



Tools For \$uccess

FAME's Default Prevention Newsletter

Is it really July??

While summer is by far my favorite time of year in Maine, lately it feels more like April. However, I am optimistic that the remainder of the summer will bring us some beautiful weather and I hope that, amidst all of the frenzy of summer loan processing, you will find time to enjoy it.

In this July edition of *Tools for \$uccess* you will find a variety of exciting announcements regarding FAME's latest initiatives, all of which were created to reduce the number of student loan defaults on your campus. Most notably, we are extremely pleased to introduce FAME's new Money Management Counseling, as well as major enhancements to FAME's Alternative Loan Counseling. The Outreach and Default Prevention team at FAME will continue to focus much of its work this summer on the expansion of our financial literacy efforts for Maine students; our new counseling session is just the first step!

We hope you find this newsletter informative and helpful. I look forward to working with you throughout the coming year!

Mary Dyer, *Default Prevention Specialist*



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FAME Default Prevention Program Update

As we approach the one-year anniversary of the release of FAME's early intervention default prevention program, we are pleased to report that nearly **7,000 FAME borrowers** were enrolled in the program throughout the past year. These at-risk borrowers were identified to receive early outreach through our default prevention program as a result of their withdrawal from school. Through this unique program, FAME borrowers are contacted directly via phone, mail and e-mail during their grace period with information regarding the total amount of their loan, monthly payment, as well as the various loan repayment options available.

Over the past year, nearly 4,000 borrowers were successfully contacted by phone and over 10,000 letters were mailed. Overall, **92 percent of the borrowers** enrolled are currently in good standing on their loan payments.

While it is still early, the program has already begun to show notable success. FAME has begun to see a decline in its default rates since the program's inception. As of month-end May 2009, FAME's cohort default rate and trigger rate are both favorable to rates recorded in FY2008. This is especially notable given the current economic challenges that Maine borrowers face.

We will continue to work with our Maine school partners to evaluate the success of this program and consider potential modifications for the upcoming year. If you have any questions, please contact [Mary Dyer](mailto:Mary.Dyer@famemaine.com).

Important Enhancements to FAME's Alternative Loan Counseling Session

FAME's Alternative Loan Counseling session was recently modified to incorporate additional student loan debt counseling, namely the Federal Unsubsidized Stafford Loan. The new updated session is titled **Additional Student Loan Debt Counseling** and is made possible through our partnership with Mapping Your Future, a public-service organization providing free and neutral career, college, financial aid, and financial literacy information and services to schools, students, and families. All Maine schools can utilize this session free of charge and, in doing so, are provided with the same level functionality as online Stafford Loan counseling, allowing the school to track completion of the session and maintain counseling records.

This change was made as a result of requests received from schools in Maine who are experiencing an increase in additional Unsubsidized Loan borrowing and not necessarily alternative loan borrowing. Many schools expressed an interest in providing additional loan counseling, regardless of loan type. The idea is to provide enhanced counseling to students who are seeking to borrow *any* type of additional loan (including credit cards). The session focuses primarily on loans that accrue interest while the student is in school taking classes.

The updated session covers the following topics:

- **What is Considered "Additional Student Loan Debt"?**
- **Have You Explored ALL Other Options?**
- **Ways to Reduce Your Expenses**
- **Should You Borrow Additional loan?**
- **How Much Can You Afford to Borrow?**
- **CAUTION: Credit Cards**
- **The Loan Application Process**
- **Impact on Your Credit Score**
- **Repayment: LOANS MUST BE REPAID**
- **Additional Resources**

To test the products from the student perspective, start a counseling session at <http://mappingyourfuture.org/famecounseling>. Choose "Maine" as your state and "ME Demo School" as your school.

If you are currently utilizing FAME's Alternative Loan Counseling session, there is no need to make any changes, other than to change the name of the session in your publications and/or on your website.

Please contact [Mary Dyer](#) if you have any questions or would like to discuss ways in which you might incorporate this product into your current process.

NEW - FAME Money Management Counseling

FAME is pleased to announce the release of **FAME Money Management Counseling**, our second customized online counseling session. This new service is an interactive tool designed to teach students the importance of managing their money, with particular emphasis on responsible borrowing. We hope this product will complement our existing **Additional Student Loan Debt Counseling**. This new session is also made possible through our partnership with Mapping Your Future. Maine schools can utilize both of our sessions free of charge. This online product provides schools with the same functionality

as Stafford Loan counseling, allowing the school to track completion of the session and maintain counseling records.

FAME Money Management Counseling covers the following topics:

- **Setting GOAL\$**
- **Establish a Budget**
- **Open a Checking Account**
- **Reduce Your Expenses**
- **Pay Yourself First**
- **Control Your Student Loan Debt**
- **CAUTION – Credit Cards**
- **Understand Your Credit Score**
- **Prevent Identity Theft**
- **Additional Resources**

To test the products from the student perspective, start a counseling session at <http://mappingyourfuture.org/famemoneymanagement>. Choose "Maine" as your state and "ME Demo School" as your school.

If you would like your borrowers to be able to complete **FAME's Money Management Counseling** or **Additional Student Loan Debt Counseling**, you will need to set up an account according to the following:

- If you already are using Mapping Your Future's Online Student Loan Counseling (for example, Stafford or Perkins entrance or exit counseling), you can add the Money Management Counseling to your participation categories by contacting Mapping Your Future at feedback@mappingyourfuture.org.
- If you aren't using Mapping Your Future's Online Student Loan Counseling or would like to set up a separate account, complete the school submission form at <http://mappingyourfuture.org/oslc/schoolsignup.cfm>.

Please contact [Mary Dyer](#) if you have any questions or would like to discuss ways in which you might incorporate this product into your current process.

FAME Wednesday Webinars

We are pleased to report that, as of June 10, 2009, nearly 250 participants registered to receive training through FAME's Wednesday Webinar training series. FAME's Outreach & Default Prevention team presented a variety of training topics throughout the last seven months and all of the sessions are available on the training page of the FAME website. Training topics included:

- [Entrance Counseling & Income Based Repayment Overview](#)
- [Preparing for Financial Aid Nights and Other Events](#)
- [Financing Options](#)
- [Exit Counseling Overview](#)
- [ACG/SMART Grants](#)
- [FAFSA on the Web Worksheet What - You Need to Know](#)
- [Default Prevention on Campus What Can YOU Do?](#)

The FAME Wednesday Webinar series will enjoy a summer vacation in July and August, but will resume in September. As always, feel free to contact [Angela Dostie](#) if you have any suggestions for future topics!

Financial Literacy Summit for Maine Educators

Mary Dyer attended the Maine Partners for Financial Literacy Kickoff meeting at the Maine Department of Professional and Financial Regulation's Office of Securities on June 15. At this meeting, leading advocates for financial literacy in Maine government were invited to begin the planning process for a day-long financial literacy summit aimed at Maine educators and school administrators. The summit, tentatively planned for April 2010, is intended to provide educators with a series of best practices and programs for teaching financial literacy to K-12 students. Mary Dyer will serve on the planning committee, as well as the working group charged with selecting speakers and program content. For more information or to offer suggestions, please contact [Mary Dyer](#).

Reminder – Income Based Repayment & Public Loan Forgiveness

Effective July 1, 2009, student loan borrowers may now be eligible for a new loan repayment program that provides borrowers with two options that should prove to be very beneficial in reducing student loan repayment difficulties. Income-Based Repayment is available to borrowers in both the Federal Family Education Loan and the Direct Loan Programs. The following summary was created to provide you with information regarding both options, as well as additional resources.

Income-Based Repayment (Available for both FFEL and Direct Loans)

- IBR caps borrowers' monthly loan payments to 15 percent of their discretionary income;
- After 25 years of participation in IBR, a borrower's remaining federal student loan debt will be completely forgiven;
- The beginning date for the purposes of counting the 25-year time frame begins no earlier than July 1, 2009; and
- The earliest that any loan could qualify for forgiveness is July 1, 2034.

Additional IBR Resources

- [FinAid.org page about IBR](#)
- [2009 HHS Poverty Guidelines](#)
- [IBRinfo.org \(from the Project on Student Debt\)](#)
- [FAME Wednesday Webinar Entrance Counseling & IBR Presentation](#)

In addition to IBR, borrowers in the Direct Loan program may also be eligible for Public Service Loan Forgiveness. Details of the program include:

- Effective for qualifying monthly Direct Loan payments made on or after October 1, 2007;
- Borrower has been employed full-time for a total of 120 months in a qualifying public service position on or after October 1, 2007;

- Any amount cancelled in this program will NOT be taxable in the calendar year it is cancelled; and
- To qualify, the borrower cannot be in default.

If you have any questions, please contact [Rita Fournier](#), [Jennifer Lanphear](#) or [Michael Roy](#).

Mapping Your Future Introduces New Income Based Repayment Calculator

Students and their families, as well as financial aid professionals, will benefit from a new Income-Based Repayment (IBR) calculator implemented by Mapping Your Future on June 12. The calculator is online at mappingyourfuture.org/paying/ibrcalculator.cfm.

Default Prevention Initiatives on the Horizon:

- The Outreach and Default Prevention team at FAME is currently in the process of creating a high school version of the popular **Get a Life** game. The new version will include information on student loan repayment, expanded career options and a credit card cost estimator. We anticipate that the updated version will be available in September.
- 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.

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 and/or teaching financial literacy. As we discover these "best practices," we will share them with you. If you have a success story that you would like to share, please feel free to contact [Mary Dyer](#).

From ABBA to Led Zeppelin: Using Popular Music to Teach Economics

A group of innovative economics professors at Penn State University have created a unique and engaging way to teach economics and money management through the use of an innovative music-based weblog. The weblog was designed to help facilitate the use of music in the economics classroom. The weblog offers a variety of songs and lyrics that educators at any level might find useful in teaching financial literacy and economics. Song selections range from country to rock to rap and includes a selection from the song (and a link to the full lyrics), along with a brief assignment for students.

According to one of the professors, their goal was to "move away from chalk and talk by joining together with other educators who have developed approaches to teaching economics concepts that involve using popular music to engage their classes".

The weblog can be accessed [here](#).