



TOOL\$ FOR SUCCESS

FAME's Financial Literacy and
Debt Management Newsletter



April is Financial Literacy Month!

April 2010

We are excited to bring you the April edition of *Tool\$ for Success*, FAME's financial literacy and debt management newsletter. In this newsletter, you will find a variety of exciting announcements regarding our latest initiatives, all of which were created to improve the financial futures of the students you serve. To recognize Financial Literacy Month, FAME has participated in several events and initiatives to promote the importance of financial education to Maine citizens. We are also in the process of expanding our financial literacy programs in order to serve a larger audience, as well as to target those most at risk. FAME views financial literacy as a key component to helping students borrow wisely and avoid loan default; therefore, we will continue to seek ways to promote financial literacy to Maine citizens.

We hope you find this newsletter to be informative and helpful. We look forward to working with you!

Mary Dyer, *Default Prevention Specialist*

Newsletter Highlights:

- ❖ Financial Literacy Events & Initiatives
- ❖ Draft Cohort Default Rates
- ❖ Default Prevention Program Update
- ❖ "Get a Life" Online
- ❖ Financial Literacy Summit
- ❖ New Financial Literacy Characters and Publications
- ❖ NASFAA Summary & FAQ of H.R. 4872
- ❖ NASFAA Newsletter Highlights Exit Counseling
- ❖ NCHelp Conference
- ❖ Upcoming Initiatives

Financial Literacy Events & Initiatives

- FAME's upcoming Wednesday Webinar is entitled "Financial Literacy Resources & Initiatives" and will be held on April 14, 2010 from 10:00-11:00 a.m. It will be presented by Mila Tappan, Outreach Representative. During this training, participants will be provided an overview of why financial literacy matters, as well as the topics that encompass financial literacy. A recording of FAME's upcoming Wednesday Webinar will be made available on the [FAME training page](#).
- FAME's Outreach staff will be busy in April traveling to middle schools, high schools and colleges in Maine to provide money management tools and tips. Currently, FAME Outreach staff has over 15 financial literacy events scheduled this month throughout the state.
- A new money management section was recently added to the FAME Web site. The information included is intended to provide financial literacy support to parents, teachers, counselors, advisors and students. Be sure to [visit our new page!](#)
- In recognition of financial literacy month, FAME's Facebook page will include a daily money management tip throughout the month of April. [Check it out!](#)



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FAME's Outreach & Default Prevention Efforts and H.R. 4872

The recent passage of the Health Care and Education Reconciliation Act of 2010 (H.R. 4872) brings historic change to the federal student loan landscape. With these changes, it is important to remember that although no new FFELP loans can be issued after June 30, 2010, the budget reconciliation legislation does not completely eliminate FFELP. The Finance Authority of Maine, Maine's primary student loan guarantor, will continue to provide services to schools, students and parents in the administration of a \$1 billion loan portfolio.

In addition, we will continue to provide default prevention and aversion services to our Maine school partners and the borrowers in our existing portfolio. We have also begun to explore the development of a model default prevention program for schools participating in Direct Lending. It is our hope that all Maine borrowers will one day benefit from the success of our FFELP-based default prevention program. In addition, we have expanded our efforts in the areas of financial literacy, college access and retention. While our role has changed, FAME remains focused on its mission of promoting college access, financial literacy and to helping Maine students and families realize their education and career dreams.

FAME Announces a Decline in the FY 2008 Cohort Default Rate

Despite the challenging economy, FAME has experienced a significant decline in its 2008 Draft Cohort Default Rate. According to data recently released by the U.S. Department of Education, FAME's draft student loan cohort default rate fell to 6.1%, a decline from the 7.9% rate posted last year for the previous cohort of borrowers. It is FAME's lowest cohort default rate since 2005. [Read a copy of the press release.](#)

Default Prevention Program Update

Over **11,000 FAME borrowers** have been identified to receive early intervention through our default prevention program since the program was rolled out in August of 2008. Borrowers are counseled directly via phone throughout their grace period and receive important guidance regarding their student loans. In addition, over **17,000 letters** were mailed. Currently, **96% of the borrowers enrolled in our program are in good standing on their loan.** We strongly believe that this program, along with FAME's other important default prevention initiatives, is largely responsible for the decrease in our FY 2008 Draft Cohort Default Rate. FAME is in the process of exploring the development of a similar program for schools participating in the Direct Lending program.



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Online Version of "Get a Life" Released

The Outreach & Default Prevention Team at FAME is excited to announce that an online version of our popular "Get a Life" financial literacy game is now available. Through this game, students learn about potential career options, college aspirations and money management. Most importantly, "Get a Life" encourages conversation among students regarding career goals and aspirations, while emphasizing the importance of making informed choices. [Play "Get a Life" now.](#)

Financial Literacy Summit for Maine Educators

For the past several months, Mary Dyer has served on a planning committee sponsored by the Dept. of Professional & Financial Regulation and the Maine Jump\$Start Coalition to develop an exciting event for educators, administrators, counselors and others committed to supporting youth financial literacy in Maine schools and beyond. ***"Fostering Financial Literacy in Maine Schools: Best Practices, Innovative Approaches"*** will be held on May 7th at the Augusta Civic Center. This day-long summit will be packed with information and curriculum resources designed to help Maine students become financially capable adults. Visit the [Maine Jump\\$Start Web site](#) for more information.

FAME Introduces New Members of the Team!

FAME is thrilled to introduce the newest members of the Outreach & Default Prevention Team, Cash and his dog Max. These new characters are the latest addition to FAME's financial literacy program and were created to encourage elementary school students to learn more about careers, college aspirations and money management. Cash and Max will be featured in FAME's new elementary curriculum. Stay tuned for more information!



NEW – FAME Money Management Tool Kit

FAME is excited to announce the creation of a Money Management Tool Kit, designed to provide valuable money management information to high school, college students and adults. This new publication focuses on an eight-step approach to financial success, covering topics such as, setting goals, budgeting, reducing expenses, savings and many more! For a sneak-peek, click [here](#).



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NASFAA Issues Summary and FAQ of Student Aid Provisions in the Reconciliation Act of 2010 (H.R. 4872)

NASFAA recently issued a [summary](#) and an [FAQ](#) on the student aid provisions in the Reconciliation Act of 2010 (H.R. 4872), which included some limited guidance on the newly reinstated in-school consolidation option. According to the summary, borrowers may obtain a Direct Consolidation loan between July 1, 2010 and July 1, 2011, while they are in school and *only* if they have loans in at least two of the following categories: the Direct Loan program, the FFEL program, and loans purchased by the Department under ECASLA. At least one of those loans must not yet have entered the repayment period. If borrowers qualify for an in-school consolidation, they will likely be able to consolidate all of their Title IV loans, including Perkins. Unfortunately, the legislative language does not appear to allow borrowers to retain their grace period.

NASFAA Newsletter Focuses on New Exit Counseling Tool on NSLDS

NASFAA's Newsletter #26 describes a new exit counseling functionality added to the NSLDS Student Access Web site for students as well as for schools, lenders, and servicers. For an overview of the new exit counseling tool and important reminders about exit counseling requirements, please refer to FSA's [electronic announcement](#).

NCHELP Debt Management Conference

Mary Dyer recently attended the 2010 NCHELP Debt Management Conference. Throughout the conference, attendees were provided with information regarding several innovative financial literacy initiatives and default prevention programs. There were two informative sessions presented by the Dave Ramsey Company that highlighted Dave's "Financial Peace University", as well as a wildly popular session on social media. For a copy of the presentations, please contact [Mary Dyer](#).

Financial Literacy & Default Prevention Initiatives on the Horizon:

- FAME is currently working on expanding its financial literacy program to grades K-3. We are also updating and adding new careers to our online "Get a Life" game.
- FAME is researching ways to increase the effectiveness of its default prevention programs, with a specific emphasis on ways to encourage borrowers to seek help *before* they become delinquent.



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Best Practices Corner

In each edition of *Tools For \$uccess*, we highlight a school or organization that has implemented effective strategies that demonstrate creativity and an overall commitment to preventing student loan defaults. If you have a success story that you would like to share, please feel free to contact [Mary Dyer](#).

\$uccess Through Education: New England School of Communications

Nikki Vachon, Director of Financial Aid at New England School of Communications (NESCOM) has long been concerned about student loan default on her campus and the upcoming changes to the cohort default rate calculation (CDR) have increased her concerns. In order to combat the potential increase in NESCOM's CDR, Nikki and NESCOM's Assistant Director of Financial Aid, Katie Leighton, have implemented a multi-faceted approach to default prevention.

First, the financial aid office has implemented a new mission statement titled, "**LIVE LIKE A COLLEGE STUDENT**". This approach focuses on educating students on ways to reduce their expenses and in turn, limit student loan debt. Additional counseling will be provided annually in an effort to inform students of their cumulative debt and monthly payment.

NESCOM is not unlike its other Maine school counterparts when it comes to the "at-risk" borrower population and has found that most of their defaulted borrowers are students who withdraw or leave before graduating. Because of this, heightened retention efforts have been implemented and have paid off this year. In addition, NESCOM will be adding a more personal approach to counseling, by returning to an in-person exit counseling approach, after many years of offering it online.

Nikki would also like to continue to explore ways to keep costs low, as any increases often translate to increased borrowing; "We need to keep student costs in mind when considering new programs such as laptop initiatives or tuition rate increases; these increases translate to increased student debt".

The financial aid office has also stepped up its financial literacy efforts and hopes to become a regular speaker in their Career Preparation class. Lastly, NESCOM is also working to increase its placement efforts to secure jobs for its graduates and is implementing "**Hire Me**", a new website showcasing graduates and their portfolios, profiles and resumes.

For more information regarding NESCOM's new initiatives, please contact [Mary Dyer](#).