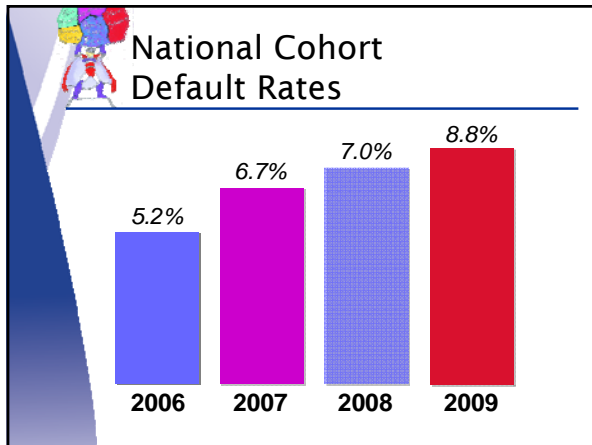
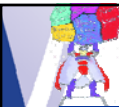




MASFAA
Midwest Association of Student Financial Aid Administrators

Making The Most Of Your Loan Exit Counseling





Challenges For Many Borrowers

- Overwhelmed by debt
- Confused about who holds their loan
- Don't know which repayment plan works best for them
- Other life events to take priority
- Lack of financial literacy



You Have Your Own Challenges

- Increasing Cohort Default Rates
- Limited time constraints
- Increasing enrollment and decreasing resources
- Insufficient staff
- Difficulty getting students motivated to attend



Loan Counseling Is Beneficial



Borrowers

- Prepares them for repayment success
- Provides them with skills to manage debt
- Improves credit

Your School


- Keeps cohort default rate in check
- Creates more responsible borrowers



Today We'll Review


- Exit counseling requirements
- Online vs. In-person
- Four-step approach
- How to increase attendance





Exit Counseling Requirements

- Exit Counseling required:
 - All Subsidized and Unsubsidized loan and Graduate PLUS Loan borrowers
 - Shortly before borrower ceases to be enrolled at least half-time
 - Within 30 days of learning borrower falls below half-time or fails to complete exit counseling



Exit Counseling Requirements

- Counseling may be provided
 - In-person
 - Audiovisual
 - On-line
 - Interactive
- Ability to ask questions



Exit Counseling Requirements

Inform the borrower of the average anticipated monthly repayment amount based on borrower's indebtedness, or average indebtedness (depending on the types of loans borrowed) of student borrowers for attendance at the same school or in the borrower's program of study at the school.



Exit Counseling Requirements

- Review repayment plans, including for each plan:
 - A description of the plan's repayment features
 - Average anticipated monthly payments
 - Interest rate
 - Total number of payments

Loan Repayment Example

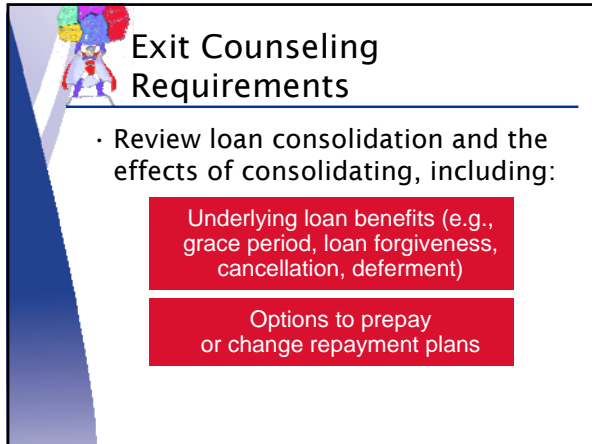
Repayment Plan	Amount Borrowed	Term	Total Estimated Paid	Total Amount
Standard	\$30,000	10 years	\$37,200.00	\$37,200.00
Extended	\$30,000	12 years	\$42,240.00	\$37,200.00
Graduated	\$30,000	10 years	\$37,200.00	\$37,200.00
Income-Based	\$30,000	10 years	\$37,200.00	\$37,200.00
Pay As You Earn	\$30,000	10 years	\$37,200.00	\$37,200.00
Revised Pay As You Earn	\$30,000	10 years	\$37,200.00	\$37,200.00
Income-Contingent	\$30,000	10 years	\$37,200.00	\$37,200.00
Public Service	\$30,000	10 years	\$37,200.00	\$37,200.00



Exit Counseling Requirements

- Review loan consolidation and the effects of consolidating, including:

- The effects on total interest and total fees to be paid
- Length of the repayment period



Exit Counseling Requirements

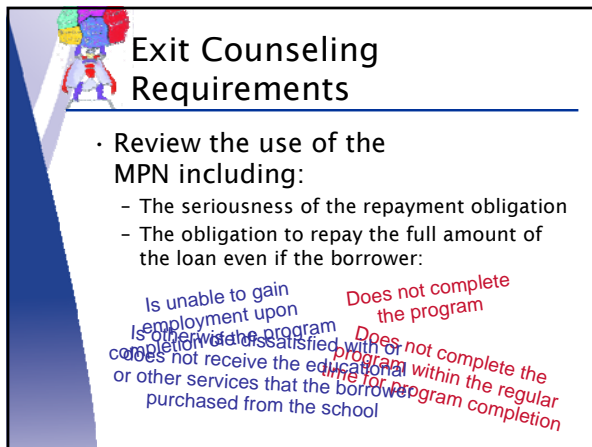
- Review loan consolidation and the effects of consolidating, including:
 - Underlying loan benefits (e.g., grace period, loan forgiveness, cancellation, deferment)
 - Options to prepay or change repayment plans



Exit Counseling Requirements

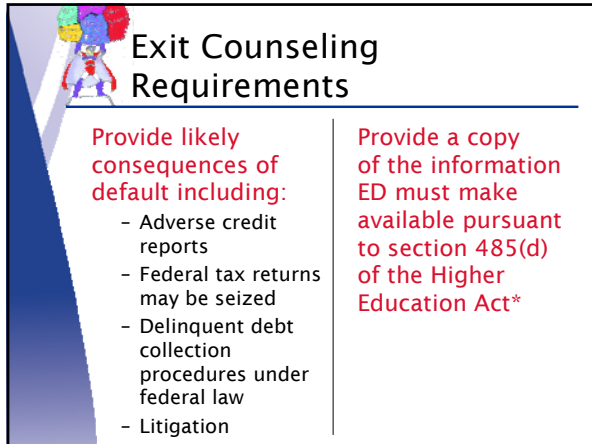


- Explain borrower's option to:
 - Prepay the loan and pay on a shorter schedule
 - Change repayment plans
 - Contact the party servicing their Direct Loans
 - Suggest debt management strategies designed to facilitate repayment



Exit Counseling Requirements

- Review the use of the MPN including:
 - The seriousness of the repayment obligation
 - The obligation to repay the full amount of the loan even if the borrower:
 - Is unable to gain employment upon completion of the program
 - Is otherwise satisfied with the program
 - Does not receive the educational or other services that the borrower purchased from the school
 - Does not complete the program
 - Does not complete the program within the regular time for program completion

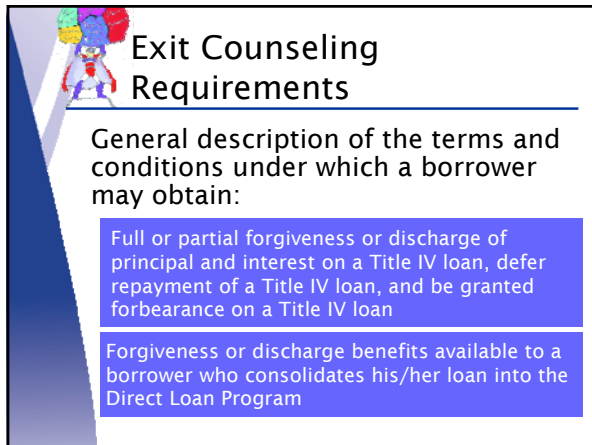


Exit Counseling Requirements

Provide likely consequences of default including:

- Adverse credit reports
- Federal tax returns may be seized
- Delinquent debt collection procedures under federal law
- Litigation

Provide a copy of the information ED must make available pursuant to section 485(d) of the Higher Education Act*

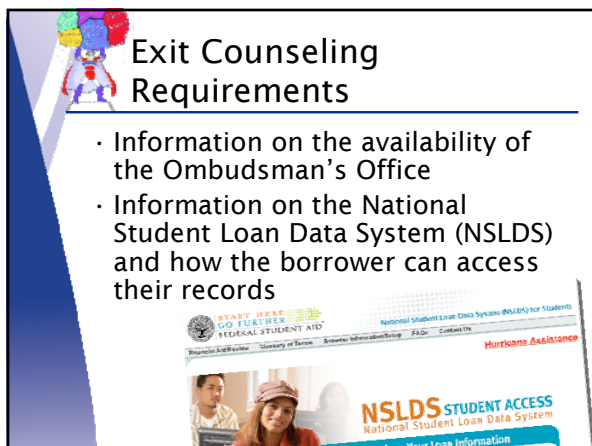


Exit Counseling Requirements

General description of the terms and conditions under which a borrower may obtain:

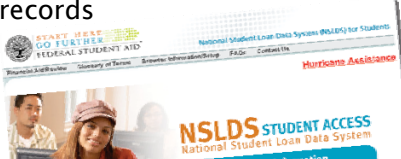
Full or partial forgiveness or discharge of principal and interest on a Title IV loan, defer repayment of a Title IV loan, and be granted forbearance on a Title IV loan

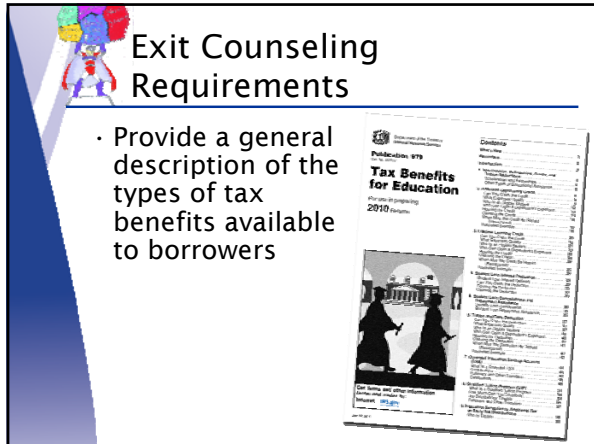
Forgiveness or discharge benefits available to a borrower who consolidates his/her loan into the Direct Loan Program



Exit Counseling Requirements

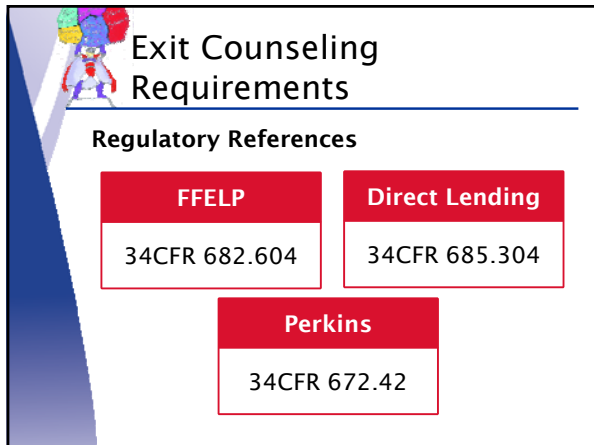
- Information on the availability of the Ombudsman's Office
- Information on the National Student Loan Data System (NSLDS) and how the borrower can access their records





Exit Counseling Requirements

- Provide a general description of the types of tax benefits available to borrowers




Exit Counseling Requirements

Regulatory References

FFELP	Direct Lending
34CFR 682.604	34CFR 685.304
Perkins	
34CFR 672.42	




Online vs. In-person




Online Counseling Pros and Cons

<p>+ Pros</p> <ul style="list-style-type: none"> - Can accommodate large groups of students - Efficient - Provides flexibility and privacy - Can be completed anytime for convenience 	<p>- Cons</p> <ul style="list-style-type: none"> - Single method of communication - Borrowers unable to ask questions - Cannot guarantee that it was the actual borrower completing exit counseling
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In-Person Counseling Pros and Cons

<p>+ Pros</p> <ul style="list-style-type: none"> - Assures "high risk" populations get the information they need to be successful - Can gauge borrower's level of understanding - Borrower's questions can be answered 	<p>- Cons</p> <ul style="list-style-type: none"> - Time consuming for an already resource-strapped financial aid office - Time consuming for students with competing demands on their time
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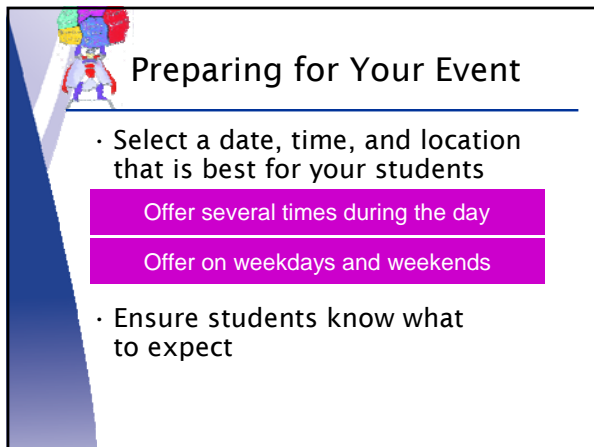


Overall Counseling Strategies

- Respect that your students have different learning styles
 - Visual
 - Auditory
 - Kinesthetic
- Use a variety of counseling methods
 - Combine online and in-person counseling












Preparing for Your Event

- Secure a location for the event
 - Ensure the location can accommodate everyone
- Assess technology needs
 - Laptop
 - PC
 - Mac
 - LCD projector
 - Microphone
 - Podium
 - Screen



Preparing for Your Event

- Determine who will develop the materials
 - PowerPoint presentation
 - Handouts
- Determine who will present the materials
 - Financial aid staff
 - Others



Preparing for Your Event

- Determine if your event is “formal” loan counseling or supplementary counseling
- Will the student still need to complete online counseling?



Preparing for Your Event

- Focus on what they need to know most
 - Using NSLDS to find who and how much they owe
 - Estimating monthly payments on their loan balance
 - Understanding the specifics of the various repayment options
 - Knowing how and when to contact their loan servicer
 - Finding where to go for help if they need it



Marketing Your Event

- Don't call it loan counseling; be more creative with your title

How to Handle Your Student Loan Debt

Tips to Be Successful in Repayment

Student Loan Repayment: Everything You Need to Know




Marketing Your Event

Use a variety of communication methods to reach students




Marketing Your Event: RSVP

<p>+ Pros</p> <ul style="list-style-type: none"> - You know who will be coming - It seems more formal - You can more appropriately plan for room size and materials 	<p>- Cons</p> <ul style="list-style-type: none"> - Students who do not RSVP may not feel they can come - Students may not RSVP because they think it is too much work and still show up
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Conducting the Event

- Arrive early
- Set up right away
- Check all equipment
- Place handouts where they're easily visible
- Expect the unexpected—have a Plan B



Conducting the Event

- Don't read the presentation
 - Practice, practice, practice!
- Be prepared for questions
 - It's okay if you don't know the answer, but follow-up and follow through
 - Be prepared to be a resource
- Use evaluations

**PROMOTE
PRACTICE
PREPARE**



Follow-up



- Review evaluations
 - Was the length appropriate?
 - Was the date/time appropriate?
 - Did students find value in it?
- Document attendance

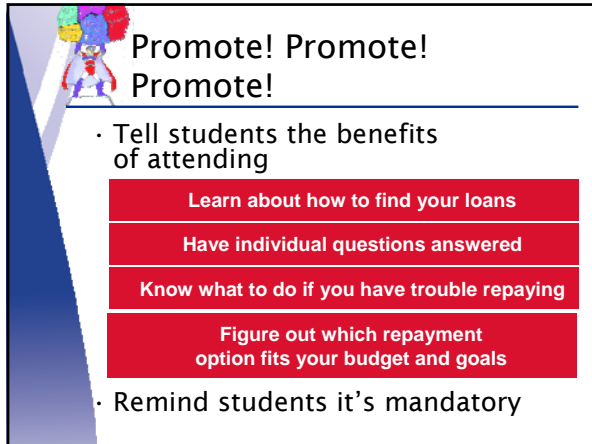
How to Increase Attendance



Promote! Promote! Promote!

- Plaster campus with flyers
- Remind students what to bring with them

Driver's license	Employer info
Reference addresses and numbers	Questions they may have

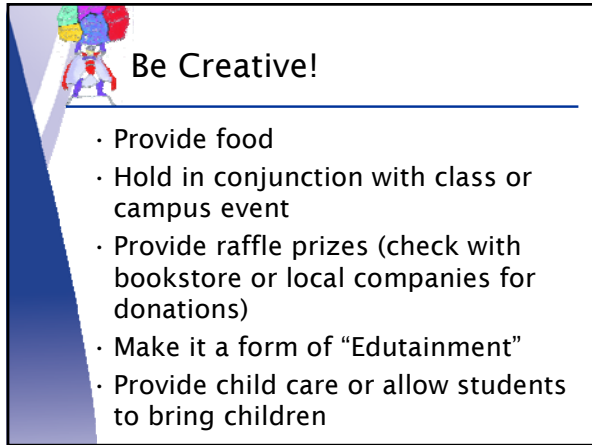


**Promote! Promote!
Promote!**

- Tell students the benefits of attending

Learn about how to find your loans
Have individual questions answered
Know what to do if you have trouble repaying
Figure out which repayment option fits your budget and goals

- Remind students it's mandatory



Be Creative!

- Provide food
- Hold in conjunction with class or campus event
- Provide raffle prizes (check with bookstore or local companies for donations)
- Make it a form of "Edutainment"
- Provide child care or allow students to bring children



Develop a Holistic Approach

Illustration of a superhero (MASFAA) holding up signs for: FUND, BUDGET, HEALTH CARE, MEMBERSHIP, NEEDS, and STUDENTS.



Loan Counseling Isn't a "One and Done"

- Consider both what's required and what's recommended
- Include financial literacy
- Make it meaningful to students
- Continuously provide your students with relevant information throughout the year
 - Bits and pieces are much more palatable
 - Avoid information overload



Make It a Lifetime of Learning

- Provide information during the year and throughout their tenure at your institution
 - Disbursements
 - Tax time
 - Leaving for the summer
 - Returning in the fall



Promote Student Engagement

- Keep the message alive!
 - Email
 - Facebook
 - Twitter
 - Blogging
 - Website



Help Students Help Themselves



- NSLDS.ed.gov
- Studentaid.ed.gov
- Annualcreditreport.com
- Myfico.com
- Bankrate.com
- Debtadvice.org



Questions?

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