

Earning Potential



PACIFIC NW
FEDERAL CREDIT UNION

Earning Potential Unit: Lesson 2

Fold a Name Tent!

Group 1: Each of you will remain seated to produce your own name tent, using only one hand, your **nondominant** hand—that is, the hand with which you do not write—to produce the name tent. You must keep your dominant hand behind your back. You may not assist one another.

Group 2: Each of you will remain seated to produce your own name tent, using only one hand, your **dominant** hand—that is, the hand with which you write— to produce the name tent. You must keep your nondominant hand behind your back. You may not assist one another.

Group 3: Each of you will remain seated to produce your own name tent, using **both** hands. You may not assist one another.

Group 4: Each of you will produce your own name tent while standing and using only one hand—your **nondominant** hand—to produce the name tent. You must keep your dominant hand behind your back. You may not use the desk, table, or chair. You may not assist one another.

- None of the groups may begin producing name tents until the class is told to begin.
- When you finish folding your name tent, raise your hand.
- You will be timed and will have a maximum of two minutes to make your name tent.

Reflection

- Who found it very difficult to produce name tents? Why?
- What difficulties did those in other groups encounter making the name tents?
- In general, which group of students finished most quickly? Why?
- In general, which group of students took the longest time to finish? Why?



Human Capital

We all have it.

Can you define it?

What does Human Capital mean to you?



Human Capital includes...

The skills, education, and abilities people have.

When workers or students learn and practice new skills, they are improving their **human capital value** as well as their **earning potential**.

How do the name tents relate to human capital?

Those who had **fewer constraints or limits** when producing name tents represent those with more human capital.

People with more skills, education, and training tend to be more productive and, as a result, often earn higher incomes. In the name-tent activity;

Group 1 represents high school graduates.

Group 2 represents high school graduates with additional training—associate degrees, bachelor's degrees, or trade school.

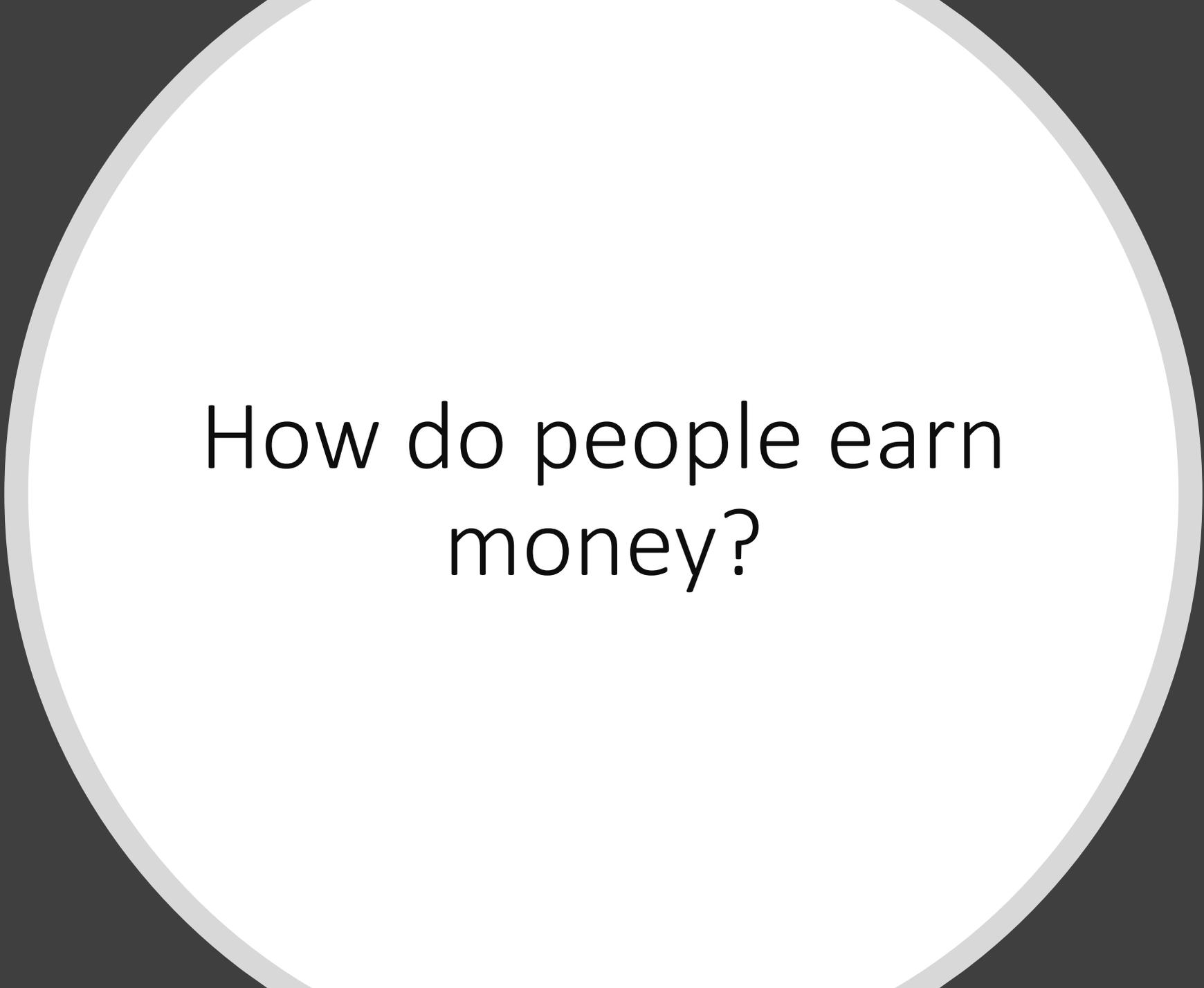
Group 3 represents those who pursue advanced degrees.

Group 4 represents those who did not graduate high school.



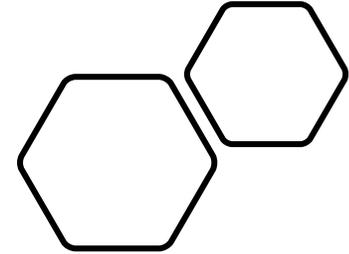
Human Capital is shown or gained through...





How do people earn
money?

People earn money a variety of ways



Natural Resources (selling crops, land, or minerals)

Human Resources (making music, playing sports, operating machinery)

Capital Resources (investing)

Entrepreneurial Ability (creating a business or product)

What determines your
income?

Income is related to

Choices you make about

- Education
- Training
- Skill Development
- And Career

People with fewer skills or less education are likely to earn less than people with more skills and more education.

However, while new skills may increase your productivity, there is also an opportunity cost and some economic risk involved.

You must decide if the opportunity cost is worth the benefit of the training or education that you are seeking.

What does OPPORTUNITY COST mean to you?



Earning Potential Activity: A few things to keep in mind.

- This is a small sample of possible employment opportunities for each level of schooling. There are many possible outliers.
- Jobs are based on “just out of school” opportunities.
- All hourly rates were taken from the national average.
- The minimum wage is based on Oregon’s minimum wage as of July 2024. **Oregon Minimum Wage in Portland Metro - \$15.95**
- Loan amounts were determined by taking **half** the average cost to obtain the degree(s) mentioned.
- Price of school can vary by tens of thousands of dollars a year.
 - The most expensive 4-year colleges cost between \$60,000-\$90,000 a year.
 - The most affordable 4-year colleges can go as low as \$7,000-\$8,000 a year.
 - The cost of a 4-year school will depend on many factors –
 - In state or out-of-state schooling?
 - Private or state university?

A few more things to keep in mind...

- Federal and private student loan rates shift depending on current trends. You might take out a loan your freshman year at 5.2% and go back for more your sophomore year to find rates have risen to 6.2%. These small changes can make a big difference in the amount you pay over the life of your loan.
- In general, the rates for student loans have consistently fallen between 4.5%-7.9% for the past 20 years.

Example: Total Student Loan = \$54,000

If payed over 20 years with an interest rate of **5.2%** the **total interest paid** will be **\$32,968.61** with a monthly payment of \$362.37 making your total payment \$86,968.61

If payed over 20 years with an interest rate of **6.2%** the **total interest paid** will be **\$40,350.99** with a monthly payment of \$393.13 making your total payment \$94,350.99

- The cost of school is estimated INCLUDING the cost of living while going to school (school loans cover housing too!).

There's a lot to learn about how your decisions impact your earning potential! Use the directions below to fill out **Earning Potential Worksheet 1**.

Directions:

1. Read the entire summary section of your Earning Potential card
2. Fill in your earning potential sheet with information contained in the summary section of your card.
3. Assume the following information:
 - A month is 4 weeks
 - You work 8 hours a day, 5 days a week

Earning Potential Activity

What do
you notice...

When looking at our earning potential chart, what do you notice?

- Does more schooling *always* equate to more earning?
- If you choose a level of schooling, are you able to then continue your education to up your earning potential in the future?
- What else do you notice about this activity?





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Questions? Contact us at kristinm@pnwfcu.org