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Tip^{of} the Week

Your graduating seniors may be considering consolidating their student loans at some point in the future. You can help them estimate a consolidation amount payment. Direct them to TG's Consolidation Station™ consolidation calculator, located at www.consolidationstation.org/consolidation_calc.cfm.

TG updates

TG's 16th Annual Training Conference receives enthusiastic reception



Conference, serves as one more example of that careful tradition.

Consistency in training is the mark of well-defined purpose and effective design. Year by year, TG offers a three-day training experience that earns consistently high ratings from participants. Last week's conference, which marked TG's 16th Annual Training

On Wednesday, April 23, TG debuted its 2008 annual conference — "Training today, preparing for tomorrow" — in Austin, Texas. More than 420 financial aid professionals from across the U.S. gathered to attend their choice of some 67 workshops and seminars. Topics varied but focused heavily on regulatory issues affecting financial aid offices today. Timeliness was of the essence for many sessions, and participants appreciated this.

"This has been one of the best conferences I've attended — a wealth of information in trying times," said one attendee. Others liked the abundance of choice. "I don't know that I can point to one specific 'most valuable' session or event because it was all done so well."

Careful planning pays off

TG planners follow two general principles when designing each year's conference agenda: Offer participants a grounding in the essentials of the management of student loans, and provide insight into some of the wider trends affecting the industry. TG's 2008 conference demonstrated this approach with its varied subject matter, including trainings on default prevention techniques, enrollment management, and financial literacy best practices. Other sessions addressed some of the current influences on the FFELP with seminars on such topics as the Lender of Last Resort; Private Loans and Economic Turmoil; New Rules — ACG and National SMART Grant; and Developing and Implementing a Financial Aid Code of Conduct.



Attendees of TG's 2008 Annual Training Conference meet at an opening conference session.

Also, this year's conference placed a spotlight on some innovative research into student retention (Retention Rx) and considered the daily process of TG's default prevention team, which works to keep borrowers out of delinquency and default.

TG supplements this format with speakers who are recognized figures in the student aid industry. This year, TG invited Robert Shireman, executive director of the Project on Student Debt, and veteran industry professionals like Joan Acocella, who presented the Washington Update session on the federal regulatory scene.

Participants were drawn to the variety and especially liked the concentration of information. "TG continues to do a great job, and I always learn a lot," said one participant. "I appreciated the Washington Update session."

First-time attendees were especially enthusiastic. "I had a great time," said one. Another said, "This is the best financial aid conference in the industry."

Find out more about particular sessions by reading through the other articles in this issue of *Shoptalk Online*. You're sure to gain insight into an area important to you.

Have questions about this year's conference?

Visit *TG Online* at www.tgslc.org/tgconference/index.cfm if you'd like to view details about this year's conference. To speak with someone directly, contact Judith Cunningham at (800) 252-9743, ext. 2905, or send an e-mail message to judith.cunningham@tgslc.org.

Federal loan programs will meet demand despite stresses, says conference presenter

In a conference session titled Washington Update, Joanna Acocella, a higher education finance consultant in Washington with years of experience in the FFELP arena, addressed the state of the industry and congressional efforts to manage current problems. She said that federal loan programs will have no problem meeting the next academic year's obligations.



Higher education consultant Joanna Acocella makes a point during the Washington Update session.

However, Acocella said that the "full stress" on the industry is yet to come. She said the liquidity problem for lenders is the main concern, and investors are nervous about buying student loan portfolios despite their asset value.

She said that, while policymakers in Washington may not be aware of the "full scope of the problem," Congress and the Bush Administration are working to infuse liquidity into the federal loan programs to prevent potential widespread access issues

Acocella also said that the private loan market will get tighter if the liquidity issue is not solved; that private lenders will place stricter requirements on borrowers; and that many who previously qualified for a private, or alternative, loan might be rejected.

Acocella said high fuel and food prices are placing more burdens on the slow economy, and negatively affecting the creditworthiness of consumers. That means that students and families are affected not only by the current liquidity problem in the student loan industry, but also by the country's entire economic situation.

To learn more

Shoptalk Online will keep readers informed as legislation addressing the student loan programs moves through Congress. Visit *TG Online* at www.tgslc.org/tgconference/index.cfm if you'd like to view details about this year's conference sessions. To speak with someone directly, contact Judith Cunningham at (800) 252-9743, ext. 2905, or send an e-mail message to judith.cunningham@tgslc.org.

Project on Student Debt founder considers loan burden affecting students and families

More college students are leaving school with higher amounts of loan debt, and the trend is affecting society at various levels, said Robert Shireman at the opening session of the TG Annual Training Conference.

Shireman is president of The Institute for College Access & Success, Inc. and founder of the well-known Project on Student Debt, which works to increase public understanding of the reliance on loans to finance college educations.

Shireman said two-thirds of all students leave a postsecondary school with loan debt, compared to less than half who left with debt a generation ago; the trend is "hurting our country." He said mounting student loan debt is affecting career choices, marriage, and family, as well as access to higher education for low-income groups.

"Keep it federal"

Prohibitive loan debt dampens many college students' entrepreneurial spirit and keeps them from starting businesses or from proceeding on to graduate school — both of which are important to America's economy. Shireman said that 40 percent of college graduates say current loan debt and the cost of graduate school keep them from furthering their studies.

He also said that young parents saddled with large student loan debt cannot save enough for retirement or for their children's future college needs. And for those in low-income groups, the dilemma is even more serious.

"The idea of taking out loans is more worrisome for them," Shireman said. "When, where, and how they will go to college is a real problem."

Shireman said recent congressional action to allow for income-based repayment plans and to forgive federal student loans for those who enter low-paying, public-service occupations will help. Income-based repayment becomes available on July 1, 2009.

Shireman's one suggestion: Keep it federal. He encourages students to refrain from taking out private loans and to concentrate on federal help, including Perkins, Stafford, and PLUS loans, and Pell and other grants.

To learn more

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Conference session offers insight on daily experience of TG's default prevention team

A typical day for TG's default prevention team involves a hectic but coordinated effort to help borrowers who need assistance or may be in peril of going into delinquency or default.

At this year's TG Annual Training Conference, a TG team of default prevention specialists participated in a panel to discuss the company's daily efforts in this important area. The day begins with support services staff handling up to 600 default aversion assistance requests (DAARs) and beginning the process that leads to a possible "cure" of a delinquent loan. Other representatives handle all incoming correspondence from borrowers and lenders.

Communication is the key

The "first line of defense" for TG starts with the delinquency prevention team that works with borrowers during their six-month grace period after leaving school. TG communicates with these borrowers six times during grace — three times through outbound calls and three times through mail correspondence.

The default aversion team takes over during the 60-to-270 day delinquency period to help prevent delinquent borrowers from entering default. Again, borrowers are contacted at least six times during this critical period. In FY 2007, TG had an 87 percent success rate in this effort, preventing more than \$3.5 billion in student loans from entering into default.

TG's recall team takes over when loans enter default, and spends the next 90 days trying to help borrowers re-enter repayment. The recall team counsels borrowers to begin repaying their debt based on a repayment plan or to request a forbearance if the situation warrants it.

A small team of locate specialists also spend their day at TG scouring multiple sources to find borrowers for whom no current contact information exists. These specialists check borrowers' past references, public information sources, and the Internet in efforts to locate "lost" borrowers.

To learn more

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Conference spotlight: Developing and implementing a Financial Aid Code of Conduct

Given the recent rethinking of relationships between various partners in the student loan industry, a practical code of conduct is now an important consideration for

financial aid offices. One conference session in particular — Developing and Implementing a Financial Aid Code of Conduct — addressed this issue.

Three financial aid professionals — Bill Spiers, financial aid director at Tallahassee Community College; Kurt Wolf, financial aid director at Ringling School of Art & Design; and Bridgette Ingram, associate financial aid director at Texas A&M University — agreed that schools must be proactive in adhering to ethical standards. Spiers, for example, said that no problem exists at his school because he created a code of conduct based on the State of Florida's rigid standards for state employees.

“If it feels wrong, it probably is”

Schools and lenders will be required to comply with new regulations regarding prohibited inducements and preferred lender lists effective July 1, 2008. But many schools have already or will enact even more stringent rules for their campuses and staff.

Spiers said he and his staff are not allowed to accept anything of value from lenders or guarantors, and that he has a strict prohibition on *quid pro quo* arrangements. His school also has very specific requirements for its lender list.

Ingram said Texas A&M University's financial aid staff are not allowed to “accept anything” and that the school has adopted a code of conduct based on recommendations from the Texas Attorney General. Wolf, whose Florida school is private, has done away with lender lists. He also said he advises his staff to “do what is required,” and he keeps the school's administration informed about operations.

Ingram offered a guiding principle for financial aid professionals who may not always know if they are crossing an ethical threshold: “If it feels wrong, it probably is.”

To learn more

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Growing issues on campus: Financial literacy and identity theft threat

During a conference session last Thursday, Jon Berry, senior financial aid counselor at the University of North Texas (UNT), and Paul Goebel, director of UNT's Student Money Management Center, discussed how their offices work together to provide financial literacy training for students. This innovative partnership between UNT's established financial aid office and the university's newly-created financial literacy

program is successfully advancing the money management knowledge and expertise of students, according to Goebel.

In addition to co-sponsoring educational workshops and seminars with the financial aid office, the Student Money Management Center provides confidential, personalized money management consultations. With the help of the financial aid office, the center works with students from their first day on campus through graduation to address financial aid money management needs and to start planning for a secure financial future.



Paul Goebel (left) of the University of North Texas (UNT), and Jon Berry, also of UNT, talk about the pressing need for more financial literacy training for students.

“Students expect to get financial aid, but not money management assistance,” said Goebel. “Money management issues offer a common denominator with all students, and it’s important for us to teach them important financial life skills they might not be getting elsewhere.”

A growing threat to students – identity theft

As credit and other kinds of information become more readily available, the chances of having personal information stolen and used improperly increase, said TG default aversion consultant Rett Anderton during a Thursday session titled Identity Theft: Detecting,

Deterring, and Defending against Identity Fraud.

Anderton identified different methods that identity thieves use to gain information and provided tips on preventing identity theft — one of the fastest-growing crimes in the country. Session attendees also learned the steps they should take if they become a victim of the crime.

The session is presented regularly as part of TG’s Positive+Balance™ training program, a series of workshops and seminars on financial literacy for students. To learn more about Positive+Balance or this particular session in the series, visit www.tgslc.org/balance.

For more information

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Be the “voice of reason and calm” for students and families, says conference presenter

Tamera Briones of Education Finance Partners and Ciel Senechal of TERI presented an overview of the current situation in student lending and offered suggestions on

how financial aid professionals can help their students navigate the rough waters of today's loan markets.

During the conference session titled "Economic Turmoil and Private Student Loans," Briones acknowledged that this has been a year of volatility on Wall Street. "Investors are taking their cash and putting it in safer places," she said. As a result, risk tolerance has diminished, making it harder for students to get the funds they need.

But as Senechal pointed out, most of us don't "live on Wall Street" — so how do we deal with these developments? "It's important to take a step back and be aware of the stresses on families who come into our financial aid offices," she said.

Focus on the practical

Senechal urged financial aid professionals to be the voice of reason and calm. Last year, families heard about controversies and scandals in the financial aid industry, and this year people are hearing about lenders who will scale back or suspend their participation in the federal student loan programs. For that reason, "it's important to guide them from an emotional response to a practical one by talking about practical things — applying for federal aid and scholarships, comparing benefits, and making smart choices to help their credit," she said.

To learn more

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Trends and issues

Question of the week

Q.: Is a school required to collect W-2 forms for the verification process?

A.: In most cases, yes. According to 34 CFR 668.57, acceptable documentation for the purpose of the verification of adjusted gross income and U.S. income tax paid includes:

- "(i) A copy of the income tax return of the applicant, his or her spouse, and his or her parents. The copy of the return must be signed by the filer of the return or by one of the filers of a joint return;
- (ii) For a dependent student, a copy of each Internal Revenue Service (IRS) Form W-2 received by the parent whose income is being taken into account if:
 - (A) The parents filed a joint return; and

- (B) The parents are divorced or separated or one of the parents has died; and
- (iii) For an independent student, a copy of each IRS Form W-2 he or she received if the independent student
 - (A) Filed a joint return; and
 - (B) Is a widow or widower, or is divorced or separated."

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

Education Sector, a Washington-based research group, recently released a report that claims that national graduation rates for African-Americans at four-year institutions lags behind white students by about 20 percent. In its findings, however, it cited some examples of success — particular colleges and universities whose graduation rates showed near-parity between whites and blacks.

According to the report, these institutions do similar things to keep retention high among blacks, including studying the impact of different interventions on student outcomes and continuously making improvements on these results.

The report contends that improving student retention is fundamentally an academic undertaking and cites particular strategies for success — setting up an early-alert program that monitors the progress of freshmen; establishing freshmen in "learning communities"; giving students access to individualized instruction; and encouraging them to give each other academic support are a few examples.

The source for this week's "This, that, and the other" is located at http://chronicle.com/daily/2008/04/2569n.htm?utm_source=at&utm_medium=en.

Note that *The Chronicle of Higher Education* requires a paid subscription to review some content.



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