

## **1<sup>st</sup> Place Essay (Kyle Dotterer)**

### **Looking beyond high school, what are the most important preparations for a successful financial future and is college the best way to get ahead?**

Naturally, most people strive to secure a successful financial future. While not everyone has the knowledge nor the willingness to pursue the actions that will secure this future for themselves, a cursory examination of the system presents ways in which future success may be reasonably assured.

Economics is everything. It is the oscillating trends of supply and demand on a global scale, the everyday profit-driven actions of corporations and their investors, the appropriations quarreling among all levels of government across our nation, and the calculated monetary choices made by each and every individual. Thus, it follows that knowledge of the larger economic picture and one's place within it are a very important part of securing a successful financial future. To demonstrate this point, I invoke a personal anecdote. Although I am not keen to admit it, not long ago I was woefully ignorant of the way in which the global economy operated. The economics class at my high school — only one trimester class is offered to cover this most complex subject — was comprised of a linear progression of memorization and regurgitation, and it did not appeal to me in the slightest. Luckily, in my senior year of high school I dual enrolled at Northwestern Michigan College in a Macroeconomics course, forever changing my perceptions. I saw the beauty of economics, the elegant way in which every action could have such a resounding impact upon so many seemingly unrelated entities. I experienced the delicate balancing act faced by so many economists and policymakers alike. The class gave me a basic yet broad understanding of the larger trends in the globalized economy, and I believe knowledge of these trends is imperative to a successful financial future. Where would an investor be without knowledge of the Federal Reserve and its powers, the pros and cons to expansionary fiscal policy, or the appreciation and depreciation of currency? Personally, I was lost. But now, after just a semester of study, I can see my place in the macroeconomic environment of Earth, and I know I am ready to take it

on financially.

Aside from knowledge, time is the economist's greatest ally. Financial independence refers to that state in which one has sufficient capital assets that they may live the lifestyle they choose, independent of the need for earned income. This capital can be acquired in a variety of ways including inheritance, a judgement such as in a divorce or civil lawsuit, or by the most common means: earning it. In order for one to become financially independent during our working years, it is mandatory that one saves and invests. Investing can be complicated and confusing, and the game changes with the undulating economic environment. For example, throughout 2006 one could deposit all of their money into a government insured bank account and receive a 7% risk free return. Now, less than a decade later, that same bank account will return 1% or less because of the changing policies of the United States Federal Reserve. Unless one is receiving a large compensation, it is obvious that one will need to invest in riskier assets such as stocks and bonds in order to achieve financial independence. As one invests in these other assets there is always the chance that they will lose their capital. For this reason, it is important to diversify one's investments in a manner such that they are comfortable with the inherent risks. The most important way to minimize the risk is to start saving and investing early in ones life such that they can invest smaller amounts in the higher yielding and riskier assets. Achieving financial independence in this manner really comes down to saving and investing in a portfolio of reasonable risks coupled with the powerful compounding effects of time.

So with time on the mind, is spending a minimum of two years at college worth the investment of both time and money? College ostensibly increases one's competitiveness in the job market, leading to more lucrative careers and financial stability. This fact has been backed up time and time again by both the educators themselves, as well as independent sources. As the institutional concept of higher education and the degree model suggests, one can effectively further their knowledge on a single or a few topics though attendance. This specialization is integral in shaping an individual into a potential professional by exposing them to nearly limitless career-specific resources, thus rendering them

capable of completing many tasks. Without the extensive experience and knowledge gained at college in computer science, for example, an engineer would not be able to code, rendering him useless to that specific field of career opportunities.

However, one must be careful not to fall into the trap of societal norms. Any textbook definition of success would include attending college, but this is not necessarily the best approach to getting ahead for everyone. As so many before have pointed out, taking on large amounts of debt simply to pay for a college education is hardly a financially prudent maneuver. One must weigh the potential benefits of attendance with the assured risks of doing so. A high school graduate may be better suited by attending a less expensive college that they may afford up front rather than taking out loans to pay for a more expensive one. As the recent massive defaults on student loans across our country pointed out, debt is a very dangerous thing, and the incurrence of its wrath should be avoided by any means necessary.

Ultimately, financial success is not something that can be assured. The turbulent waters of economic change and the ever-flowing stream of institutional evolution prevent complete certainty in this field. But, it is something that can be wisely and meticulously planned for. With enough knowledge, time, and common sense to meet individual situations, financial success can be condensed to a scientific endeavor with only a small chance for anomalies to arise. But then, what's life without a little uncertainty?

**Word Count: 996**

## 2<sup>nd</sup> Place Essay (Kaelyn Tarsa)

### The Best Investment

What do you invest in? Real estate? Gold? Chocolate?

Imagine making an investment that wouldn't cause any worries. Imagine knowing without a doubt that your money was going to result in a more successful financial future. Well, there is an investment that has a financial success rate of 97.8% (U.S. Bureau of Labor Statistics). It generates a return whether the markets are up or down. That investment, the best investment a person can make for a more successful financial future, is to invest in him- or herself.

How does someone invest in himself? An investment like this means increasing one's skills, experience and knowledge, in other words, a person's human capital. This can be done through internships, a variety of jobs, and attending work or personal development seminars. However, the most effective way to increase human capital is by investing in one's higher education.

An important part of human capital is knowledge and skill. A degree from a college or university provides these two components. By attending class and completing projects, students are increasing their knowledge about specific topics while honing skills, whether it's painting a landscape, balancing a budget, or inserting an IV. Study abroad programs, internships, job shadowing and other workplace opportunities made possible by the university can boost the experience and confidence of individuals. To state it simply, higher education increases a person's human capital.

However, college is expensive. As high school seniors wonder how to spend the next four years of their lives, some wonder whether spending thousands of dollars at school is really worth it. How do you justify spending tens or hundreds of thousands of dollars ... while jobless? Doesn't it make more sense to save the money and get a job a right away? The truth is a college education is worth the cost because it is an investment, an investment in yourself.

If you strictly look at the numbers, earning a degree makes sense economically. Average income

increases directly with the level of education received. According to the Bureau of Labor Statistics, those with only a high school diploma earn about \$652 dollars a week. Those with a Bachelor's Degree earn \$1,066 a week, almost double the amount. There's no doubt college is a substantial investment, but it will likely result in a more financially successful future.

The more you invest in yourself, the more you increase your human capital and lower your risk of unemployment. If Bill Gates were to lose his company and all his money, you would probably not find him out on the street for long. He would go to the nearest computer agency and find a job. He has developed skills and acquired knowledge, making himself a desirable employee in the industry. While it's possible to lose money in other investments, intelligence and experience are more permanent. By decreasing the threat of unemployment, college graduates can almost guarantee themselves a steady income. This contributes to a successful financial future.

For some, college is not the answer. Many financially successful people, for example Steve Jobs or Mark Zuckerberg, have flourished without earning a degree. This includes Bill Gates, who dropped out of college. As mentioned before, Bill Gates possesses experience and skills. Through certifications and experience, he has invested in himself, though in a non-traditional way.

Although college is a worthwhile investment, there are alternatives that graduating seniors can use to enhance their human capital. Too often, these are not given serious consideration. Throughout high school, students hear from college representatives, learn about deadlines for applications and are asked the dreaded question, "So, what school are you thinking about?" It's assumed that college is the next step after high school. Some students are made to feel ashamed if they are choosing to enter the workforce immediately or take a year off. The truth is there are other ways to invest in oneself.

Consider these alternatives. In trade schools, students can learn professional skills in two years or less. College certifications allow individuals to acquire career-related knowledge or skills for little or no cost. Certifications are earned typically in less than a year and provide important credentials. Finally, a third suggestion is to simply gain experience. Through volunteer work, internships, apprentices or

even military service, young adults can practice problem solving, overcoming differences, and handling typical business situations.

Establishing a budget and following a savings plan are important preparations for a successful financial future, but the most important contribution you could make is an investment in yourself. Students who struggled in the traditional classroom should feel free to pursue alternatives to college. However, for the majority of young adults, college is the best way to increase one's human capital. By developing proficiency and competence, college graduates increase their knowledge in specific programs and decrease their chance of unemployment resulting in a more stable income and likely a successful financial future. Financial portfolio's may shrink or grow but learning acquired through life experience and higher education is permanent.

Want to be successful financially? Invest in something real; invest in yourself.

[Word Count: 840]

### **3<sup>rd</sup> Place Essay (Alec Stilwell)**

#### Preparation for the Future

*“An investment in knowledge pays the best interest”* – (Benjamin Franklin)

At this point in my life it is hard for me to truly realize the impact of this quote. I have grown up having this said to me in several different forms but all are generally the same, “Go to college”. Most teenagers do not stop and take the time ponder this philosophy. What does it mean? It means that education is possibly the most valuable thing that we can invest our money in. This is hard to believe because the dividend of that investment is not always readily visible, but it shows itself in many more ways than one. I strongly believe that in order to have a successful financial future students must first educate themselves for the future, and that college is the best choice that can be made in order to achieve that goal.

What is the object of college? Why spend extremely large amounts of money to move away from your home and be with strangers? It has a vital role as a stepping stone in our society. It is the next leap after high school when you decide where you will go with your education. At this point in your life you are no longer limited to attending the school closest to your home; the options are endless! It is a new-found freedom that also entails a great amount of responsibility. This responsibility is to yourself, for staying on track and accomplishing what you are there for. College teaches you many different things, not just raw skills and knowledge. College teaches you about yourself, where you want to go and how to be responsible. All of this is a subconscious experience while you have your nose in a book trying to pass the exam that will grant you the knowledge to succeed at the career of your choosing!

For the past two years of my high school career I have attended the Manufacturing Technology Academy (MTA) here in Traverse City. For these two years I have lived about 45 minutes away in the town of Bellaire and have made the commute every day. This has made me appreciate the importance

of a quality education and what it is worth. MTA also has a certain atmosphere about it that resembles college. The academics are advanced and the tone is professional, and with that comes deadlines and of course, stress. These are a couple things that one might not experience at a normal school, at least not to this degree. What this experience has taught me is how to cope with these mental stresses and still excel at my studies. As I said previously, college does much more than prepare you with the raw skills and knowledge for your career; it gives you many mental advantages that are extremely beneficial in the workplace. In some ways, college is a close simulation of workplace life, and it is crucial to condition yourself and understand what will be expected of you in the workforce.

College is the stepping stone between high school and a job in industry. What exactly happens at college that makes this transformation occur? It educates you on career-specific information that will enable you to perform your job when you enter the workforce. An employer needs a prospective employee to have education and experience in a specific field to hire him or her. Employers cannot simply train a high level employee from scratch themselves; that is fiscally improbable. Therefore, colleges do that for them!

For example, I have had the opportunity through MTA to work at an internship in the industry that I am exploring for a possible career. At this internship there are many skills that I needed to have to be successful; both interpersonal and knowledge-related skills. MTA has prepared me with experience using CAD software to design parts and products. It was extremely beneficial to my company that I could jump right in and work on projects without any further training. This is a perfect example of why colleges do what they do. They are there to prepare students for what they will encounter in their careers and in their future.

So if the goal of college is to prepare students for a career, what is the goal of having of a career? To make money of course! That is the main purpose of the entire educational system, to provide students with the tools that they need to make money in their own lives by working at whatever career that they choose to pursue. At this point, that is one of the hardest challenges to overcome. The current



economy that we live in has the largest wage gap between high school graduates and college graduates in almost 50 years. This is almost a punishment for not going to college. According to [pewsocialtrends.org](http://pewsocialtrends.org), the average worker with a four-year degree makes nearly \$17,000 dollars more in annual wages than a worker of the same age with only a high school diploma. ([pewsocialtrends.org](http://pewsocialtrends.org)) This demonstrates a need to attend college now more than ever.

In conclusion, a college education is a sound investment for achieving a strong and successful financial future. College will prepare you for what is to come in your career and will grant you the knowledge to excel in it. As Benjamin Franklin said, if you invest in your education you will be rewarded for it. College is the way to educate and prepare yourself to achieve the goal of a successful financial future.

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