Exactly, but it's Harvard. My daughter is in the situation, so we're gonna see. If I'm gonna put my money where my mouth is because one of the schools to which she has applied is Penn, and she'll find out March 31<sup>st</sup> if she has gotten in, and she'll also find out what kind of aid, if any, they're gonna give to our family.

Now, the other schools, she applied to eight schools. She's heard from four. She has gotten to all four. Only one of them thus far do we know her financial aid status and they actually gave her a generous amount of aid but it was not based on our financial--our family's financial standing. It was a merit-based scholarship because she's a national merit scholar. So, she has one offer for full tuition and that's from Fordham University. The other three school she has got accepted into are University of Virginia, University of North Carolina, Chapel Hill, and University of Texas at Austin. Again, all great schools. In my head, I'm so glad that my daughter is not a brand

conscious kid who is like, “Ahh, only, you know, Penn,” or “Only Emery,” which is another school she has applied to and she is, you know, waiting to hear from.

So, are we going to look at the financial aid package? Absolutely, we’re gonna see, you know,-- but any of the schools are acceptable to us and in truth, all eight of them are excellent schools and I’d be happy and she’d be happy in any of the eight then it comes down to; A, fit to her. Where’s the best program? If she’s gonna be in the honor’s program? If she’s going to be able to study abroad? All of the things that were on her sort of checklist. And so, finances play a role, of course, but all other things being equal if she were to say accepted into Wharton, which is she wants to study marketing as an undergraduate and she applied to a special program, the Hunstman Program, which is, you know, again these are very difficult schools to get into in the first place and even more selective when you get to specialty areas. But do I think a Wharton education would be worthy for her and to get an undergraduate business degree from Penn? Her dad went into Penn. He got his master’s degree and his PhD from Penn. Yes, I fully support, appreciate, and understand and know the value of a Worthon degree, of an Ivy League degree, etcetera.

But let’s say that Penn said, “Okay, on the need basis, we’re gonna give \$5,000 and the other \$60,000 would be for us to pay,” and then let’s say Emery...

[05:31]

**FT:** That will buy her lunch, by the way, \$5,000.

[05:33]

**LKC:** [Laughs] Exactly.

[05:35]

**FT:** School cafeteria.

[05:36]

**LCK:** Right. And let’s say, one of the other, you know, or several other schools said, “Here, we’ll give you \$45,000, so you guys will just have to pay \$20,000.” Ultimately, it comes down to as I even wrote in [05:49] Secrets. Do you think that that education is \$40,000 better than say the next school on the list? And, that’s a judgment call that many have to make.

In her case, again I think she’s fortunate to be, you know, to choose from a range of very excellent schools. All of which has excellent placement, graduation rates, etcetera, and no, I just don’t feel that’s worthy to because I know having lived it and then having, you know, talked to and caught so many people that: A, there are no guarantees and that B, eventhough you might think, “Okay, I’m gonna be making \$124,000 a year.” We need to be realistic about what we’re talking to some of these students about in terms of the trajectory of their career path.

And, while it's the case that you can look online and see average earnings or mid-career earnings of X and it would be a nice six-figure salary, the reality is that for most and honestly, it depends on your major and, you know, which is your career choice is gonna be but for most, they're not gonna come out of school making six figures. And so even if they do, those are gonna be young 20-something adults who have to learn to manage money wisely and they're probably gonna be for the first time in their lives on their own. They might relocate. They might need to travel for business.

And so, all of the sort of natural evolution in terms of what happens when she become an adult and stop living of the bank of mom and dad, they're gonna have to figure out, you know, how to juggle the rent or the mortgage payment if they have to buy home at an early age. They're gonna have to figure how to pay their own car payment, and utility bills, and cellphone, and nights out with the friends, and all those other expenses, so...

[07:49]

**FT:** It's like winning the lottery [laughs] that sudden.

[07:51]

**LKC:** Yeah, but my point is that it's not just student loans alone. None of this exists in a vacuum or in a sort of an isolation where you can just say, "Okay, I can swing \$400 or \$500 a month student loan payments." Okay, maybe you can if that was your only bill but what about your rent? What about your car note? What about your insurance? What about your healthcare payments? What about taxes? You know, everything else, and that's the reality, and that's we're seeing so many millennials who are struggling with debt. A lot of it student debt. Some credit card debt and others who are making, you know, who are having to make serious choices and are making, in some cases, life decisions based on the amount of debt that they had. Some are putting off buying homes. Some are putting off marriage. Some are putting off kids.

And so, the consequence of going into debt extend well beyond dollars and cents. It's not just the money and, "Can I afford or can I repay this?" It's about making sure that you have the life that you want. And so, I wouldn't want my child to be cash tracked. I wouldn't want her to be stressed nor would I want her career choices to be limited just because she feels like, "Oh, okay, I have to go and work at XYZ company to make a six figures salary just to repay all these student loans."

[09:11]

**FT:** What's your financial philosophy Lynnette? What's your money mantra that you live by?

[09:19]

**LK:** Now, I...

