



Galactic Credits: The Life Cycle of Student Loans

PRESENTED BY:
Heather Gaumer - Sallie Mae
Liz Becker - University of Iowa
Jess Graham - University of Iowa

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Agenda:

- Federal Loans
- Private Loans
- Questions and Discussion

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Federal Student Loans

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Federal Loans


- Where does the life cycle begin for federal loans?
 - When the FAFSA is filed!
- Different types of loans:
 - Subsidized, Unsubsidized, Unsubsidized for Health Professions, Parent PLUS, Grad PLUS
 - Health Professions Loan, Nursing Loan
 - Awarded on a first come first served basis



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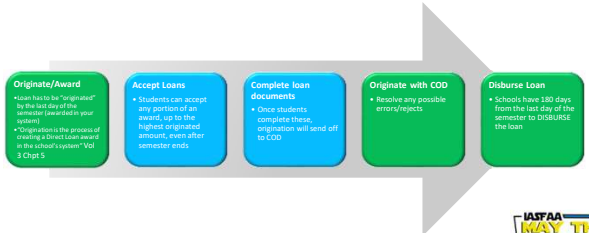
Federal Loans

- Loans listed on offer will vary from school to school
 - Parent PLUS is not on UI offer
 - Transparency with costs
 - Grad PLUS is packaged at UI
 - TEACH Grant is not on UI offer; it is applied for and treated like unsub loan



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Federal Loan Processing



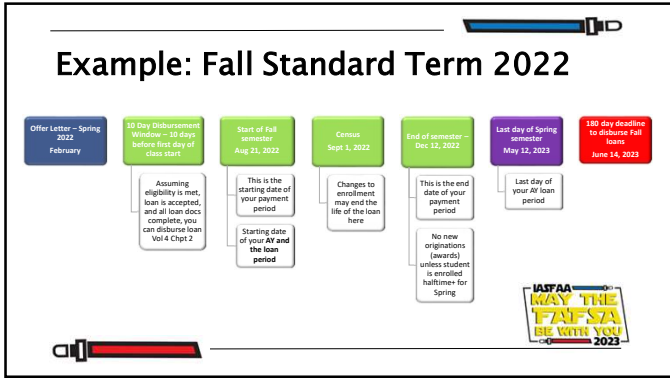
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graph LR
  A[Originate/Award] --> B[Accept Loans]
  B --> C[Complete loan documents]
  C --> D[Originate with COD]
  D --> E[Disburse Loan]
  
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- Originate/Award**
 - Loan has to be "Originated" by the last day of the semester (awarded in your system)
 - Originates in the process of creating a direct loan award in the school's system VOI § Chpt.5
- Accept Loans**
 - Students can accept any portion of an award, up to the highest originating priority, every after semester ends.
- Complete loan documents**
 - Once students complete their origination, will send off to COD
- Originate with COD**
 - Resolve any possible errors/rejects
- Disburse Loan**
 - Schools have 180 days from the last day of the semester to disburse the loan



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How long is the life of a loan?

- It depends ☺

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Other Factors


- Enrollment changes
- Aid at another school
- Verification
- State Date Checks (from refunds that are Title IV credit balances)
- Aid change requests
- Consortium Agreements
- Level of Study changes
- Census
- Other aid
- Incorrect awarding
- Withdrawals
- Timing

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Loan Repayment and Counseling at UI

- Federal:**
 - Exit Counseling
 - Federal requirement, done online
 - Some schools may have an alternate exit counseling requirement
 - At UI: host in-person exit counseling sessions
- Private:**
 - Private loan counseling (UI requirement for "first-time borrowers")
 - Proactive approach – goal is to get the student thinking and make sure they understand what they are borrowing
 - Individualized counseling to review debt history, projected debt, loan repayment plans and repayment estimates



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Estimated Borrowing						Lender: ISL	
	2023-24	2024-25	2025-26	2026-27	Total Borrowed	Amount requested: \$18,000	
Subsidized Loan	\$0	\$0	\$0	\$0	\$0	Estimated Fall 2023 Costs	
Unsubsidized Loan	\$6,500	\$7,500	\$7,500	\$0	\$21,500	Current Bill	\$6,898
Private Loan	\$13,500	\$12,500	\$11,500	\$0	\$37,500	Total Estimated Costs	\$6,898
Total/year	\$20,000	\$20,000	\$19,000	\$0	\$59,000	Iowa Scholars Award	
Subsidized & Unsubsidized Loan Repayment Estimates						Laverne Noyes Scholarship	Applied
Repayment Plan	Months	Payment	Total Paid			Unsubsidized Loan	Private Loan
Standard	120	\$223	\$26,739			Total Financial Aid	-\$6,898
Assumes 4.5% average interest rate, \$35,000 starting salary						Refund	\$0
Income-based repayment plans also available, more information at studentaid.gov						Estimated Spring 2024 Costs	
Private Loan Repayment Estimates						Tuition/Fees	\$5,482
Repayment Plan	Interest Rate	Months	Payment	Total Paid			Estimated Housing/Meals
Pay off interest in school	4.50%	120	\$389	\$46,687			Total Estimated Costs
Pay off interest in school	8.00%	120	\$455	\$54,606			\$11,358
Reduce Private Loan By: \$3,000 (1,000/year)						Iowa Scholars Award	-\$500
Repayment Plan	Interest Rate	Months	Payment	Total Paid	Savings	Laverne Noyes Scholarship	-\$1,000
Pay off interest in school	4.50%	120	\$358	\$42,956	\$3,733	Unsubsidized Loan	-\$2,216
Pay off interest in school	8.00%	120	\$419	\$50,288	\$4,168	Private Loan	-\$6,642
						Total Financial Aid	-\$11,358
Will Your Total Loan Payments Be Manageable?						Refund	\$0
Estimated Monthly Income	Private loan interest rate	Combined Payment	Percentage of Paycheck				
\$2,068.00	4.50%	\$632	30%				
	8.00%	\$678	33%				


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A glance at 2022–2023 loan reductions

PRIVATE STUDENT LOANS

This year Financial Aid Advisors:

- Completed **2462** Private Loan Counseling appointments
- Helped **340** students reduce their loan request
 - 20% average reduction




PRIVATE LOAN REDUCTIONS AFTER COUNSELING TOTALED
\$1,160,195

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Loan Challenges to Monitor for 24-25

- Special Circumstances/Dependency review timeframes
- "Invitations" to parents to complete FAFSA
- Making sure coding for origination and disbursement records are ready
- Discharge for permanent disability (has been a challenge this AY)
- Health Professions Loan needing parent information to be considered for the award
 - Need parent contribution, but if you are independent, you cannot provide parent info
- Emergency aid cannot be counted as EFA, UI emergency loans do not count as EFA
 - Does your school count emergency aid as EFA?



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Private Student Loans

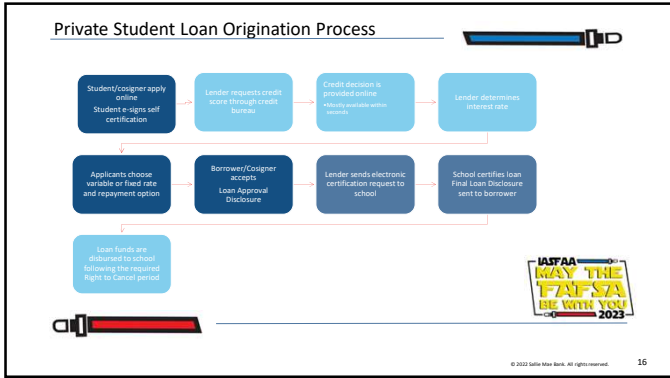
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Private Loans

- Loan Periods and COA – prepare in advance
- Timing – credit checks, disbursements
- Processing platforms for certification & disbursement
- Lender list requirements
- Student and cosigner education



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Private Loans

- **Common reasons for loan delays:**
 - Identity verification (time varies)
 - May need to collect/upload ID, SS card, or citizenship docs
 - Additional underwriting or fraud review (3-5 days)
 - Missing signatures (time varies)
 - Loan disclosure acceptance delays (time varies)
 - Certification errors (2-5 days)
 - Requires contacting the school during busy season

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Private Loans




- **Processing Tips & Tricks**
 - **Be mindful of your system**
 - Example - Anticipated completion dates
 - **Right to Cancel period**
 - Set expectations with students and across campus
 - **Monitor or create reports to check for errors and pends**
 - **Make things simpler**
 - CDS
 - Predefined loan periods
 - COA

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Private Loans

- **Repayment**
 - Many lenders offer multiple repayment options
 - In-school deferment and hardship forbearance are typically available
 - Most lenders offer auto-debit repayment incentives & more
 - Help students/cosigners understand cosigner release
 - Repayment term will vary – 5 to 25 years

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Thank you!

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