

Introduction

Earning Income

There's an old saying that "great oaks from tiny acorns grow." The meaning is simple: great achievements begin small. Then they blossom and flourish.

Education and financial security are good examples of how this works in life. Doing well in the elementary grades, studying all through middle school, graduating from high school, and continuing your education are the little steps that usually result in a big payoff: an enjoyable job with a good income.

The best way to increase your chances for a good income in a career you enjoy is to begin planning NOW. Think about what you like to do in your spare time. Do you like to write stories, fix broken toys, play the trumpet, or gaze through a telescope? Don't worry if the things you enjoy are different from the activities your classmates find appealing. Everybody is unique. But by examining your options, and finding out about careers that will be in demand in the future, you'll be able to make choices that can lead to a good income in an occupation you truly enjoy.



Why Stay In School?

Introduction

People do not work for money. They work for the goods, services, and security that money can buy. Of course, you'll be able to buy more of the things you want if you have more money. Besides working for the things money can buy, people also work for the personal satisfaction they gain from their work.

You can acquire money in several different ways. You could steal it—but that harms other people, and living in prison isn't too much fun. You can receive it as a gift—but that's not too steady or predictable. (Besides, your Aunt Mabel isn't going to send you a birthday check for the rest of your life.) If you're like most people, you'll get most of your money by working for it.

Working is something you'll probably do for 30, 40, or 50 years. So how can you make the most of your time on the job? The best thing to do is to plan ahead and invest in your human capital by getting as much education and training as possible, especially in a field for which you have an interest or aptitude.

By staying in school, learning a trade, earning an advanced degree, or serving an apprenticeship, you can master the skills and gain the knowledge you'll need to be successful in a career that you enjoy. Studies show that people with more education have more job satisfaction and earn higher incomes.

If you choose to stay in school you'll learn extra skills, become a more valuable worker, and have the opportunity to earn a higher income. With a higher income you'll have more opportunities to use the money you earn to plan for your financial future.

Vocabulary

Income: Money earned during a specific period (e.g., \$10 per hour or \$50,000 per year).

Marginal benefit: The additional benefit of one more unit of some good or service.

Opportunity cost: The next-best alternative that is given up when a choice is made.

Wages: Income earned from working.

NAME: _____ CLASS PERIOD: _____

Steps to Success

Directions: Study the table below and answer the questions that follow.

Median Annual Earnings in 2009 Dollars by Levels of Educational Attainment

Less than High School	\$23,608
High School Graduate	\$32,552
Associate's Degree	\$39,572
Bachelor's Degree	\$52,200
Master's Degree	\$65,364



Questions

1. Based on the information in the table on page 26, calculate the difference in earnings between:

- a. a high school dropout and a high school graduate: _____
- b. a high school graduate and a graduate from a two-year college program (associate's degree): _____
- c. a two-year college graduate and a four-year college graduate (bachelor's degree): _____
- d. a four-year college graduate and an individual with a master's degree.

2. Based on the information in the table below, fill in the table by calculating years worked and lifetime earnings for a person at each level of educational attainment.

	HS dropout	HS diploma	Associate's Degree	Bachelor's degree	Master's degree
Annual Income	\$23,608	\$32,552	\$39,572	\$52,200	\$65,364
Years worked					
Life earnings					

Source for both tables: Bureau of Labor Statistics Current Population Survey: <http://www.bls.gov/emp/emptab7.htm>. Data are 2009 annual averages for persons age 25 and over. Earnings are for full-time wage and salary workers.

For this exercise, assume that each person works until 70 years of age. Other assumptions include: a. the high school dropout begins full-time work at age 16; b. the high school graduate begins full-time work at age 18; c. the graduate of the two-year college begins full-time work at age 20; d. the graduate of the four-year college begins full-time work at age 22; e. the graduate with a master's degree begins full-time work at age 24.