

Student PLUS Entrance Counseling – Required Elements

Initial counseling must inform the borrower of sample monthly repayment amounts based on (either):

1. A range of student levels of indebtedness, or
2. On the average indebtedness of student borrowers at the same school or in the same program of student at the same school.

If you are providing an average amount of indebtedness, it must be based on the average indebtedness of borrowers who have received Grad/Prof PLUS loans at your school.



Average Indebtedness Model

<u>Loans student has</u>	<u>Average should be based upon:</u>
Stafford only	Stafford only
Stafford+Grad/Prof PLUS	Stafford and PLUS
DL Sub/Unsub only	DL Sub/Unsub only
DL Sub/Unsub+ Grad/Prof PLUS	DL sub/Unsub and PLUS



Borrowers Who Have Received Prior FFELP Loans

For those graduate and professional students who have received a prior Stafford or Direct Subsidized or Unsubsidized loan, you must provide a comparison of:

- the maximum interest rate for a PLUS loan vs. a Stafford (or Direct) loan.
- the periods when interest accrues on a PLUS loan vs. a Stafford (or Direct) loan.
- the point at which a PLUS loan enters repayment vs. a Stafford (or Direct) loan.



Borrowers Who Have NOT Received A Prior FFELP Loan

- Explain the use of the Master Promissory Note (use of the multi-year feature, borrower confirmation process, their right to sign a new MPN for each loan, and to carefully read the MPN before signing).
- Emphasize the importance of repayment (not receiving a bill does not mean withholding payment).
- Describe the consequences of default (adverse credit reports, etc.).
- Repayment requirement (they are obligated to repay the full amount of the loan regardless of employment or degree receipt status).



Entrance Counseling – Group Think

Let's look at entrance counseling from two perspectives:

1. What are you currently doing in your office?
2. What have you heard about, or would like to do?



Innovations in Entrance Counseling

- Student loan borrowers are involved in the counseling.
- The entrance counseling is done through an interactive electronic format but, is followed by one-on-one meeting.
- All counseling is done in person.
- Entrance counseling has become part of a larger financial literacy requirement.
- Student loan borrower must pass a quiz prior to getting their disbursement.
- Students must read all MPN information and discuss it with a FA counselor.



Exit Counseling Requirements

The school must ensure that students who have borrowed FFEL or DL (including Grad PLUS) receive exit counseling before they leave school.

Counseling may be provided in person, audiovisual, or interactive electronic means.

Student loan borrowers must be advised to complete exit counseling prior to graduation or when they become enrolled less than half-time.



Exit Counseling-Required Elements

- Review all information from entrance counseling.
- Provide an average monthly payment amount to the loan borrower.
- Review repayment options.
- Discuss debt management strategies.
- Review forbearance, deferment, and cancellation options.
- Inform student about the availability of loan information on NSLDS.



Exit Counseling-Required Elements

- Inform student of the FSA Ombudsman's Office.
- Ensure borrower understands their rights and responsibilities.
- Collect and update personal and contact information.



Exit Counseling – Group Think

Let's do the same thing we did for entrance counseling.

1. What are you currently doing in your office?
2. What have you heard about, or would like to do?



Innovations in Exit Counseling

- Exit counseling is given as part of a financial literacy program.
- Student loan borrowers assist in the exit counseling.
- Student loan borrowers must take and pass a test before they are considered complete in the requirement.
- Exit counseling is done in person, one-to-one.
- Student loan borrowers are required to complete supplemental information every year.
- Schools create a "for credit" class that every senior must take, which includes all exit counseling requirements, as well as financial literacy topics.




Best Practice Discussion

What are you doing at your school that is innovative – and better yet. . . works really well??




Best Practice - Definition

For our purposes today, the term Best Practice is used to describe proven processes and methods that are used by schools with the lowest default rates and highest percentage of student loan population repayment.



Best Practice Examples

- Supplemental information sheets.
- Placing financial and academic holds when the loan borrower does not meet any requirement.
- Financial literacy programs, both for credit and not for credit.
- Requirement that all student loan borrowers complete a financial literacy program.
- For-credit classes in budgeting and money management.
- Information with testing features created and given to student loan borrowers at first disbursement of any type of loan.



Questions



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