

In this issue:

Federal updates	1
Terri Shaw resigns from ED.....	1
ED begins releasing 2007-08 <i>Federal Student Aid Handbook</i>	2
TG updates	2
TG and <i>Mapping Your Future™</i> introduce Stafford and Grad PLUS combined entrance counseling	2
Product spotlight: TG's <i>Decreasing Coursework</i> brochure	3
Take a training break: Join TG at these spring conferences	4
Trends and issues	6
Money management 101: Five things to tell your students about handling their finances.....	6
Question of the week	7
This, that, and the other	8

Tip^{of} the Week

Give your borrowers a simple way to calculate their payments on student loans. Direct them to the *Adventures In Education* repayment calculator at www.adventuresineducation.org/Calculators/Loan/index.cfm. Your borrowers need only enter the loan amount, term, and interest rate, and click "calculate." The repayment calculator provides the monthly amount and includes an amortization table if requested.

Federal updates

Terri Shaw resigns from ED

Terri Shaw, Chief Operating Officer of Federal Student Aid (FSA), resigned from the U.S. Department of Education (ED) last week after nearly five years in her position. Her resignation is effective June 1.

In announcing Shaw's departure, Secretary of Education Margaret Spellings praised her achievements, noting that during Shaw's tenure, she was instrumental in working to "reduce the default portion of the student loan portfolio by nearly 40 percent since FY2000" and that due to her efforts to improve electronic processes, "over 96 percent of all Free Applications for Federal Student Aid (FAFSA) are now completed electronically."

Shaw's replacement will be announced prior to June 1.

ED begins releasing 2007-08 *Federal Student Aid Handbook*

ED has released two volumes of the new 2007-08 *Federal Student Aid Handbook* (FSA Handbook), including the Application and Verification Guide, and Overawards, Overpayments, and Withdrawal Calculations. Note that this version of the FSA Handbook is the first to incorporate guidance reflecting changes to the federal student aid programs resulting from the Higher Education Reconciliation Act of 2005 (HERA).

The new volumes are available on *TG Online* at www.tgslc.org/resources/fsa_handbook.cfm. Other volumes will be posted as they are released. Once all the volumes of the 2007-08 FSA Handbook have been released, TG will provide a single downloadable file encompassing all of the volumes. Watch future editions of *Shoptalk Online* for details.

TG updates

TG and *Mapping Your Future*[™] introduce Stafford and Grad PLUS combined entrance counseling

Mapping Your Future (MYF) in partnership with TG now offers Stafford and Grad PLUS combined entrance counseling as part of Online Student Loan Counseling (OSLC).

The counseling session describes the rights and responsibilities of borrowing both a Stafford (subsidized and/or unsubsidized) and a Grad PLUS Loan, defining the differences between the two, when applicable. Current regulations don't require borrowers to complete entrance counseling for Grad PLUS loans; however, some schools might recommend they do so, especially if they have to complete Stafford entrance counseling.

To experience Stafford and Grad PLUS combined entrance counseling from the student perspective, follow these steps:

- Go to the *Mapping Your Future* home page at www.mapping-your-future.org.
- Mouse over "Student Loan Counseling Interview" on the site menu on the left-hand side of the page.
- Select "Stafford and Grad PLUS Combined Entrance."
- Choose the appropriate state.
- Select the MYF Demo School.

If you complete the student form at the end of the session, don't enter your true Social Security number or other private data.

If you have an existing OSLC account and would like to add Stafford and Grad PLUS combined entrance counseling to your participation categories, contact Beth Ziehmer at (573) 796-3730 or send an e-mail message to feedback@mapping-your-future.org.

If you don't have an OSLC account, complete the school submission form at www.mapping-your-future.org/fao/signup/ to request participation.

About OSLC

OSLC enables schools and students to meet federal loan counseling requirements conveniently. It also enhances the loan management education of the student by actively involving them in the counseling — making OSLC an important default prevention tool. OSLC can provide busy school staff with an opportunity to spend more time with those students needing assistance in the loan process. It is a free service provided by the guaranty agencies from around the country that sponsor MYF, as well as the friends that support the web site.

MYF now offers a total of 15 OSLC sessions including Stafford and Grad PLUS combined entrance counseling.

For more information

To learn more about MYF's services for students, families, and schools, visit the Web site at www.mapping-your-future.org.

Product spotlight: TG's *Decreasing Coursework* brochure

When students drop below a half-time status or withdraw from school, they often forget about the financial consequences. Grace periods start and loans come due; scholarships may need to be returned; grants may need to be repaid. In short, all the obligations that come with student aid begin almost immediately.

TG offers a new brochure — *Decreasing Coursework* — which outlines the repercussions of dropping below half time and cautions students to consider all their options before making such a choice. The brochure, which fits easily into a regular business envelope, can be mailed to students contemplating withdrawal or stocked as a take-away item in your office lobby.

A look inside

The *Decreasing Coursework* brochure structures its content around the simple proposition: "I want to drop some classes. Will it affect my financial aid?" The pamphlet answers that question with a thorough description of what happens and why. Here's a concise look inside.

- **Impact on financial aid:** Financial effects are instantaneous. The six-month grace period begins for Stafford loans and the nine-month grace period begins for Perkins loans; there is no grace period and repayment begins for Consolidation loans, Grad PLUS loans, or Stafford loans for which the student

already exhausted his or her grace period. Grants and scholarships may have to be repaid.



- **Steps to take:** This section defines a “game plan” for the student: Start by visiting the financial aid office and talking with a counselor; be sure to get exit counseling for Stafford or Perkins loans; and lay the groundwork for a potential re-enrollment by asking about the process.
- **Important information about student loan obligations:** Delinquency and default are potential pitfalls all borrowers face, especially borrowers who don’t finish a degree. The brochure reminds borrowers that forbearance and deferment may be options if repayment turns out to be difficult. It also cautions them against delinquency and default, which can negatively affect their credit.
- **Are you ready to repay?:** Doing the math may be one of the best incentives for ensuring students complete their degree. This section lists the average debt for a bachelor’s degree and the typical monthly loan payment. It also offers a link to some online calculators, which students can use to compute a more precise monthly loan amount.
- **Consider carefully:** The brochure closes with some important advice: education is an investment that you can only make good on by completing. Talk to someone before deciding to withdraw or dropping a major portion of your course load.

To order the brochure

You can order the *Decreasing Coursework* brochure by visiting *TG Online* at www.tgslc.org/forms/index.cfm.

To find out more

If you have questions about information available in this brochure, please call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

Take a training break: Join TG at these spring conferences

Now that the semester is practically over, reward yourself with some training. A number of regional and state financial aid associations hold their annual conferences following semester-end, and TG offers sessions at quite a few of these.

Read through the following short session descriptions to sample what TG representatives will be presenting. These synopses outline the theme of each

training and provide a short description of their relevance to your professional or personal development.

Remember that TG's training offers you many benefits: contact with experts who know the financial aid business; feedback on issues important to you from peers and from TG's trainers; insight about the practice of financial aid; and a re-energized perspective on the important business of helping students go to college.

A complete listing of conferences that TG will attend can be found online at www.tgslc.org/abouttg/calendar.cfm.

A partial list of TG's upcoming conference trainings

Ohio Association of Student Financial Aid Administrators (OASFAA), 2007 Spring OASFAA Conference, Cincinnati, Ohio, May 18

Leading to Ethics — Ten Leadership Strategies for Building a High-Integrity Organization — Ethical business starts with ethical leadership. Ultimately, it is up to the leader to ensure that an organization avoids the pitfalls of wrongdoing and reaps the rewards of doing right. This program provides the tools to meet that responsibility.

Virginia Association of Student Financial Aid Administrators (VASFAA) 2007 Annual Conference, Virginia Beach, Virginia, May 20 - 23

- **Adding Leadership Skills to Your Management Toolkit:** Learn to clarify the distinction between management and leadership. Working with other participants, you'll identify the characteristics of great leaders. You'll also brainstorm ways to improve leadership styles, especially within the context of a financial aid office.
- **Leadership at Work:** Explore the concept that leadership is not a matter of job title but a matter of style. Learn to focus on key leader attributes: building trust, embracing change, helping others to succeed, thinking creatively, and overcoming adversity. Gather tips and tools to use in becoming a better leader.

Florida Association of Student Financial Aid Administrators (FASFAA) 2007 Spring Conference, Tampa, Florida, May 23 - 25

Emotional Intelligence: What makes someone a top performer in the world of work? One factor is emotional intelligence or EI. Emotional intelligence helps us be less reactive, more creative, and more resilient. Participants will identify their EI strengths, define three key areas of focus, and consider the EI attributes of a top performer.

TG Regional Training, Harlingen, Texas. (Texas State Technical College), June 8

This event includes a full-day of TG training. Sessions cover a variety of industry topics and related subjects in professional development, including:

Teamwork: What's Your Style?: Effective teamwork is one of the keys to a successful financial aid office. Participants in this seminar will identify the characteristics of great teams and assess their predominant behavior styles when working in a team. They'll also discuss the strengths and liabilities of each style and how each team member can become a more supportive team player..

To learn more

Would you like to learn more about the many training opportunities TG offers through its Speakers Bureau? Visit www.tgslc.org/speakers/index.cfm to read the training catalog. Keep in mind that TG can tailor training to meet the needs of your financial aid office. To find out how, contact the TG Speakers Bureau at (800) 252-9743, ext. 4650, or send an e-mail message to darron.grussendorf@tgslc.org.

Trends and issues

Money management 101: Five things to tell your students about handling their finances

Here's some sobering news about consumer debt: Americans owe more than \$3 trillion to banks and creditors, an amount that surpasses the annual federal budget. That's a huge bill to repay, much of it credit card debt accruing high rates of interest. Paying back debt like this may take years. What's worse, it could threaten the financial well-being of countless borrowers.

The best way to prevent large debt is simple enough: Practice fiscal responsibility early on. However, knowing how to be financially smart and following that practice takes some learning. As someone who works in financial aid, you understand better than others how important it is that college students know the principles of good money management. Luckily, you can help your students set and follow a pattern of smart money management. In so doing, you help safeguard their financial future and contribute to a healthier economy.

Consider offering the following general guidelines to new or returning students. You can incorporate this material in training of your own; however, TG includes this information in its Positive+Balance™ money management training for students and in its *Credit and Debt* brochure available at www.tgslc.org/forms/index.cfm.

1. **Establish and maintain a spending plan:** Budgeting basics are the foundation of strong financial management. Teach your students how to determine expected monthly income and expenses, set categories for expenses, and track those expenses from month to month. A balanced checkbook means success; ongoing deficits may require a closer look at purchases and impulse buys.
2. **Distinguish between financial needs and wants:** Perhaps for the first time in their lives, your students are having to make judgments about what

constitutes a “need” or necessity and a “want” or luxury. Values and lifestyle play some part in determining what is what. There are ways to reduce expenses and increase income, which can give a student power to get more of what he or she needs and wants. Getting a roommate, shopping at thrift stores, and taking a part-time job are all options for increasing spending ability.

3. **Minimize debt:** A basic for any borrower to follow is to borrow conservatively, that is, don't borrow the full amount if you don't have to. Earning potential plays into this: what can the borrower hope to earn and how does this measure up to expected repayment? Also, credit cards are especially tempting during college. There are various strategies for mitigating credit card debt, such as limiting use to one credit card and paying off balances each month.
4. **Keep good financial records:** A good way to plan for future expenses is to keep copies of old receipts. At the same time, it's smart to track what has been paid and when in case problems occur.
5. **Invest in your future:** Setting up a savings account starts a pattern of good money management, especially if the student sets aside money on a monthly basis. A savings account is also an investment of sorts, one that provides a nominal return according to an interest rate. Teaching your students the basics of interest rates helps to prepare them for investing in other ways in their financial future.

To learn more

If you'd like to learn more about TG's comprehensive money management training for students — Positive+Balance™ — contact Rett Anderton or Joe Braxton, TG's default aversion consultants. Rett Anderton can be reached at (800) 252-9743, ext. 4765, or by sending an e-mail message to rett.anderton@tgslc.org. Joe Braxton may be reached at (800) 252-9743, ext. 4696, or by sending an e-mail message to joe.braxton@tgslc.org.

Question of the week

Q.: I have student borrowers who are about to graduate coming by the financial aid office with questions about consolidation — particularly regarding the timing. Many of these borrowers have older loans with variable interest rates and they're wondering when the industry will know what the change in the variable rates will be. When are the new rates announced?

A.: The new rates are generally announced the last week of May. *Shoptalk Online* typically publishes these rates shortly thereafter. You will be able to tell your borrowers at that time what the rates on their variable rate loans will be effective July 1, and your borrowers will be able to make informed

decisions about the timing of consolidation. Another factor for borrowers to consider is that if any of the loans that a borrower wants to consolidate are in a grace period and the borrower decides to consolidate, the borrower waives the remainder of that grace period to begin repayment on his or her Consolidation loan. There is, however, a section on the Federal Consolidation Loan Application and Promissory Note that allows the borrower to delay processing of his or her Consolidation loan until the grace period is complete for any applicable loans that the borrower wants to consolidate.

For information on TG's consolidation services, including TG's consolidation Web site, brochure, and call centers, see the article in Edition [404](#) of *Shoptalk Online*.

Do you have a question?

If you have a question that needs an answer, feel free to *Ask TG™*. *Ask TG* is TG's online query tool for borrowers, schools, and lenders. It includes a database of frequently asked questions about financial aid, student loan processing, and TG's products and services. To submit a question to *Ask TG*, visit tgslc.custhelp.com.

This, that, and the other

If you're curious about the history of federal student aid, you'll find that ED's Federal Student Aid provides some background in its "FSA COACH." The FSA COACH is an online tutorial that looks closely at the school requirements for administering postsecondary federal student aid (FSA) programs authorized under Title IV of the Higher Education Act of 1965, as amended.

One of the online course modules offers a brief timeline of the legislative history to student aid. Here's some interesting information from that module: Did you know that one of the first pieces of legislation to provide federal support for state public universities was the Morrill Act for Land Grant Colleges of 1862? The act encouraged states to establish public universities by providing federal land and financial support.

The original mission of these land grant colleges was to teach agriculture, military tactics, and the mechanical arts, as well as classical studies, so that members of the working classes could obtain a liberal, practical education.

To help administer the many emerging colleges and universities, the federal government created the first U.S. Office of Education in 1867. Its role was limited to gathering and disseminating information about the status of education.

The complete FSA timeline can be found at www.ed.gov/offices/OSFAP/fsacoach/lesson1_2/1_2_14.html#.



P.O. Box 83100
Round Rock, TX 78683-3100
(800) 252-9743
(512) 219-5700
(512) 219-4560 TDD

Shoptalk Online is published by TG. Unless specifically noted, the policies and procedures outlined in *Shoptalk Online* apply only to loans made under the TG guarantee and not to loans underwritten by other guarantors.

To ask questions about *Shoptalk Online*, please contact Communications at (800) 252-9743, ext. 4732 or communications@tgslc.org.

Contributors to this edition: Rob Davenport, Kelly Kaelin, Cindy Marrs, and Art Martinez. Edited by TG Communications and Policy and Regulatory Affairs. Designed by TG Communications.

©2007 Texas Guaranteed Student Loan Corporation.
Ask TG, Positive+Balance, and the TG logo are trademarks of Texas Guaranteed Student Loan Corporation.