

### **Rachael DeLeon**

Thank you. Welcome to Real Money, Real Experts, where we bring you interviews with leading financial professionals, sharing their stories, their challenges, and their advice for helping people manage money in the real world. I'm your host, Rachel DeLeon, Executive Director of the Association for Financial Counseling and Planning Education, or AFCPE.

### **Dr. Brandy Baxter**

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And I'm your co-host, Dr. Brandy Baxter, Accredited Financial Counselor, AFCPE member, and your 2025 AFCPE Board President. On every episode, we take a deep dive into the topics and stories that you care about the most, helping clients, building community, and growing in your work and your career. Michelle Smalley has focused her professional career in the education finance industry. With extensive experience at the Mayo Clinic College of Medicine, Sally May, USA Funds, and Chase Student Loans, She has spent over two decades counseling students and families on the value and return of a post-secondary degree. Prior to joining Bright Horizons College Coach, Michelle served as a senior manager at USA Funds and developed education loan repayment and student success strategies for colleges in the Midwest and West. She holds a bachelor's degree in banking and finance from Buena Vista University and a master's degree in business administration from Cardinal Strains University. Michelle is an AFC and is currently working toward a certification in financial planning and financial therapy. She is presented as an educational and personal finance expert nationally for AFCPE, state and regional financial aid conferences, and is a producer of content and frequent guest on the podcast, Getting In, a college coach conversation. Fun fact, she's also the proud owner of two rescued pot-bellied pigs, named Trixie and Duke. Welcome, Michelle.

### **Michelle Smoley**

02:08

Thank you, Brandy. I'm excited to be here.

### **Rachael DeLeon**

02:10

All right. So I think you might be our first podcast guest who has two pot-bellied pigs. What inspired you to bring Trixie and Duke into your home?

### **Michelle Smoley**

02:22

I can imagine that, which is why I put that fun fact in there. I actually grew up in Iowa on a family farm, and we had pigs as livestock And we were also a crop farm. And I was my dad's right-hand man growing up. And it was my job to take care of the baby pigs. And they are just the best animals and highly intelligent. They get a bad rap because people think they're dirty, but they're actually really clean. And it's always been a dream of mine to rescue a potbelly. And my husband and I moved from Rochester, Minnesota to an acreage in Iowa, closer to where I grew up. And we have the facilities

and the means to rescue. So I found Trixie and rescued her first. And then my brother found Duke for me. And I can't just go look at them. I bring them home.

**Rachael DeLeon**

03:40

I love that. That's great.

**Dr. Brandy Baxter**

03:42

So, Michelle, it sounds like much of your career has been focused on students and families helping them prepare and navigate for higher education. Tell us a little bit about what led you into this type of work.

**Michelle Smoley**

03:54

So I was actually working at a local community bank in the mid-90s, and part of my responsibilities, I was a loan processor. That was a time when the federal student loans were actually funded by banks and lenders. And it was my part of my job responsibilities to help families fill out the FAFSA. And I loved that. I went to college two years out of high school and entered the job market and went back to school twice as a working adult. And higher education has definitely helped me get to where I am in my career. I am a lifelong learner. My dad always taught us if you quit learning, you quit living. And education is something no one can ever take away from you. So I think that kind of directed me into, and it seemed like a natural fit. And then from the bank, I went to the Mayo Clinic and worked as the assistant director in the financial aid office for all of their colleges, including the med school and the School of Allied Health and their graduate school.

**Rachael DeLeon**

05:15

Michelle, it sounds like a lot of your work today actually focuses on helping students and families navigate the higher education journey. And that's everything from developing strategies to save for college, but also how do we navigate managing loan repayments? I'm just curious, as you're working with different types of families and parents, where do you see people thriving and where do you see areas of opportunity?

**Michelle Smoley**

05:40

I think where I see people thriving is we're seeing more families saving for college compared to I think what we've seen in the past. I also think that We work with families that use all types of resources today to pay for college. So usually they're using past earnings through savings. They may be cash flowing some of the expense today. We speak with families a lot about reallocating what they're currently spending on their students while they're in high school and putting those expenses

towards their college expenses. Maybe it's room and board or helping cover, continuing to cover the transportation or personal expenses. And we are seeing more families having to borrow, which is inevitable in most situations. So that may be a little room for opportunity. I think in the past couple years, I've experienced families are having more conversations about return on investment in higher education and perhaps having those conversations with their young adults on what is your education journey. Let's look at maybe what your starting salary may be because oftentimes young adults inflate that number or they may not be very familiar with the starting salary in certain careers. So I think that continues to perhaps be an opportunity as well, but we are seeing families developing opportunities their college decisions a lot more on finances, I would say, than maybe we have in the past.

**Rachael DeLeon**

07:52

Do you think some of that is shift in generation, the generation that are now parents kind of have lived through some of those changes, had to borrow more maybe themselves and are kind of applying the lessons they've learned under their youth?

**Michelle Smoley**

08:06

Absolutely. I mean, we still speak with parents who are still paying off their student debt. So, you know, especially if they are a doctor or attorney and maybe went to graduate and professional school, or maybe they went back to school again as an adult. So I think families are looking at, do I want my young adult to be saddled with debt that they aren't going to be able to pay?

**Dr. Brandy Baxter**

08:50

such a good point. So much going on and changes in technology and changes in micro learning is a new buzzword. What do you think are some of the misconceptions that college students have when they're thinking about not only going to college, but also paying for it?

**Michelle Smoley**

09:32

I think a lot of young adults are really focused on brand. And I call it bragging rights. There is so much hype on social media anymore when young adults get accepted into colleges. And I don't know if you've seen kind of a recent trend where students are having these parties in there with their bedroom all decked out with their college and the sweatshirt. Yes. Yes. And I

**Dr. Brandy Baxter**

10:06

think they call it.

**Michelle Smoley**

10:08

Yes. Yes. So I think young adults are definitely looking more at brand. We also have some parents that kind of have this higher expectation and perhaps viewpoint that if we go to, if our student goes to prestigious school, they're going to be more successful. They're going to have a broader network and opportunities post-college. So there is some of that viewpoint, which doesn't always necessarily carry over into the real world. One thing that I would say I wish parents would do a better job of is actually sitting down and exposing their young adult to what the true cost of college is each year. A lot of times, The young adults honestly don't even know. They don't know if they're borrowing a federal student loan. They're just told to sign on the line, right? And then sometimes parents are saying, you know what? If my student gets into XYZ school, I don't care what it costs. We will borrow. We will do whatever it takes to get them to that school. And that sometimes So I wish that. families would go through the cost of attendance kind of line by line. And I love it when families tell me, I want my young adult to have some financial skin in the game. I have seen where, and there are studies all over that students who work in college actually have higher GPAs.

**Dr. Brandy Baxter**

12:20

Oh, wow.

**Michelle Smoley**

12:20

You know, so if you think about network and, you know, maybe exposing them to a position that maybe aligns with their major or career, that may be a better opportunity. And then they can also, you know, learn, network, and earn at the same time.

**Dr. Brandy Baxter**

12:42

Folks like Rachel and I We already have our teenagers and we've already made kind of our decisions. But what would you tell like some of the younger parents, right? Those who are just starting out? What's a tip that you would share with them to help set themselves up and their children for success?

**Michelle Smoley**

12:56

I would say I would expose them to financial learning opportunities early on so they can associate success. dollars with perhaps how many hours do I have to work or how much money do I need to make in order to maintain this lifestyle? So And I recognize that parents don't maybe want to open up their books and say, oh, I make this amount in salary and my spouse or partner makes this amount. I'm not saying that you need to expose it all, but I do think it can be very important to do things like take them grocery shopping and have them start to compare pricing so they start to recognize, oh, a frozen pizza is \$10, but if I order a pizza, it's probably going to be 30 or 40. You know, and okay, I got to work 45 minutes if I'm working a \$15 an hour job to pay for that pizza. Or, you know, with taxes,

maybe I have to work an hour. The other comment I would say is providing those financial opportunities with the lesson of you make this choice, you have this consequence. For example, my daughter, when she was in her first year in college, she ended up getting three speeding tickets. Mama was not happy. So One of the implications with that, I did two things. First of all, I put her on her own insurance policy. Oh,

**Rachael DeLeon**

Yeah.

**Michelle Smoley**

14:56

Because she needed to learn that that's going to go up. And it went up for both of us. And she had to pay her tickets. And, you know, and... For some people, they may have said, oh, maybe that was too harsh. In my mind, it was a great learning experience for her to kind of associate. I made a bad decision. It's going to cost me financially. And it's not just going to impact me today. It's going to impact me for the next couple years, at least. And I think insurance is a big item that that a lot of parents don't expose their children to. They don't understand that it costs money to go to the doctor. It costs money to go to the dentist and pay for a cavity, those types of things that ultimately, at some point, they're going to have to take over those expenses. And if you don't start kind of exposing them to the cost of things, it can be very eye-opening. and detrimental down the road when they start paying for everything and oftentimes they're ill-prepared.

**Dr. Brandy Baxter**

16:19

Okay. So I know I had asked for a tip for newer parents, but the information you just share is for all of us, like new, present. I'm thinking like my mom might need to learn these lessons. Like that information is for all of

**Rachael DeLeon**

16:36

us. Well, and I do, I think it's so true. I think A lot of times, the first time a child has to come face to face with finances is that college decision. And that's a huge decision. And so if you can start having those conversations on a lesser level, like you brought up the question around pizza from the grocery store, pizza, ordering it in, if you can have those conversations early, and then you can show them that what their choices mean. So we have \$40, we can get pizza, we can order in pizza, or we can get it from the grocery store. And Like it's showing like there's a give and take and every decision at their level. And then by the time you get to that college decision, they're already sort of primed for those types of conversations. And maybe it doesn't feel so detrimental when you're having to make that choice. Michelle, we talked a lot about parents, but a lot of our listeners on here are AFCs. And when it comes to our financial counselors or financial planners, you know, the larger community of the of people like you who are are meeting with clients and helping people guide them through these decisions. And we do know that the student loan landscape, everything is constantly changing. So

when we talk about lifelong learning, this is an area where there is lifelong learning. I'm curious, having worked in this space, and we've just had the passing of the Big Beautiful Bill, for lack of a better term, what do counselors need to know about some of the changes that are coming?

**Michelle Smoley**

18:06

The bill is affecting... and actually decisions that current college age families are experiencing as well as upcoming. So in relation to counseling, one big takeaway from the bill is we're back to borrowing limits for federal student loans. And we haven't had... borrowing limits change since 2008. So the last time undergraduate federal student loan limits were ever changed was back in 2008. And so we know how inflation of higher education and how high that rate has been year over year. And so Now, with parents being limited on borrowing for the Parent PLUS Loan, which there has been unlimited borrowing since 1993, actually, so parents have had the ability to basically cover the gap of the total cost of attendance, subtracting any other financial aid with a federal Parent PLUS loan. And that I would say is going to be a big counseling opportunity because we're going to find there are families that are probably going to have to borrow more than that. The annual limit, which is going to be \$20,000 per child starting next July 2026. And they can only borrow up to \$65,000 for each child or dependent in the federal student loans under the parent's name. So the credit underwriting for a federal parent plus loan is pretty minimal compared to what private lenders are going to look at. And that's a conversation we have almost every day with families. So educating families today as an AFC or a financial planner on the importance of clean credit, higher credit scores, and lower than 30% credit utilization rates on revolving credit, staying underneath that 36% debt-to-income ratio, that is going to, I think, be... opportunity for counselors. We have families that may make a decent income, but maybe they've had derogatory credit in the past. They kind of always had that insurance policy of the federal parent plus loan to fall back on if they were able to get a lower rate with that loan or maybe if they weren't approved by a private lender in the past. So I would say that's probably one of the biggest things items for counselors and families to be aware of are the limitations now with Parent PLUS Loan borrowing and understanding the credit underwriting differences between the federal Parent PLUS Loan and what private education lenders expect.

**Dr. Brandy Baxter**

22:10

Michelle, you have shared like really great information for our counselors and financial professionals. And as an AFC, I'm listening to you and my brain is thinking, oh my goodness gracious, how do I keep up with all this stuff? It's just ever changing. And I know that this is where you spend your time. You've got a depth of experience, but what would you suggest for other financial professionals who want to serve their clients well, who want to provide information that's useful for them, but we're not quite sure where to go to get accurate, reliable, and valuable information. Do you have any resources that you would share with us?

**Michelle Smoley**

22:54

Any changes with federal student loans and to get information on the credit underwriting for Parent PLUS loans, and that is the federal student aid website, [studentaid.gov](https://studentaid.gov). So That is a great resource for not only where borrowers and college students fill out the FAFSA, but if they're looking at any type of federal loan and information on the various repayment plans and they maybe want to estimate what their payments might be, that is a website we use all the time. Yes. If families want to get an idea of maybe what lender from a private credit perspective may approve them and at what rate, there is a private lender platform that is on the website [Credible.com](https://Credible.com). And it... does a soft credit check, not a hard credit inquiry, so credit scores and that would not be negatively impacted, but lenders who are in the private loan space pay to be on that platform. But it does allow parents kind of, before they're making their final college decision, if they have a gap and they're going to need additional financing or if counselors are working with families, a neutral platform where you can find lenders and see what variable or fixed rates that specifically that parent or student would qualify for today. And then maybe you want to compare those rates with the federal rates. The Other changes, so with the new bill, there were Pell Grant changes. Kind of they expanded that to short-term education programs and maintained part-time student status eligibility for Pell Grants. And now they're going to have an inflation adjustment, but Pell Grant information, that is a federal student aid program. product. So again, you can find that on [studentaid.gov](https://studentaid.gov). The entity I work for, Bright Horizons College Coach, whenever anything changes in the higher education space, we do weekly blogs. We have a podcast as well with college admission and finance updates as it relates to higher education. And as soon as there's changes, like the blog is a great way to get those changes in a digestible manner that most people can understand. And again, it's a neutral space. First,

**Rachael DeLeon**

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fantastic resources. So thank you so much for sharing. And we'll put all those in the show notes because I think there's a wealth of knowledge that a lot of financial counselors and educators and planners are really going to appreciate. But I love what you're doing, the work to break these things down, because I think that is half the battle. Things are shifting very quickly and oftentimes sifting through a bill and different language to be able to digest that and then say, how do I apply that into the conversations with my clients is so critical.

**Michelle Smoley**

27:18

And I think sometimes knowing what resources you can rely on for unbiased information and, you know, actual changes as opposed to, you know, editorial changes either way, can be helpful. And I think that's one of the challenges that a lot of families face today in not just finances, but, you know, paying for college. There's a lot of, there's Facebook groups, there's, you know, there is a We spend a lot of time debunking myths regarding what colleges actually offer students in relation to scholarships or grants and everything. You know, saving for college hurts more than it helps. So that's a big one that kind of going back, Brandy, to that question you asked earlier that I missed regarding

advice for younger families. I'd say saving for college is going to help you pay for college more than it will hurt your financial aid eligibility. That would probably be the best takeaway for younger families because we still have some misinformation going around regarding that.

### **Dr. Brandy Baxter**

28:49

Oh, that's really interesting. I mean, I don't know that I think that's one that you really want to debunk early because the earlier you start, the better off you are. Yeah, and I have heard that myth too. Okay, this is a little selfish, Michelle, but when we spoke earlier- You shared a tip that it blew my mind. And I think that our audience deserves to have their mind blown as well. Because the way the cycle works with applying for financial aid, it actually is looking at that student's sophomore year for the parent's tax return or something along those lines. Refresh my memory and blow their minds.

### **Michelle Smoley**

29:57

Absolutely. So you are talking about the FAFSA application, which is the free application for federal student aid. And it used to be you would fill that out for the upcoming academic year after you filed your taxes for the prior year. Well, a few years ago, they, instead of the FAFSA being available January 1st, they moved it back to October 1st because we have a lot of students that are applying early to college now. They're making their decisions earlier. Maybe they're applying early decision or early action with the school. So they kind of need their financial information sooner rather than later. So if a student is starting college, let's say this fall in 2025, the family would have filled out the FAFSA last October in 2025. 2024. So they wouldn't be done filing taxes yet for 2024. So the income that is looked at on that application is actually the what they call the prior prior year. So it would be 2023 income. So basically, when you fill out the financial aid applications, you are using your federal tax information from two years years prior to the start of the academic year. a more recent change, but if you've not been exposed to this before, and parents might remember maybe when they went to college and their parents filled out the FAFSA, or if they did it themselves, it was, oh, I have to use last year's tax return. Well, now the FAFSA is available earlier, so they're using what they call prior-prior federal tax information. And one thing that families should know because if families are planning and the high school kind of sophomore year federal tax information is going to be utilized, that may not be the right year to have a huge capital gain or sell a bunch of stock or something of that nature. However, sometimes families don't know or sometimes they can't help that. So there is a aid appeal that colleges utilize. They sometimes will refer to it as special circumstances, where if a family's income is, quote, artificially, unquote, inflated, perhaps the school would look at that one time and change and back out that income based on the situation and what the school's policy is. So that is a tip for families to know. Financial aid appeals aren't only for loss of income or sometimes it could be based on maybe you have higher income that year of your federal tax information that you have to use when you fill out the financial aid applications.

### **Rachael DeLeon**



33:57

Michelle, you have shared so much valuable information for our listeners. And oftentimes we think of our show as this giant bank of knowledge. So you said at the beginning, don't quit learning. If you quit learning, you quit living. And so sharing all this information is just providing so much knowledge to our listeners. But we always end our show by asking our listener for their two cents. So what's that extra bit of knowledge you want to share that we can add to our knowledge bank today?

**Michelle Smoley**

34:29

Let's see that extra bit of knowledge. I would say to all parents, as it relates to finances and perhaps teaching, their dependence on being financially independent, to empower them early, to allow them to start making financial choices and decisions earlier in their life so they get used to understanding maybe what their values are and what in turn may end up being their financial priorities in the future. And they can align those with their higher education and perhaps career goals.

**Rachael DeLeon**

35:16

Thank you so much, Michelle. You've been a great guest. Yeah. Can you tell our listeners where they can connect with you?

**Michelle Smoley**

35:22

Oh, sure. So I am on LinkedIn under Michelle M. Smalley. S M O L E Y And I am also on Facebook and you can find my bio on the entity I work for, which is Bright Horizons College Coach. And you can connect with me there as well.

**Rachael DeLeon**

35:51

Fantastic. And we'll put all of those in the show notes as well. Thanks again, Michelle.

**Michelle Smoley**

35:56

You're very welcome. It was my pleasure. Thank you guys so much. It was a lot of fun.

**Dr. Brandy Baxter**

36:00

Oh my gosh, Rachel, what another great guest. Michelle was just a fountain of information that I could have sat and just listened to for hours. I think she's going to be a really great resource for our community. And I mean, the show notes, if you're listening, check out the show notes. That's where the gold is.

**Rachael DeLeon**

36:22

Yeah, absolutely. I mean, she talked a lot about just never quit learning. And I think that is something as AFCs that we, you know, really embrace in our organization, the value of education and knowledge. And what I love about Michelle is that she can take something and sort of break it down into a way where I just wanted more and more, continuing to offer it in a way that's really understandable and digestible and relatable to the people that our listeners are working with day in and day out. So another great conversation, and I can't wait to the next one. The opinions of our podcast guests are their own, which means that their stories, views, Thank you so much for joining us. that we learn the most.