

# Financing your **future**

## Four alternative ways to pay for Business School



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# Why go to business school?

Business school alumni consistently tell us that pursuing a graduate management degree was personally and professionally the right decision for them and totally worth the investment of time and money required to advance their career goals and create new opportunities.

Just as the costs of the b-school investment include nonfinancial variables, so do the returns. In addition to increased earnings, also consider how a graduate management degree will impact the expansion of your professional knowledge, skills, and abilities; your personal development; career acceleration; and job satisfaction.

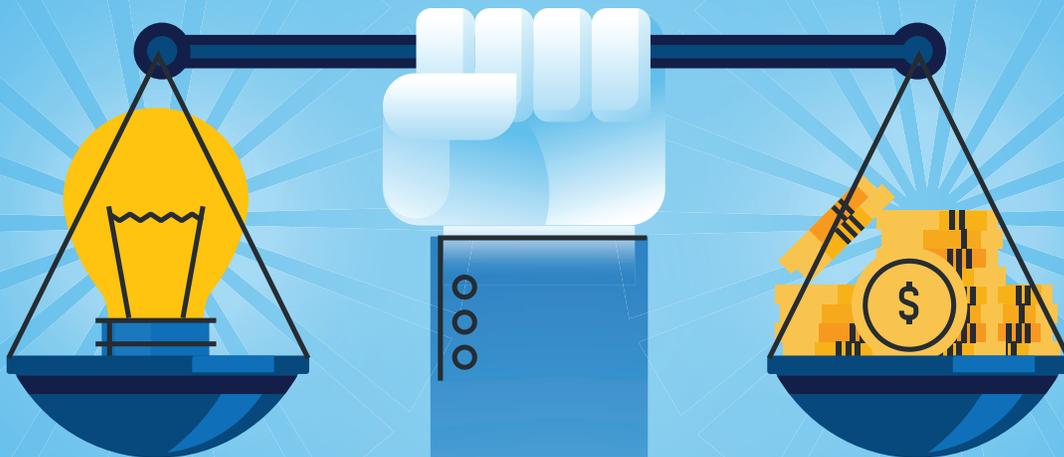
## Financial Returns

Coming out of business school, alumni report significant initial boosts in base salary and suitable investment recoup times, which vary by program type.

Opportunity cost and the length of the program are major factors affecting investment recoup time. For example, alumni of full-time two-year MBA programs tend to have the largest investment costs because they typically miss two years of employment while enrolled full-time. (They also generally enter their graduate programs with higher incoming salaries due to years of work experience.) Graduates with lower opportunity costs, including those who attend shorter (typically one-year) specialized business master's programs, tend to recover their investment faster.

Overall, 81 percent of alumni agree that their graduate management education increased their earnings power and 75 percent agree that their business education was financially rewarding.

Business school alumni earn a median of US\$2.5 million in cumulative base salary over 20 years following graduation. This is a half-million dollars more in median cumulative base salary than they would earn if they did not go to business school and had consistently earned 5 percent annual salary increases, and a million dollars more than if they did not go to business school and had consistently earned 3 percent annual salary increases.



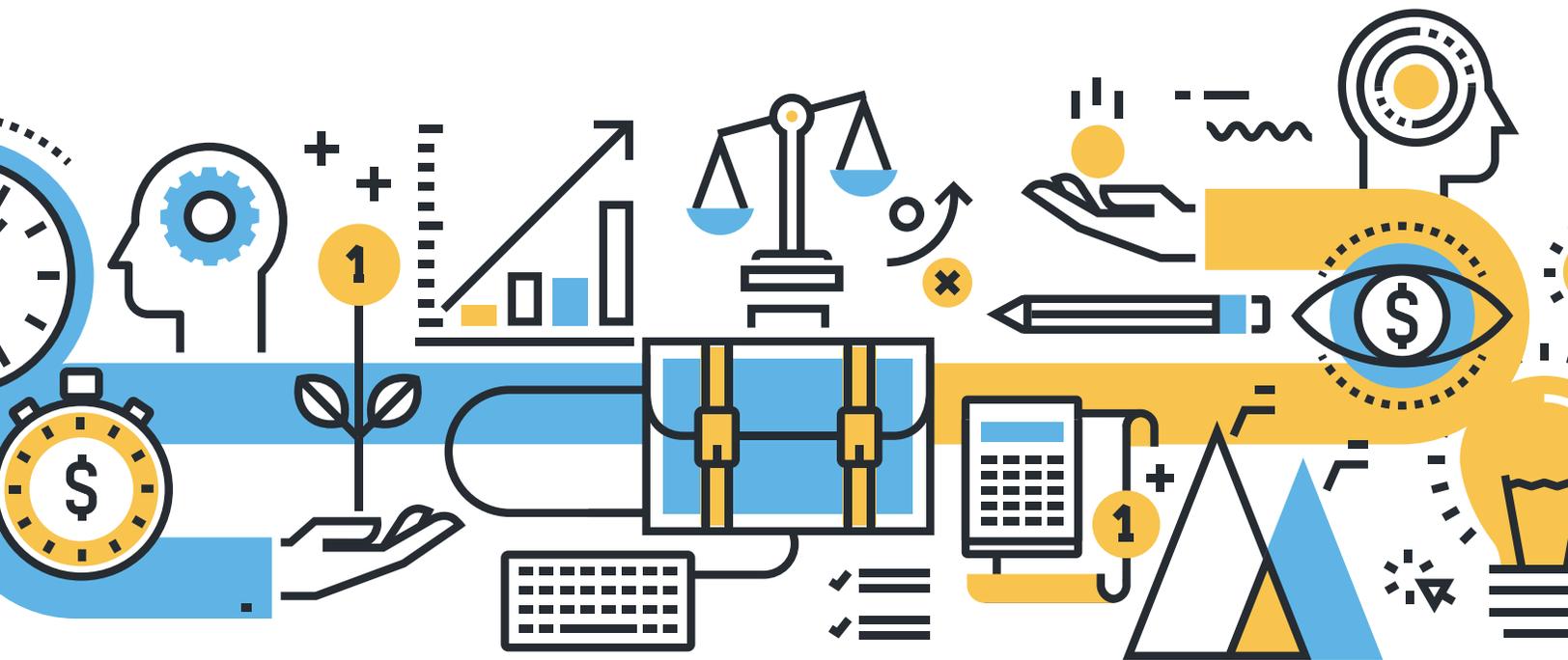
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## Nonfinancial Returns

Beyond the financial returns are the benefits of a business school degree that affect alumni personally and professionally. Overall, 93 percent of alumni agree that their graduate management education was personally rewarding, and 89 percent agree it was professionally rewarding.

Specifically, a majority of alumni agree their graduate management education prepared them for leadership positions (80% of respondents), offered them opportunities for quicker career advancement (73%), and developed their professional networks (70%). From a skills perspective, more than 3 in 4 alumni agree attending business school developed their qualitative analysis skills (88% of respondents), quantitative analysis skills (84%), and soft skills (76%). Two-thirds of alumni (68%) are satisfied with their current job and employer.

Source: GMAC (2016) Alumni Perspectives Survey.



## Let nothing stand in your way

The top reservation we hear from prospective students about pursuing a graduate business degree is the high cost of tuition/fees and how to pay for their education.

Finance shouldn't be a barrier to pursuing your degree. That's why we created this guide, which explores funding options you may not have considered through your initial research. For those of you who are considering an MBA or a Master's degree, there are many ways to fund your degree without acquiring huge amounts of debt.

A good way to cover the costs of graduate school without breaking the bank is to be creative and to use a combination of several sources of funding.

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# Sources of funding

## 1. Crowdfunding

This method of funding essentially involves a large pool of sponsors (the crowd) providing donations or capital to support a venture, campaign or cause, like your postgraduate degree! There are many forms of crowdfunding, but the main three types are:

Donation-based crowdfunding-- sponsors donate money to support a cause, a similar setup to websites like GoFundMe and Kickstarter. AllTuition allows students to set up profiles; then it is up to you to campaign for donations from friends, family, employers, etc. via social networks.

Reward-based crowdfunding-- the sponsor receives a reward with a clear monetary value in exchange for a pledge. The money pledged is similar to paying for a pre-order of a product or service.

Credit-based crowdfunding (aka peer-to-peer lending) -- Sponsors receive an interest rate in exchange for lending money. The money is pledged in the form of a credit loan.

Tap into your own network to see if anyone you know has deeper insight into this form of funding. Maybe a friend-of-a-friend tried something similar and can give you tips on which platforms are trustworthy.

Before you submit your personal information to any website, it's worth a bit of checking first—who are they, what does their privacy statement or policy say, and to whom will they be sharing your information? Ask around for people who have used that service to learn about their experience.

## 2. Cooperative education and internship programs

Take part in a cooperative education program during your undergraduate course.

Some universities offer co-op programs, which allow students to combine classroom learning with workplace training to let students save up for post graduate degrees during college.

Not all universities will offer the opportunity to work while you study, but if they do it's a great way to save for your postgraduate business education, particularly as certain companies will hire university students at a higher-than-usual pay rate to help them fund their education.

In addition to this, you will gain the on-the-job experience that will help you with your business school application.

Check with your university to see if they offer a cooperative program or even internship or assistantship opportunities. Working, if you can manage it, is helpful not only in a monetary aspect, but also in terms of broadening your professional experience, which is a bonus for your application to business school.

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### 3. Scholarships through professional groups

Scholarships may not seem new or novel, but thinking creatively about where to apply for a scholarship can pay off nicely in the long run.

Our 2015 research showed that scholarship awards represented the most common type of tuition assistance that business schools offered to incoming students. Given the range of students who actually received these awards, it appears scholarship programs encompass a highly competitive process.

That's not to say that you shouldn't consider applying for a scholarship offered by a business school. But you should also look for awards offered by professional groups that operate in the higher education sphere.

Business education publisher and events company, QS offers a range of scholarships worth over \$1.7 million to attendees of one of their world tours. Check out Top MBA. The Forté Foundation also offers many scholarships to women who are interested in business school.

Click here for an extensive list of external funding opportunities.

Don't forget that many schools will point you in the right direction for scholarship opportunities, but you need to take the time to research these institutions. The effort you put into this will pay off in the long run.

### 4. Get a high GMAT® score

Ok, so it might seem cheeky to suggest that a high GMAT score can help fund your studies, but it's true!

There are a range of academic scholarships that are merit-based and offered to students who have outstanding academic or extracurricular achievements, including a high GMAT score. (And don't forget that many of the top business schools offer full-tuition scholarships.)

Getting a high GMAT score is achievable, providing you put in enough time for preparation. And like any goal worth achieving, doing well on the GMAT exam starts with a solid study plan. Develop a plan that works for you, stick to it, and you'll get the score you want.

The first thing we recommend is downloading our GMATPrep® software, which is free to registered users on mba.com, the official website of the GMAT. The software simulates the actual test experience by using retired questions from previous GMAT exams.

Also, take advantage of our GMAT Prep Timeline to help you plan a course toward your best GMAT.

Finally, why not ask for a GMAT fee waiver? GMAC (that's us by the way, The Graduate Management Admission Council) offers GMAT waivers to eligible candidates via schools. Check with the school you're applying to and see if they are able to offer a fee waiver to you.



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# FINANCIAL PLAN CHECKLIST

When planning for business school, tuition fees are just one of the costs you need to budget for. Whatever your circumstances, whether you're planning on relocating to study, giving up work in order to study full-time, or studying part-time, below are the other items you should factor into your financial plan.

- Tuition and fees**
- Textbooks and supplies**
- Living expenses (rent, groceries, utilities, local tax, etc.)**
- Local transportation**
- Moving expenses (if moving to a new town for school)**
- Personal expenses (clothing, furniture, etc.)**
- Leisure (social activities, cinema, restaurants, bars, etc.)**
- Health insurance (medical and dental)**
- Child care**
- Children's school fees**
- Mobile expenses**
- Internet**
- Student visas**
- Technology (laptop, printer, tablet, etc.)**
- Memberships to professional organizations**
- Flights and accommodation for international trips**

In addition to the recommendations made in this guide, you should also develop a financial plan to reduce debt and set aside savings toward your degree. This can minimize your reliance on loans and give you more flexibility for unbudgeted expenses that may arise during your time at school.

Schools generally are the best source of scholarship and funding information, so the earlier you engage them, the better.

For more information about pursuing a graduate business degree and the ROI of business school, visit [gmat.com/undergrads](https://www.gmat.com/undergrads)

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