



# Debt Letters: Communicating Effectively for Students

PREPARE ★ AFFORD ★ SUCCEED

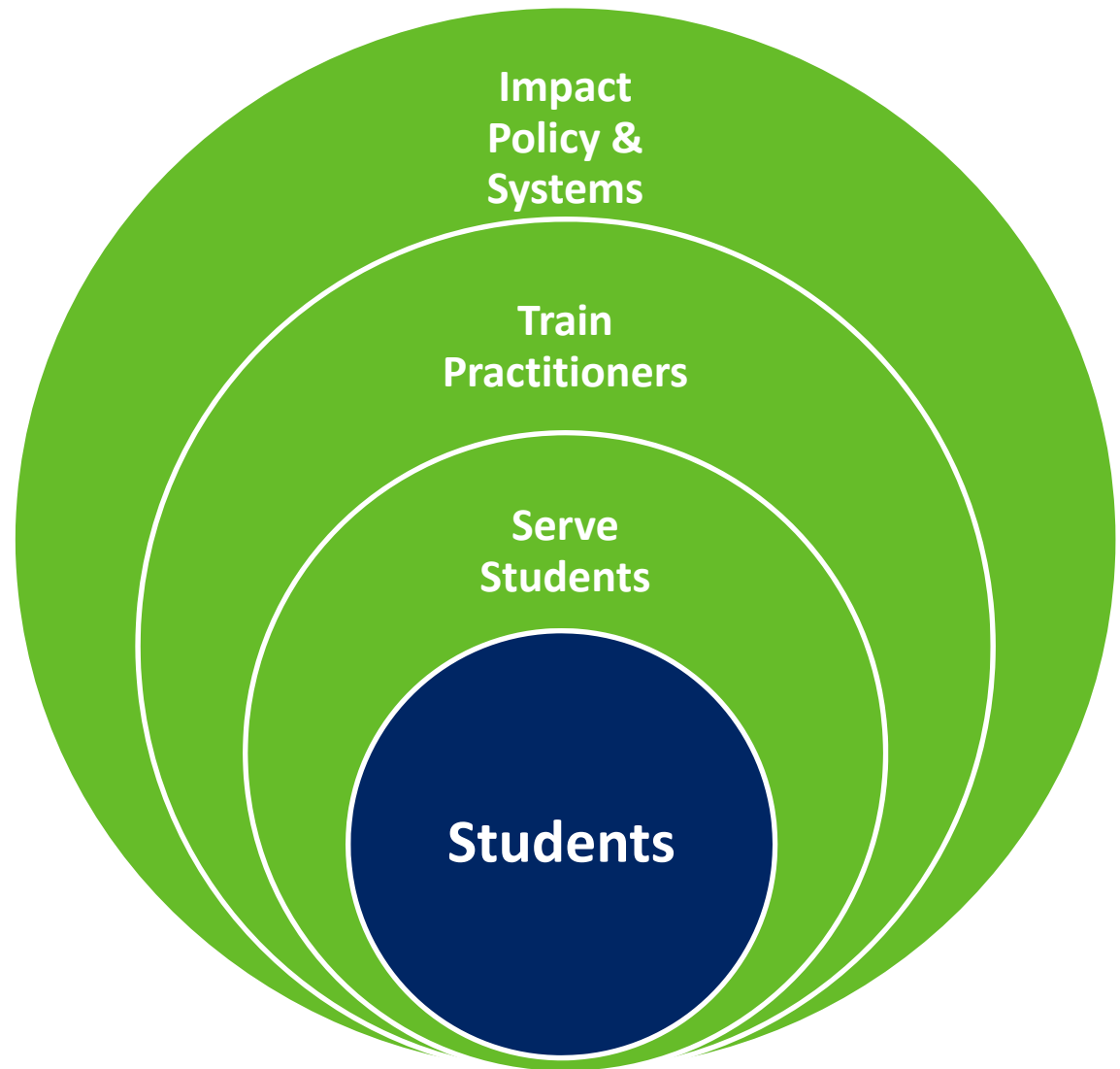
# Agenda

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- ★ Intro to uAspire
- ★ Student Perspective
- ★ Top 5 Tips for Student-Centered Financial Aid Communications
- ★ Making Debt Letters Work For Students
- ★ Discussion/Questions

# Who is uAspire

*National nonprofit leader hyper-focused on college affordability to support low-income students to earn more degrees with less debt via 3 student-centered impact models.*

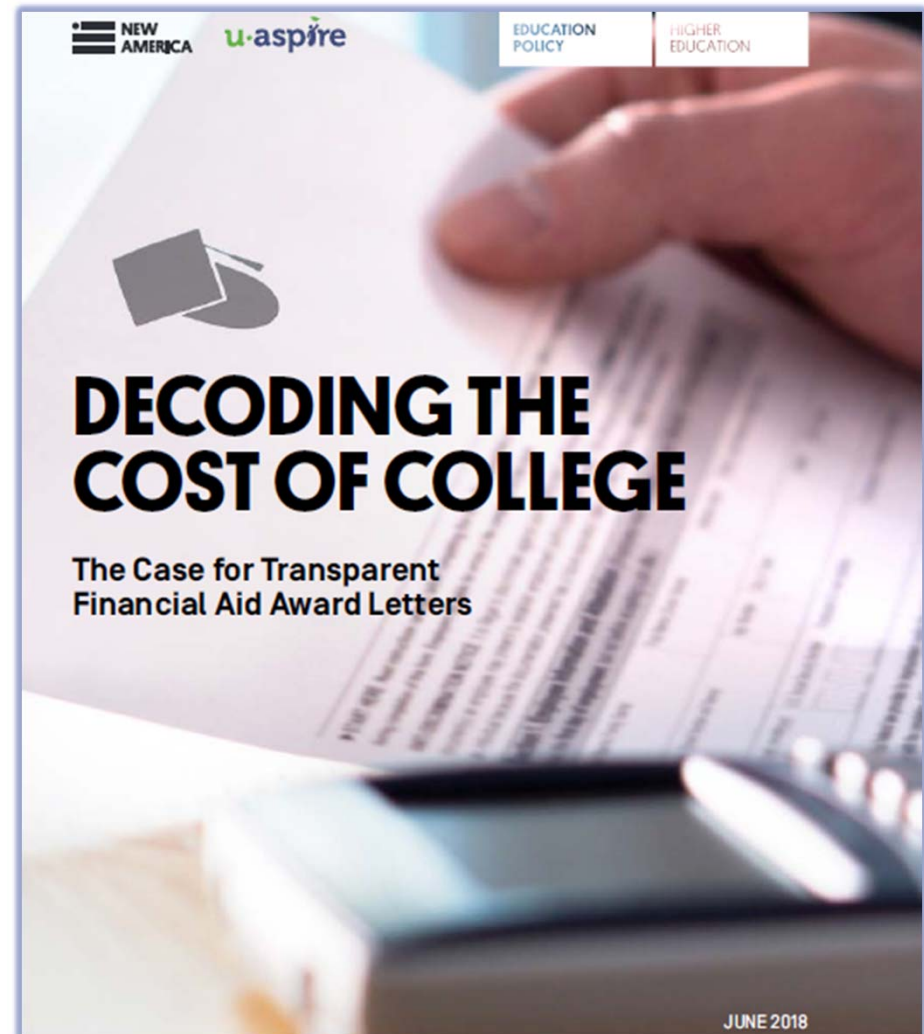


# uAspire's Expertise

- ★ As an organization we work with high school and college students through
  - FAFSA & other financial aid applications
  - Verification
  - Award letter review
  - Matriculation to college
  - Financial aid renewal & persistence to degree
- ★ Experts in student communication related to financial aid with a focus on award letters
- ★ Debt letters newer – but many ideas across the FA process apply

# Decoding the Cost of College

- ★ Quantitative analysis of 11,000+ letters & qualitative review of 515 award letters from unique institutions
- ★ Focus on communication of costs and financial aid to students
- ★ Issues found with inconsistent and confusing terminology, financial aid jargon, missing pertinent information



For the full report go to: <https://www.uaspire.org/BlankSite/media/uaspire/Decoding-the-Cost-of-College.pdf>

# Debt Letters for the Win!

## ★ Why debt letters?

- A recent report by Trellis Company on the state of student aid and higher education in Texas found that
  - More than half of student aid in Texas is in the form of loans
  - Over a quarter of student borrowers are not at all confident they will be able to repay their student loan debt
  - Outstanding student loan debt in Texas is now estimated at over \$100 billion

## ★ From uAspire perspective – annual loan counseling is needed!

- TG/Trellis research shows Core tenets of effective loan counseling were identified to be timely, personal, and interactive
- Debt letters can help fill this void....
  - Drive more students to know what they owe at a time when deciding what more to borrow
  - Get more students to NSLDS

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# What's On Your Mind?

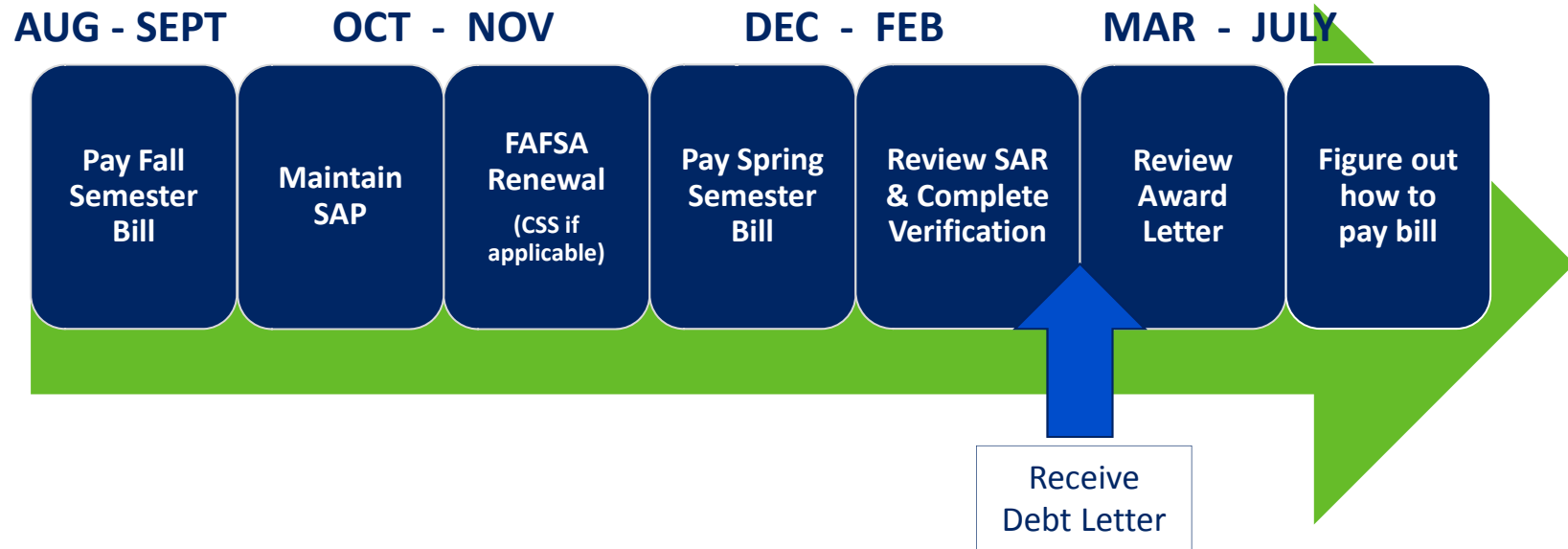




# What's On Students' Minds



# Postsecondary Financial Aid Timeline



- ★ Communications come throughout the year from the FA office
- ★ Keep in Mind:
  - Other offices are also sending messages from registration to intramural sports – each with their *OWN* timelines
  - Students inundated with communications and need to prioritize what is most important
  - Students are your audience – your customers



# The Student Experience

- ★ Experience with aid and borrowing is minimal
- ★ Navigating an often confusing system with info in many places
  - Portal, letter, NSLDS
  - Bursar vs. financial aid
  - Sometimes multiple institutions +/- or multiple loan servicers
- ★ Unfamiliar with borrowing
  - For many, first borrowing experience
  - Unsure of responsibilities
  - MPN and Loan Counseling as is, don't stick

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# Use Student-Friendly Terminology

- ★ Provide opportunities for students to learn new terminology – don't assume knowledge
- ★ Make sure terms are presented clearly and defined SIMPLY
- ★ Avoid financial aid jargon
- ★ No acronyms without explanation
  - NSLDS, IBR, PAYE, REPAYE, PSLF

## Box 3: Key Terms and uAspire's Suggest

**Cost of attendance (COA):** Total estimated price for one year of college before financial aid is applied: tuition and fees, housing, food, and other additional personal and educational expenses.

**Direct costs:** Billable expenses; money paid directly to college: tuition/fees and housing/meal plan, when applicable.

**Indirect expenses:** Estimated additional personal and educational expenses needed throughout the academic year: books; transportation; living expenses, such as rent and food, if living off campus.

**Gift aid:** Grants and scholarships that you do not need to pay back. Each grant and scholarship may have specific requirements to maintain eligibility/renew.

**Loans:** Borrowed money that must be paid back, with interest. You can choose to reduce or decline the amount offered.

# Be Consistent

- ★ Consistent terms from matriculation to graduation = the goal
- ★ Debt letter is not the only item that addresses loans
- ★ Identify other documents sent by financial aid office and make sure terminology is aligned
  - Bill
  - Financial aid guide
  - Award letter
  - Debt letter
  - Portal
  - Website

# Use Student Lens

- ★ Debt letter is an **opportunity to teach** students about their loan debt – not just a requirement to reach out and inform them

Current Statement	Adding Student Lens
You may qualify for other repayment options.	To research other repayment that you may qualify for go to: <a href="https://studentaid.ed.gov/sa/repay-loans/understand/plans">https://studentaid.ed.gov/sa/repay-loans/understand/plans</a>
This letter is NOT a complete and official record of your student loan debt.	To get a complete picture of your federal student loan debt log in the National Student Loan Database System (NSLDS) w/ your FSA ID
Information in this letter may be incorrect or incomplete if...	If any of the following apply to you the information in this letter may be inaccurate...In order to get complete information take the following steps:

# Identify Next Steps

- ★ Provide very clear, action-based next steps
- ★ Ensure students know how they can use the information provided to help themselves decrease and/or prepare for their student loan debt





# Offer Support

- ★ Ensure letters have avenues for support
  - Provide number for assigned financial aid advisor (if applicable)
  - Identify office hours that students can come in to discuss
  - Provide an FAQ page students can easily access
    - Predict common questions
    - Address specific student profiles
- ★ Be present at campus events
  - Provides avenue for questions for less proactive students
  - Timeliness of presence makes a big difference

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# Top 5 Suggestions

1. Incentivize & Normalize
2. Personalize
3. Motivate
4. Calculate/Show the Math
5. Continuously Improve

# Current THECB Template

«Addr\_Ln1» Sta«Kun\_Date»  
 «City», «State», «Zip»

«First\_Name» «Last\_Name»  
 «Degree Program / Major»

Dear «First\_Name» «Last\_Name»:

This is an estimate of how much you currently owe in student loans.

**Need help understanding this letter?** Make an appointment by calling <<telephone number>> or drop by the Student Financial Aid Office to talk about this letter, future borrowing, and repayment options.

**Estimate of Your Total Education Loans, Including Interest: «All\_Loans»**  
**Estimated Interest Rate: «Int\_Rate»**

**What have I borrowed?**

Federal Loans	State Loans*	Private Loans
\$18,000	\$2,500	Unknown

\*Estimate based on ONLY state loans borrowed at «institution's name».

**How will I pay off my student debt?**

Based on a 10-year repayment plan:

Monthly payment amount: «Monthly\_Pymt»  
 Total monthly payments: 120  
 Paid interest over 10 years: «Int\_Paid»

**What you should know**

- This letter is NOT a complete and official record of your student loan debt.
- This letter is NOT a guarantee or a promise.
- You may qualify for other repayment options.

**Just so you know, information in this letter may be incorrect or incomplete if:**

You are a student who has:

- borrowed money to enroll at more than one college
- borrowed money at one college but transferred to another college
- consolidated your loans
- had your loans forgiven or discharged
- paid off some of your debt already
- requested a loan, for example from a bank, that your college's financial aid office doesn't know about
- requested a new loan that your college or university is still processing
- borrowed both subsidized and unsubsidized loans\*

Your parents or guardians took out a loan to pay for you to attend college.

The loans you borrowed have different interest rates.

\*Subsidized loans don't require you to pay interest while you're in college. Unsubsidized loans are the opposite, and do require you to pay interest while you're enrolled.

**How can we can help you?**

This section will vary by institution.

# 1. Incentivize & Normalize

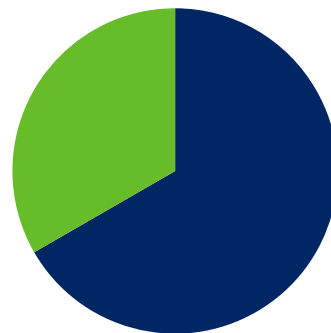
- ★ Incentivize students to read the debt letter. In your opening, show students:
  - **Why this is important and matters for you**
    - Know what you owe – loans are a big commitment and it's helpful to review annually as you decide how to pay for next year.
  - **How this letter can help you**
    - Use this information to be a smart, informed consumer to determine if there are opportunities to lower your borrowing for your upcoming and future semesters.
    - It's normal to be uncertain or confused when borrowing, You aren't alone – below shows how we can help.

## 2. Personalize

- ★ Capture student attention with their information front and center

Federal Loans	State Loans*	Private Loans
\$18,000	\$2,500	Unknown

- Provide context by showing % of federal loan limit used and remaining



- Your Federal Loan \$ Borrowed
- Your Total Federal Loan \$ Remaining

# 3. Motivate

- ★ Provide clear action steps outlining how to use this information wisely – show them how to start
  - Go to [nslds.ed.gov](https://nslds.ed.gov) to get complete federal student loan borrowing information
  - To discuss ways to decrease your borrowing call the financial aid office @ ###-#### or make an appointment to meet with your financial aid advisor
  - Go to ... to explore different repayment options you may be eligible for
- ★ Limit disclaimers about how the letter could be incomplete and inaccurate information.... Motivate student to self-assess all their loan responsibilities. Provide a starting point...

# 4. Calculate

- ★ Provide chart that the student can fill out to get a better picture of their debt to fill in the gaps in the debt letter

Borrowing	Amount	Where to find more info?
<b>Federal loans borrowed</b>		
for this university	{ENTER HERE}	
for previous colleges	_____	Go to: <a href="https://nslds.ed.gov/npas/index.html">nslds.ed.gov/npas/index.html</a>
<b>State loans borrowed</b>		
for this university	{ENTER HERE}	
for previous colleges	_____	Go to: <a href="https://helmnet.thecb.state.tx.us/">helmnet.thecb.state.tx.us/</a>
<b>Private loans borrowed</b>		Contact your private loan lender
for this university	_____	
for previous colleges	_____	
<b>Total student loan debt in YOUR NAME</b>		Add all #s in the Amount Column



# 5. Continuously Improve

- ★ First attempt is not final attempt – view as learning opportunity
  - Pilot in 2019.... Assess + Refine in 2020
- ★ Talk with other colleges and colleagues
  - Share best practices
  - What has worked and what hasn't worked
  - Show to people not in FA office
- ★ Listen to students: Gather & track feedback
  - From common questions received
  - Student confusion points during 1:1 meetings
  - Focus groups or survey(s) -- talk with students from all years
- ★ Find time to adjust accordingly
  - Set aside time to annually review feedback
  - Adjust when possible to decrease confusion/questions – whether the letter itself or support resources like the FAQ

# Questions?

