



Iowa Student Loan Presenters (in order of presentation)

Victoria Payseur, Vice Chair, Iowa Student Loan Board of Directors

Tom Gronstal, Board Member, Iowa Student Loan Board of Directors

Steve McCullough, President and CEO, Iowa Student Loan

ISL Student Lending Role Contents

- ▶ **Who is ISL**
- ▶ **ISL Reinvestment Chart**
- ▶ **Economic Impact Study Executive Summary**
- ▶ **ISL Loan Forgiveness Programs**

At Iowa Student Loan, our character is defined by our mission: helping students and their parents plan, prepare and obtain the necessary resources for success in their postsecondary education and in the workforce thereafter.

WHO IS IOWA STUDENT LOAN?

- Iowa Student Loan is a private nonprofit corporation whose board is appointed by the governor of Iowa.
- We are self-funded and self-capitalized, have no shareholders and receive no state appropriations.
- We “give back” to Iowans with loan rate reductions, fee payments on behalf of student borrowers, free financial aid education and counseling, and loan forgiveness.
- Iowa Student Loan has helped more than 304,000 students and parents pay for college.
- We support more than 300 Iowa lenders in the Federal Family Education Loan Program (guaranteed student loans).
- Iowa Student Loan is a major Iowa employer with nearly 400 employees providing services to Iowans while earning good wages and paying state and local taxes.
- One of the largest financial services institutions in the state, Iowa Student Loan owns and services more than \$3 billion in student loans.
- Data-management technology and Web sites developed by Iowa Student Loan are used by borrowers, high schools, colleges, lenders and government financial aid administrators.
- We fund and administer the Iowa Student Loan College Access Network (ICAN) which supplies free information, assistance, counseling and support to college-bound students and their families as they plan, apply, pay for and succeed in college. In 2006, ICAN staff gave 897 presentations and provided services to 387 Iowa high schools and more than 47,000 students and parents.
- Since 2005, Iowa Student Loan has earned the “Exceptional Performer Designation” from the U.S. Department of Education for its outstanding customer service and financial responsibility.
- In a 2006 independent customer service survey, borrowers rated their overall satisfaction with our service at 8.7 on a one to 10 point scale (with 10 being the highest).



IOWA STUDENT LOAN REINVESTMENTS IN IOWANS

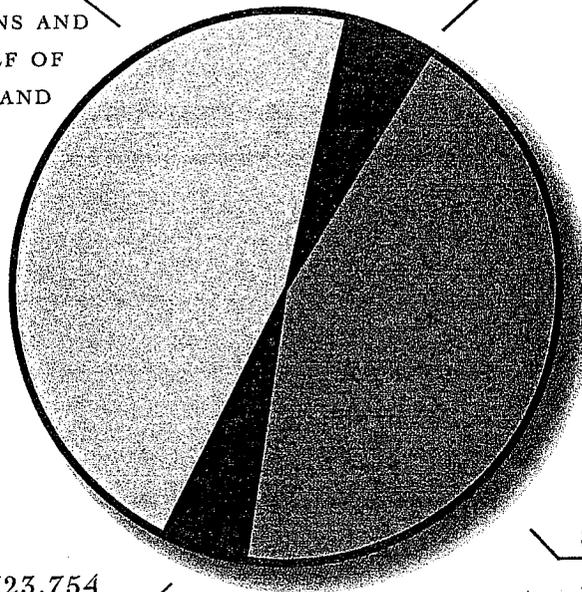
AS A PRIVATE NONPROFIT CORPORATION, IOWA STUDENT LOAN REINVESTS EVERY YEAR IN PROGRAMS DIRECTLY BENEFITING IOWANS. (FIGURES BELOW REPRESENT FISCAL YEAR 2006/2007.)

\$14,786,058

INTEREST-RATE REDUCTIONS AND LOAN FEES PAID ON BEHALF OF IOWA COLLEGE STUDENTS AND THEIR FAMILIES.

\$2,036,956

IOWA COLLEGE ACCESS NETWORK (ICAN) COLLEGE PLANNING CENTER SERVICES PROVIDED AT NO COST TO IOWA HIGH SCHOOL STUDENTS AND THEIR FAMILIES.



\$1,723,754

FINANCIAL AID INFORMATION PROCESSING SERVICES, EDUCATIONAL RESEARCH AND COMMUNITY SERVICES.

\$14,884,289

LOSSES ON NON-GUARANTEED LOANS MADE TO IOWA COLLEGE STUDENTS.

TOTAL: \$33,431,057

IN ADDITION ...

IOWA STUDENT LOAN SUPPORTS A VARIETY OF STATEWIDE EDUCATION AND WORKFORCE INITIATIVES. FOR EXAMPLE, \$18 MILLION IN IOWA STUDENT LOAN REVENUE HAS BEEN COMMITTED FOR CURRENT AND FUTURE YEARS TO LOAN FORGIVENESS FOR NEW TEACHERS AND NURSES WHO CHOOSE TO STAY IN IOWA AND WORK IN CAREER-SHORTAGE AREAS. INTEREST RATE REDUCTIONS HAVE ALSO BEEN PROVIDED FOR DEPLOYED MEMBERS OF THE ARMED FORCES.

OUR REINVESTMENTS IN IOWANS AVERAGED \$171.50 PER EACH CURRENT STUDENT LOAN BORROWER IN THE LAST FISCAL YEAR.





Executive Summary

Iowa Student Loan 2007 Economic Impact Study

Iowa Impact

Iowa Student Loan has a profound economic impact on the state. From generating thousands of new jobs and increasing personal income for Iowans by millions of dollars to stimulating consumer spending and growing state income and sales tax collections, Iowa Student Loan's contribution to Iowa's economy is considerable. Furthermore, intrinsic to its mission, Iowa Student Loan provides or facilitates college loans to thousands of Iowans who, because of their income levels or lack of credit history, would otherwise not qualify for traditional student loans and hence not attend college.

Research, led by Harvey Siegelman and Daniel Otto of Strategic Economics Group, examined three components of Iowa Student Loan's activity during the 2005-2006 academic year to understand how the organization benefits Iowa's economy. They found Iowa Student Loan impacted Iowa families through the following:

- *Jobs* – Generating more than 2,400 additional Iowa jobs.
- *Personal Spending* – Stimulating an additional \$237 million in annual consumer spending.
- *Personal Income* – Increasing personal income for Iowa residents by about \$72 million.
- *Output Production* – Boosting Iowa's goods and services production by about \$134 million.
- *State Economy* – Helping grow Iowa's income and sales tax collections by about \$2.3 million.

Study Overview

The study's purpose was to determine Iowa Student Loan's economic impact on Iowa and its citizens. The research team examined the economic impact of Iowa Student Loan on students and parents, vendors and taxpayers, job holders and job seekers in Iowa. Criteria included increased jobs, personal income, vendor sales, output production and state tax collections. Researchers focused on three areas: operations, borrower impact and "education access" lender.

Operations – Iowa Student Loan provides benefit through the day-to-day operations and delivery of loan services. These benefits are primarily felt by the employees, vendors and communities where Iowa Student Loan's business activity occurs. In 2006, Iowa Student Loan had a total workforce of 323 people with an aggregate payroll of \$14.4 million. Vendor expenditures in the operating budget were about \$56.4 million and included payroll, vendor purchases and interest expenses.

Borrower Impact – Iowa Student Loan provides benefits to borrowers and their families through lower interest rates and more favorable terms for their loans, which directly and indirectly affect the competitive lending market. Lower interest rates reduce out-of-pocket expenses for borrowers and generate extra spending income for families, which is an economic benefit to the state. The study focused on three major government loan programs which Iowa Student Loan supports: Stafford loans, PLUS loans and Partnership loans.

“Educational Access” Lender – Iowa Student Loan also provides or facilitates college loans called Partnership Loans, to thousands of Iowans who, because of their income levels or lack of credit history, would otherwise not qualify for traditional student loans and would not attend college. The benefit to those individuals and the state can be measured by their higher future earning levels. A report generated by the U.S. Census Bureau in 2002 estimated the work-life earnings to be 177% greater for an individual with a bachelor’s degree than one with a high school diploma, and 387% higher with a professional degree. In the 2005-2006 academic year, Iowa Student Loan issued loans to 26,460 Partnership Loan borrowers.

Iowa Student Loan’s Future Impact

Because most of the benefits listed above are additive, each new class of students that receives Iowa Student Loan products and services will likely result in additional benefits comparable to or greater than those of 2005-2006.

About Iowa Student Loan

Iowa Student Loan is a private, nonprofit corporation whose mission since 1979 has been to help students and parents obtain the financial resources necessary for a postsecondary education. Based in West Des Moines with about 400 employees, Iowa Student Loan is a significant Iowa financial services company, with \$3.2 billion in student loans. To date, the company has helped more than 300,000 students pay for college. Iowa Student Loan’s board of directors is appointed by the governor of Iowa.

IOWA STUDENT LOAN FORGIVABLE LOANS AND INTEREST REDUCTION PROGRAMS

IOWA STUDENT LOAN NURSING EDUCATION LOAN FORGIVENESS PROGRAM

PROGRAM SUMMARY

The Iowa Student Loan Nursing Education Loan Forgiveness Program was created to provide recruitment and retention incentives in the form of education loan forgiveness. This program helps to reduce the shortage of nursing educators and registered nurses (RNs) in Iowa communities.

HOW THE PROGRAM WORKS

Following graduation from a participating Iowa college or university, a qualifying registered nurse (RN) or nurse educator must work in Iowa in an eligible shortage area. Loan forgiveness benefits range from \$5,000 - \$20,000 earned incrementally over four years of practice or nurse instruction. A priority is given to nursing students interested in the shortage areas of nurse education, long-term care and RN practice in rural Iowa counties.

The program does not eliminate the requirement to make payments on loans as a graduate works as a nursing educator or RN, but rather supplements the payments in order to accelerate the elimination of student loan debt.

IOWA STUDENT LOAN TEACHER EDUCATION LOAN FORGIVENESS PROGRAM

PROGRAM SUMMARY

The Iowa Student Loan Teacher Education Loan Forgiveness Program was designed to supplement existing loan forgiveness programs offered by state and federal agencies to teachers. It provides recruitment and retention incentives in the form of student loan forgiveness to teachers employed in state-designated subject shortage areas.

HOW THE PROGRAM WORKS

Following graduation from a participating Iowa college or university, a qualifying teacher must teach in Iowa in a subject shortage area as designated by the Iowa Department of Education to receive up to \$9,000, earned incrementally over five years of teaching, in loan forgiveness from the program. A current list of the qualifying teacher subject shortage areas includes Special Education, English as a Second Language, Music and Talented and Gifted for grades K-12, and Science, Math, Foreign Languages, Industrial Technology, Agriculture and Family and Consumer Sciences for grades 7-12.



IOWA STUDENT LOAN ARMED FORCES INTEREST REDUCTION PROGRAM (FOR PRIVATE LOANS)

PROGRAM SUMMARY

The Iowa Student Loan Armed Forces Interest Reduction Program recognizes service members who have served, or are serving their country, during wartime efforts since Sept. 11, 2001.

The program provides a benefit of 0% interest on private student loans for up to 24 months to borrowers in the United States Armed Forces on active federal duty under Title 10 USC Section 12302. The benefit period is between Sept. 11, 2001, and Dec. 31, 2008.

HOW THE PROGRAM WORKS

With the Iowa Student Loan Armed Forces Interest Reduction Program, the interest on service members' private student loans will be reduced to 0% for up to 24 months* if:

- ▶ The service member was deployed, is currently deployed or becomes deployed under Title 10 between Sept. 11, 2001, and Dec. 31, 2008.
- ▶ The service member has a non-defaulted private loan owned (or serviced) by Iowa Student Loan, or the service member has completed payment on such a loan during the period of eligibility.

*Iowa Student Loan is obligated to issue a 1099-C form to the IRS and the borrower reporting a reduction of indebtedness of \$600 or more. Service members will want to consult their tax advisor regarding any tax consequences resulting from the interest reduction.

ADDITIONAL FEDERAL PROGRAMS AVAILABLE

Iowa Student Loan is ready to help student loan borrowers understand the other military benefits in which they are entitled to.

Student loan borrowers with a current status of in-school, in-school deferment or grace period are entitled to maintain that status during the period in which they are on active duty or reassigned plus the time necessary for them to resume enrollment in the next regular enrollment period. This extended status cannot exceed a total of three years, including the period of time necessary to resume enrollment.

Student loan borrowers with a current status of repayment may receive a deferment for the expected period of active duty, beginning on the first day of active duty, not to exceed three years. A form requesting deferment must be completed by the borrower, the borrower's family or other reliable source.

ADDITIONAL INFORMATION IS ALSO
AVAILABLE AT WWW.STUDENTLOAN.ORG

Student Loan Process Contents

- ▶ **Overview of Student Loan Process**
- ▶ **Borrower Guidance Statement**
- ▶ **Private Loan Budget Worksheet**

IOWA STUDENT LOAN PARTNERSHIP LOAN BORROWER GUIDANCE STATEMENT

Iowa Student Loan is dedicated to educating students about responsible borrowing, and to ensure students and parents exhaust all forms of financial aid before seeking Private loans. The following statement is included in Iowa Student Loan borrower materials and presentations:

Iowa Student Loan private loans are designed to supplement – and not supplant – other aid sources to fill funding gaps for students. Iowa Student Loan encourages responsible borrowing. We also encourage students to work with financial aid professionals at their respective colleges and universities to explore and exhaust other sources of federal, state and/or institutional financial aid, whether a grant or loan, prior to obtaining a private loan.

The Iowa Student Loan Borrower Guidance Statement is included in the following:

- *Private Loan Budget Forecast Work Sheet.*
- Private Loan online loan applications.
- Private Loan printed loan applications.
- Iowa College Access Network *Student Loan Facts* brochures.
- Iowa College Access Network *Financial Literacy Series* materials.
- Student PowerPoint presentations.



Iowa Student Loan Private Loan Budget Forecast Work Sheet:



Iowa Student Loan encourages students and parents to explore and exhaust all other sources of federal, state and/or institutional financial aid prior to obtaining private loan. Effective Jan. 1, 2008, all applicants are **required to complete the budget work sheet** regardless if you are applying with a cosigner, the loan amount requested or the loan program selected. **Failure to complete this work sheet may delay disbursement of your loan.**

INSTRUCTIONS

- (1) See the Annual Income Chart below to find your Degree/Job Function and Projected Starting Salary. Enter the projected salary on Line (1).
- (2) To adjust for a 25% tax rate, multiply Line (1) by .75 and enter this new figure on Line 2.
- (3) Divide the figure on Line (2) by 12, and enter this new figure on Line (3). This is your projected monthly take home pay.

- (4) See the Student Loan Payment Chart below. Estimate your entire student loan debt (federal, state, and private loans) at the time of graduation and find that amount below. Enter the payment amount on Line (4) of the Estimated Monthly Expenses chart.
- (5) **Add lines a through j** and enter this figure on Line (5).
- (6) Subtract Line (5) from Line (3) and enter this amount on Line (6). If Line (6) is a negative number, there could be significant problems with repayment of the loans.

Name _____ Social Security Number _____

Expected Annual Before-Tax Income: (1) \$ _____

To adjust for assumed Tax Rate of 25%:
Multiply (line (1) x .75) (2) \$ _____

Monthly After-tax Income: (line (2) ÷ 12) (3) \$ _____

Estimated Monthly Expenses:

Housing with/without roommate:	a.	\$375.00 / \$750.00
Health Care:	b.	\$125.00
Utilities with/without roommate:	c.	\$125.00 / \$250.00
Transportation:	d.	\$100.00
Other Loans (car, credit cards etc.):	e.	\$200.00
Food:	f.	\$200.00
Student Loan Payment:	(4) g.	
Personal:	h.	\$150.00
Miscellaneous:	i.	\$50.00
Insurance:	j.	\$100.00
Total Expenses:	(5)	
Difference (Income - Expenses):	(6)	

Student Loan Payment Chart:

Borrowed Amount	Payment*	Borrowed Amount	Payment*
\$10,000	\$95	\$45,000	\$427
\$12,500	\$119	\$47,500	\$451
\$15,000	\$142	\$50,000	\$474
\$17,500	\$166	\$52,500	\$498
\$20,000	\$190	\$55,000	\$522
\$22,500	\$213	\$57,500	\$545
\$25,000	\$237	\$60,000	\$569
\$27,500	\$261	\$62,500	\$593
\$30,000	\$285	\$65,000	\$617
\$32,500	\$308	\$67,500	\$640
\$35,000	\$332	\$70,000	\$664
\$37,500	\$356	\$72,500	\$688
\$40,000	\$379	\$75,000	\$711
\$42,500	\$403		

Keep in mind that these expenses are approximate and may vary according to location and employment.

* Based on an 8.00% constant interest rate, capped annually, for a total of 27 months in-school and grace periods and a 240-month repayment schedule.

ANNUAL INCOME CHART – Bachelor's Degree

Job Title	Proj. Starting Salary	Job Title	Proj. Starting Salary	Job Title	Proj. Starting Salary	Job Title	Proj. Starting Salary
Accountants/Auditing/Tax Examiner	\$47,000	Customer Service	\$26,240	Mathematician	\$53,529	Registered Nurse	\$33,663
Actuaries	\$48,979	Design/Construction	\$36,582	Network/Computer Support	\$39,100	Reporting	\$21,357
Administration (Health)	\$23,890	Dietician	\$28,819	Occupational Health & Safety	\$46,010	Respiratory Therapy	\$40,220
Advertising	\$28,565	EMT/Paramedic	\$16,821	Occupational Therapy	\$36,393	Social Work	\$23,205
Ag/Natural Resources	\$34,069	Engineering	\$42,847	Paralegal	\$37,950	Software Design	\$51,828
Architecture	\$39,634	Financial/Portfolio Mngmnt	\$36,880	Performing Arts	\$25,403	Speech Pathology	\$34,615
Audiology	\$33,880	Financial/Treasury Analysis	\$39,970	Pharmacist	\$77,050	Statistician	\$39,956
Aviation	\$37,700	Funeral Directors	\$30,366	Physical Therapy	\$40,131	Teaching	\$29,453
Biengineering	\$42,287	Human Resources/Industrial Rel.	\$32,355	Physicians Assistant	\$45,269	Urban/Regional Planner	\$34,916
Commercial Lending	\$32,010	Insurance (Underwriters/Claims)	\$31,913	Physician	\$137,119	Veterinarian	\$44,163
Computer Program/Software Design	\$45,500	Law Enforcement	\$29,589	Production/Communication	\$31,620	Writing/Editing	\$29,953
Computer Systems Analyst	\$44,023	Librarian	\$30,163	Public Relations	\$29,197	Other/Unknown	\$28,969*
Counseling	\$22,050	Market Research	\$37,667	Purchasing/Buyer	\$41,923		

*For most job titles, the projected starting salary was calculated by tracking median annual earnings published by the Bureau of Labor Statistics and multiplying by 70%. *Other/Unknown is an estimate based on the average of the bottom 50% of salaries listed.

NOTE: For future loans, Iowa Student Loan may charge a higher rate of interest and/or increase fees for those borrowers who borrow over \$10,000 in an academic year or have reached \$40,000 in total private loan debt.

Questions? Call 1-800-542-6005 for Private Loans or visit www.studentloan.org

Addressing Current Concerns Contents

- ▶ **Comparison of ISL and Other Lenders**
- ▶ **ICAN Quick Facts**
- ▶ **College Planning Center for Juniors and Seniors**
- ▶ **Student Loan Facts**
- ▶ **Financial Literacy Series for College Students**

COMPARISON OF IOWA STUDENT LOAN PRACTICES VERSUS SOME OTHER LENDERS

	IOWA STUDENT LOAN (ISL)	SOME OTHER LENDERS
MISSION	ISL's mission is to maximize benefits for Iowa students and their families.	Goal is to maximize profits for shareholders.
EARNINGS	ISL earnings in excess of needed operations funding and appropriate reserves go to student benefits and community reinvestments to help meet the needs of Iowans.	Distributes earnings from student loans to their shareholders as dividends.
INTEREST RATES	ISL charges below-market interest rates and helps cover federal fee payments on behalf of Iowa borrowers.	Charges the highest interest rates and fees that the market will bear.
MARKETING	ISL advises students and parents to borrow under federal programs first, offers services to help students find scholarships and grants and counsels them against over borrowing.	Several appear to have engaged in deceptive student loan marketing practices, enticing students to borrow more than they need.
COMPLIANCE	ISL has complied with the appropriate laws and regulations governing student loans, as validated by external expert legal counsel.	Several appear to have provided stock options or lavish trips to school officials to influence their actions, or otherwise violated the laws or regulations governing student loans.
SERVICES	All of ISL services are provided without condition. There is no "quid pro quo." Some of the biggest users of ISL programs are Direct Loan schools that do not participate in ISL's guaranteed student loan program.	Some condition the provision of programs or services on "quid pro quo" with colleges – provided only if the company gets more loans.
CROSS-MARKETING	ISL does not market other products to its borrowers and does not sell its borrowers' information to anyone.	Some spam student loan borrowers with cross-selling advertisements, trying to get them to use their car loans, home equity loans and credit cards.
LEGISLATION	ISL has endorsed federal legislation, so that other organizations across the nation will follow many of the good practices in which ISL engages to benefit students.	Some oppose legislation pending in Congress, which redefine on a nationwide basis appropriate relationships between lenders and colleges.





ICANSM Quick Facts

Helping students plan, apply,
pay for and succeed in college.

About the Iowa Student Loan College Access Network (ICAN)

ICAN assists students and parents with free information, tools and resources to plan, apply, pay for and succeed in college. Our professional outreach representatives can provide students with advice on career planning, choosing a college, getting financial aid and succeeding in college.

The ICAN Mission

Our mission is to help Iowans attain their educational and career goals. The ICAN College Planning Centers in West Des Moines and in Cedar Rapids provide free information and support to a diverse population of students and their families as they plan their postsecondary education and apply for financial aid.

ICAN also exists to improve access to and success in postsecondary education for disadvantaged and first-generation students. ICAN does this by:

- ▶ Supporting a network of state and local college access programs that provide counseling, advice and financial assistance.
- ▶ Sharing best practices among the network and providing leadership and technical assistance.
- ▶ Helping establish new college access programs.

The free services provided by ICAN are available regardless of whether or not the student borrows through an Iowa Student Loan participating lender. ICAN personnel do not market any specific student loan products.

ICAN Serves:

- ▶ Students (from middle school through college) and their parents.
- ▶ High school counselors, teachers and administrators.
- ▶ Local businesses and organizations committed to helping youth succeed.



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 IOWA
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COLLEGE ACCESS NETWORK
www.ICANsucceed.org

ICAN Services

- ▶ Our **interactive Web site** (www.ICANSucceed.org) provides students, parents and counselors with information on financial aid, preparing for and choosing a college, financial literacy, career planning, college success tips and more.
- ▶ We offer **publications**, including a comprehensive college planning guide and financial literacy materials.
- ▶ ICAN staff can conduct **presentations** at your school on:
 - College Planning.
 - Financial Aid.
 - Filling out the FAFSA.
 - Debt Management.
 - How to Succeed in College.
 - Choices® Career Software Training.
- ▶ We distribute monthly e-mail and postcard **reminders on college planning** for ninth through 12th-grade students, parents and high school counselors.
 - Nearly **14,000** reminders were sent in the 2006-2007 school year.
- ▶ In partnership with the Iowa College Student Aid Commission, ICAN offers online career exploration and planning products. **Choices Planner** is available to all Iowa high schools and **Choices Explorer** is available to all Iowa middle schools, at no charge. We also offer free training on both the Choices® Planner and Explorer software.
- ▶ Services are available in **Spanish**.
- ▶ All ICAN services are **free**.

ICAN College Planning Centers

Locations:

West Des Moines

160 S. 68th Street, Suite 1101
West Des Moines, IA 50266
(Across from Jordan Creek Town Center)

Cedar Rapids

1100 Blairs Ferry Road N.E., Suite 104
Cedar Rapids, IA 52402
(Across from Super Target)

Hours:

8 a.m. – 4:30 p.m.
Monday and Friday

8 a.m. – 5:30 p.m.
Tuesday, Wednesday
and Thursday

Phone:

Toll-free: (877) 272-4692
Local: (515) 246-8561
Fax: (515) 471-3985

Web Site:

www.ICANSucceed.org

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John Holland
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Bob Redman
Debbie Scholz
Chris Traetow

Bilingual Outreach Representatives

Juan Garcia
Anna Haug

Assistant
Danielle Moye

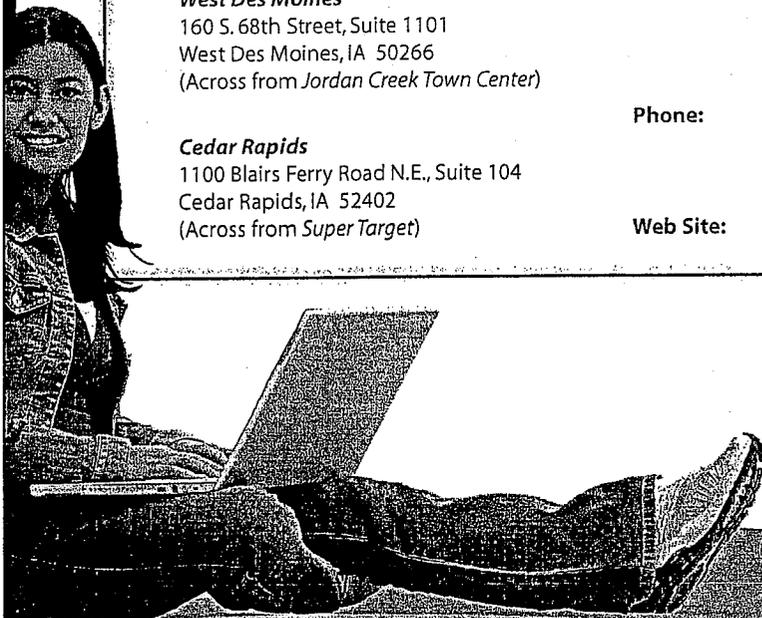
Cedar Rapids

Supervisor
Chris Bowser

Outreach Representative
Tom O'Shea

**Bilingual Outreach
Representative**
Lupe Hernandez

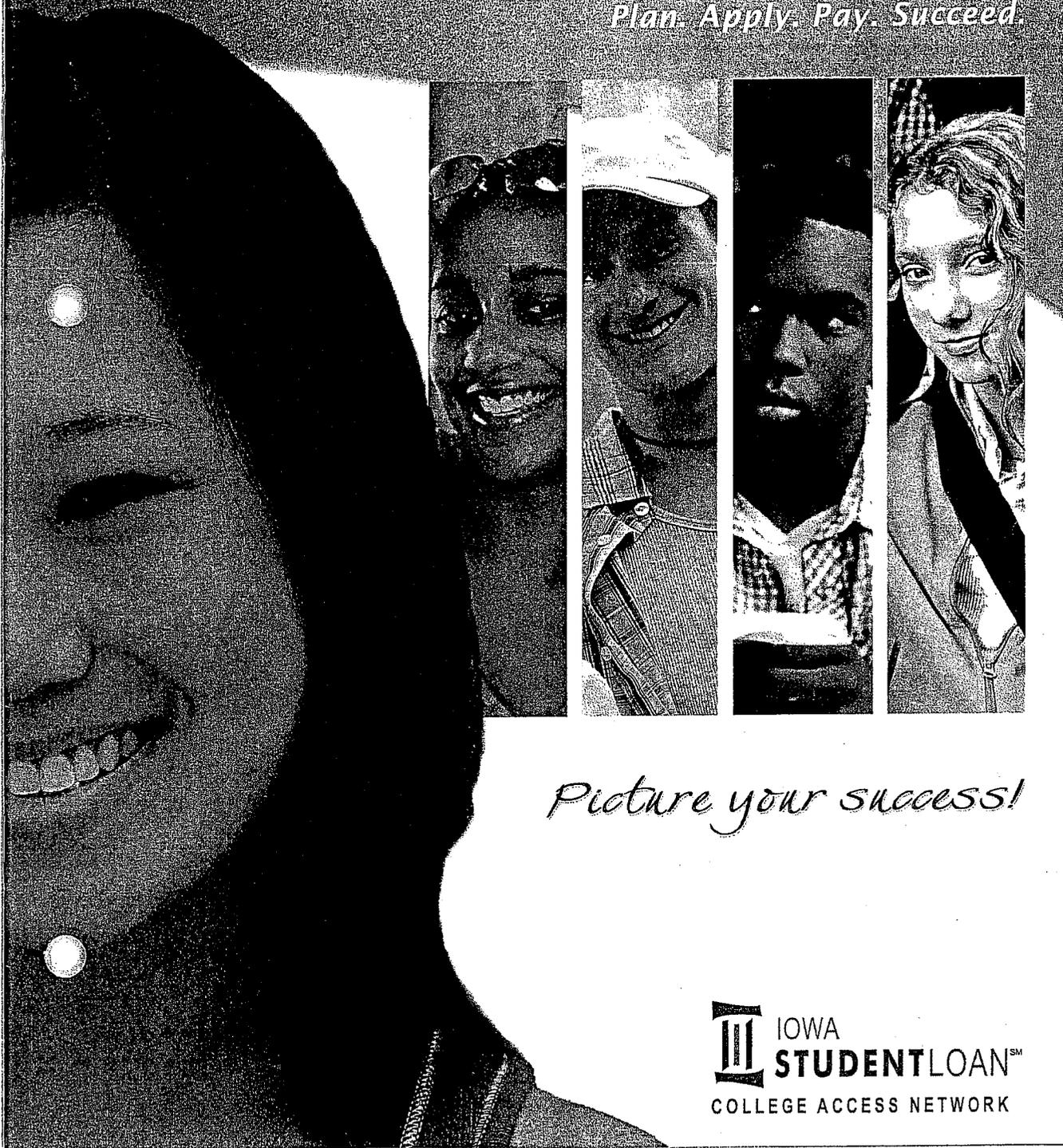
Assistant
Cindy Shupp



Picture your success!

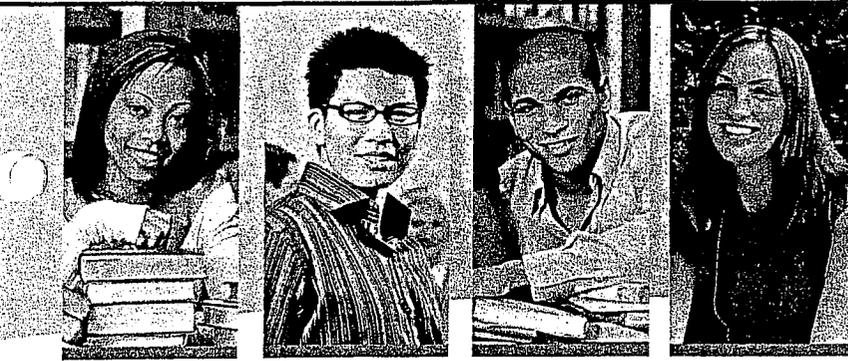
College Planning Guide
for Juniors and Seniors

Plan. Apply. Pay. Succeed.



Picture your success!

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COLLEGE ACCESS NETWORK



Student Loan Facts

Your Financial Aid Package may include Student Loans

If you have been awarded financial aid at your college, you will receive an award package, which is generated once the college receives your FAFSA results. The package will outline your specific financial aid options. Aid may include a combination of funds you won't have to pay back, and funds that must be repaid.

Student Loans must be Repaid

Student loans can help make college a reality. But unlike scholarships, grants and work-study, student loans are a form of financial aid that must be repaid with interest; therefore, you should seek them out only after pursuing other forms of financial aid.

A Borrower's Obligation

As with any debt, you must repay your student loans, even if you do not complete your education, you are not satisfied with your education or you do not find employment after you graduate. Failure to make regular monthly payments could result in a defaulted student loan, which would have serious consequences on your credit.

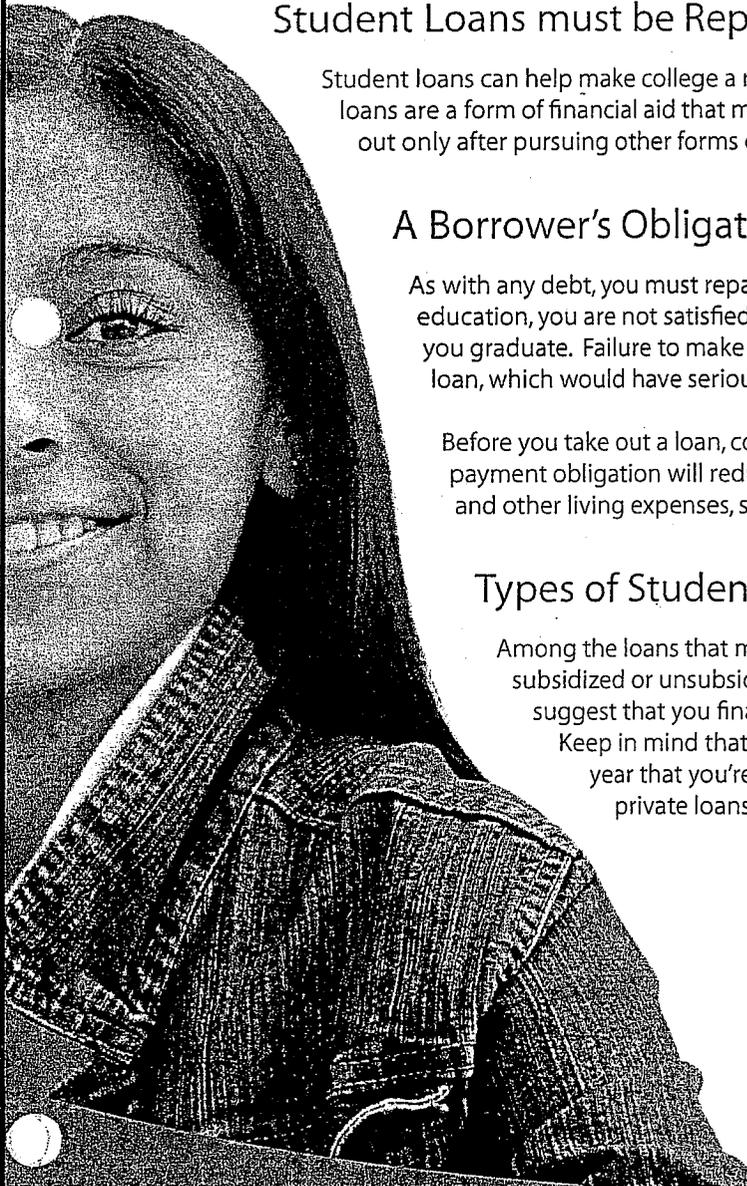
Before you take out a loan, consider whether you will be able to repay it. Your student loan payment obligation will reduce what you can spend in the future on a car, home, furniture and other living expenses, so keep your borrowing to a minimum.

Types of Student Loans

Among the loans that may be offered to you are Perkins Loans, Stafford Loans (either subsidized or unsubsidized) and Parent PLUS Loans. In addition, your college may suggest that you finance a portion of the cost of attendance with a private loan.

Keep in mind that you may have to continue to borrow a student loan each year that you're in school. Turn the page to learn more about federal and private loans.

Seek Federal Student Loans First
Federal student loans are your best option because they're the most affordable.



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Picture your success!

Federal Student Loans

	Perkins	Subsidized Stafford	Unsubsidized Stafford	Parent PLUS
Eligibility	<ul style="list-style-type: none"> ▶ Available to students enrolled at least half time at an eligible institution and who show financial need. ▶ Must file a FAFSA. 	<ul style="list-style-type: none"> ▶ Available to students enrolled at least half time at an eligible institution and who show financial need. ▶ Must file a FAFSA. 	<ul style="list-style-type: none"> ▶ Available to students enrolled at least half time at an eligible institution. ▶ Loan isn't based on financial need. ▶ Must file a FAFSA. 	<ul style="list-style-type: none"> ▶ Available to parents of dependent undergraduates enrolled at least half time. ▶ Loan isn't based on financial need. ▶ Borrower is subject to credit check.
Annual Loan Limits	<ul style="list-style-type: none"> ▶ Undergraduate is up to \$4,000/year. ▶ Graduate is up to \$6,000/year. ▶ Loan amount is determined by college and is based on funding availability. 	<ul style="list-style-type: none"> ▶ Freshman = \$3,500 ▶ Sophomore = \$4,500 ▶ Junior/Senior = \$5,500 	<ul style="list-style-type: none"> ▶ Dependent students may borrow a combination of subsidized and unsubsidized, not to exceed the limits for Subsidized Stafford. ▶ Independent students may be eligible for additional funds: <ul style="list-style-type: none"> - Freshman and Sophomore = \$4,000 - Junior and Senior = \$5,000 	<ul style="list-style-type: none"> ▶ Cost of attendance, less other aid received.
Interest Rate/ Fees	<ul style="list-style-type: none"> ▶ 5% fixed. ▶ No fees. ▶ No interest until repayment begins. 	<ul style="list-style-type: none"> ▶ 6.8% fixed; on July 1, 2008, the rate will become 6% fixed ▶ Origination/default fees up to 2.5%. ▶ No interest until repayment begins. 	<ul style="list-style-type: none"> ▶ 6.8% fixed. ▶ Origination/default fees up to 2.5%. ▶ Interest begins to accrue once funds are received. 	<ul style="list-style-type: none"> ▶ FFELP = 8.5% fixed. ▶ Direct = 7.9% fixed. ▶ Origination/default fees up to 2.5% ▶ Parent pays the interest.
Grace Period	<ul style="list-style-type: none"> ▶ Nine months after graduation or changing to less than half time. 	<ul style="list-style-type: none"> ▶ Six months after graduation or changing to less than half time. 	<ul style="list-style-type: none"> ▶ Six months after graduation or changing to less than half time. 	<ul style="list-style-type: none"> ▶ None. Repayment begins 30 days after the first disbursement.

Direct Lending and FFELP Programs

Colleges elect to participate in one of two programs that provide Federal Stafford and PLUS loans for students. The programs are similar with the main difference being the source of the money. Note that it is the school – not the borrower – that dictates which type of loan will be issued.

▶ William D. Ford Federal Direct Loan Program (Direct)

- The federal government is the lender. The school acts as the loan originator; however, the student repays the loan directly to the government.

▶ Federal Family Education Loan Program (FFELP)

- Approved private lending institutions such as banks, savings and loans, and credit unions make these loans on behalf of the federal government.
- If a college participates in the FFELP loan program, the student must choose a lender.
 - ▶ Be careful which lender you choose. Each lender offers different borrower benefits and repayment terms, so look for the best value. It's a good idea to use the same lender each time you borrow because not only will it make the process simpler as you reapply each year, but repayment will be more convenient if you work with a single lender.

Private Student Loans

Take advantage of any federal loan programs that you qualify for before you explore other loans. Federal loans are your best option because they're the most affordable. But if you've exhausted your federal student loan options, there are lending institutions that offer private loan programs to help students pay for the cost of education. Some private loan programs are designed for student borrowers, while others are for parent borrowers. Many lowans borrow private student loans through the following providers:

- ▶ **Iowa Student loan**
 - www.studentloan.org
 - The Iowa Student Loan Partnership Loan Program is the state-authorized private loan program.
- ▶ **Citibank**
 - www.citibank.com
- ▶ **Wells Fargo**
 - www.wellsfargo.com

Check Financial Aid

Before you borrow a private loan, ask your financial aid office how much you can borrow in private loans without reducing your eligibility for government or institutional aid.

Know the Basics

For many students, loans are inevitable. If used wisely, they can be a helpful resource in paying for college. But they can also be a costly mistake. Before you borrow a loan, gather the basic facts.

- ▶ How much can I borrow?
- ▶ What is the interest rate?
- ▶ What fees are deducted from the loan?
- ▶ Who is responsible for repaying the loan?
- ▶ When does repayment begin?
- ▶ How much time do I have to repay the loan?

The Cost of Attendance

The **cost of attendance** at a college will include allowances for personal expenses and transportation. These items may already be part of your family budget, so you might not need to borrow to cover these expenses.



□ Dig Deeper

Loans may appear to be pretty similar when you compare the basics, but look closer and you'll discover that each lender offers different borrower benefits. It's not always easy to compare them. For example, what's helpful to *some* borrowers may not be helpful to *all* borrowers. That's why it's important to ask specific questions and find out whether a benefit is really going to benefit *you*.

Questions to Ask when Choosing a Lender

Ask lenders the questions below to help you research and compare their borrower benefits.

- ▶ What is your **lowest** interest rate and fee combination, and how can I get it?
 - Is this combination available for the life of the loan, or only during a limited period of time?
- ▶ Is there a limit on how high the variable rate can go?
 - How often is the interest rate adjusted, and how is it determined?
- ▶ Is there a penalty for paying off the loan early?
- ▶ How long can I defer payments while I'm in school?
 - Can I defer payments if I go to graduate school?
- ▶ Are your discounts guaranteed or are they subject to change?
- ▶ What percentage of your borrowers get the discounts that you offer?
- ▶ Will you revoke my discount for "paying on time" if I make a single late payment, or if I ask for a change in the payment schedule?
- ▶ Would you allow me to defer or reduce my payments temporarily because of economic hardship?
- ▶ Do you service your own loans? Will you sell my loan to someone else?

{ www.ICANsucceed.org
Toll-free: (877) 272-4692

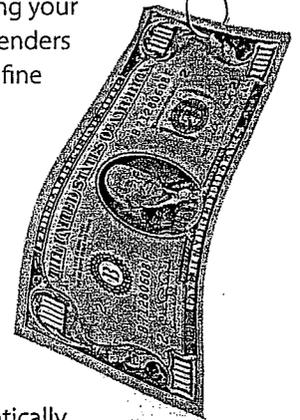
Here's the Catch

Sometimes there are hidden catches that may disqualify you from earning your full borrower benefits. Some lenders are hoping you don't read the fine print when you sign up.

Many lenders offer discounts for making payments by automatic withdrawal. But **here's the catch** – you might not realize that it's up to you to sign up for it in order to receive the benefit. Don't assume the lender will automatically enroll you, or you could miss out on the discount.

Understand how a lender defines "on time," since some have a strict definition. But **here's the catch** – with some lenders, a payment that is even a day late may disqualify you from receiving the benefit.

Sure, choosing a loan with no "upfront fee" may seem like a great value, but **here's the catch** – you may actually end up paying more in the long run. Why? A loan that comes without an upfront fee may actually have a higher interest rate. It could be cheaper for you to go with a lender who charges an upfront fee than to pay a high interest rate over the life of the loan.



Iowa Student Loan Financial Literacy Series for College Students

Presentation and Brochure Topics



Money Matters presents students with ways to manage their finances and promotes financial responsibility. While working on a budget plan, students will learn money-saving techniques, how to set financial goals, ways to help them graduate with as little debt as possible and the benefits of saving money now.

The presentation includes a budgeting activity for groups of 50 or less.



Take Charge of Credit Cards is designed to inform students of both the advantages and disadvantages of credit cards, and provide students with ways to decide if they are ready for a credit card. It includes explanations of common terms and conditions, an illustration showcasing the benefits of paying more than the minimum monthly payment, tips for using a credit card wisely and ways to protect credit card and personal information.

The presentation includes a video segment.



Prevent Identity Theft provides students with information to protect themselves against the fastest-growing crime in the United States. Students learn ways thieves may attempt to steal a person's identity and what criminals may do with the information they take. Tips on safeguarding personal and financial information are also discussed.

An identity theft risk evaluation is incorporated into the presentation.



Life After College is an essential resource to help students prepare to transition from college life to the working world after graduation. Tips and strategies help students learn how to evaluate a job offer, understand a benefits package, budget their money and prepare to take on the many responsibilities associated with life after college.

The presentation includes a budgeting activity for groups of 50 or less.



Understand Credit Reports and Scores helps students understand the importance of their credit report and credit scores. Students learn how the decisions they make today can affect their credit history for years to come. The information provided helps students review their credit history, protect themselves against fraud and improve their credit score.



Borrow Wisely for College is designed to inform students about financial aid options, especially federal and private student loans, while stressing the importance of responsible borrowing. Students are encouraged to only borrow what they can afford to pay back in the future, and tips to reduce the need for loans are included. The information provided helps students understand student loan options and the responsibilities associated with student loan debt.

To schedule a presentation or for more information, contact:

Heather Norris, Financial Literacy Officer
hnorris@studentloan.org
(800) 243-7552, ext. 7671



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