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Tip^{of} the Week

Find out what bills Congress is considering that may affect the Higher Education Act (HEA). TG offers a list of pending and passed legislation introduced in the 111th Congress on *TG Online* at www.tgslc.org/hea/bills_111.cfm.

Federal updates

Arne Duncan confirmed as 9th U.S. Secretary of Education

On January 21, 2009, Arne Duncan was confirmed by the Senate as the 9th U.S. Secretary of Education. Secretary Duncan previously served as the chief executive officer (CEO) of the Chicago Public Schools.

Arne Duncan graduated *magna cum laude* from Harvard University in 1987, majoring in sociology. He was co-captain of Harvard's basketball team and was named a first team Academic All-American. From 1987-91, Mr. Duncan played

professional basketball in Australia, where he also worked with children who were wards of the state.

Duncan returned to Chicago in 1992 to direct the Ariel Education Initiative, which seeks to create outstanding educational opportunities for inner-city children on the city's South Side. In 1998, he joined the Chicago Public Schools, and in June, 2001, Mayor Richard M. Daley named Duncan CEO of the Chicago Public Schools.

He also serves on the Board of Overseers for Harvard College and the Visiting Committees for Harvard University's Graduate School of Education and the University of Chicago's School of Social Service Administration.

More information

See www.whitehouse.gov/agenda/education for details about the Obama administration's education plan.

Reauthorization DCL: Loan forgiveness, cancellation, and discharge

Today's edition of *Shoptalk Online* continues coverage of selected topics from *Dear Colleague Letter* (DCL) GEN-08-12/FP-08-10, which provides a summary of most of the Higher Education Opportunity Act of 2008 (HEOA) provisions that amended and reauthorized the Higher Education Act of 1965 (HEA). This article features provisions that pertain to loan forgiveness, cancellation, and discharge for which the DCL provides further details or significant new information, or that may not have been widely discussed in various industry communications.

Note that two programs created by the HEOA — loan forgiveness for service in areas of national need and loan repayment for civil legal assistance attorneys — are currently unfunded and cannot be implemented until Congress provides funding. *Shoptalk Online* will provide more information about these programs as it becomes available.

We encourage affected parties to review the DCL summaries alongside the HEOA text to ensure a complete understanding of the requirements and their respective effective dates. To facilitate this review, convenient, searchable files that integrate the HEOA amendments into the HEA are provided on *TG Online* at www.tgslc.org/policy/hea.cfm. The DCL may be accessed on the Information for Financial Aid Professionals (IFAP) Web site at <http://ifap.ed.gov/dpclatters/GEN0812FP0810.html>.

Perkins Loan Program

Disability discharge (DCL GEN-08-12, page 140, and HEA Sec. 464(c)(1)(F))

Effective July 1, 2008, and subject to regulations, a borrower's Perkins loan may be discharged if the borrower is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that:

- Can be expected to result in death;
- Has lasted for a continuous period of not less than 60 months; or
- Can be expected to last for a continuous period of not less than 60 months.

In addition, a borrower who is determined by the Department of Veterans Affairs (VA) to be unemployable due to a service-connected disability also qualifies for a discharge on his or her Perkins loan. ED will issue additional guidance to Perkins loan holders describing the procedures for discharging these loans after working with the VA to identify the appropriate documentation needed to support a borrower's eligibility for the discharge.

Reinstatement of loans discharged due to death or disability (DCL GEN-08-12, page 140, and HEA Sec. 464(k))

Also effective July 1, 2008, and subject to regulations, ED is authorized to resume collection on a Perkins loan that has been discharged due to death or disability after the loan has been discharged if:

- The borrower receives another Title IV loan;
- The borrower earns income in excess of the poverty line; or
- The Secretary determines it is necessary to resume collection.

Expansion of teacher, Head Start, and law enforcement cancellation categories and addition of new public service cancellation categories (DCL GEN-08-12, pages 141-142, and HEA Sec. 465(a))

The HEOA expands the existing teacher, Head Start, and law enforcement Perkins cancellation categories and adds public service cancellation categories for borrowers who are full-time fire fighters, Tribal College or University faculty, librarians, or speech-language pathologists. Eligible service performed on or after August 14, 2008, in these expanded and new cancellation categories will qualify a borrower for cancellation, regardless of whether information on the expansion or the cancellation category appears on the borrower's promissory note.

Military service cancellation (DCL GEN-08-12, page 142, and HEA Sec. 465(a)(3)(A))

Effective August 14, 2008, the HEOA eliminates the 50 percent limitation on Perkins military service cancellations. Borrowers may now receive military service cancellation of up to 100 percent of the loan in increments of 15 percent (for the first and second years of service), 20 percent (for the third and fourth years of service), and 30 percent (for the fifth year of service).

FFELP or Federal Direct Loan Program (FDLP)

Teacher Loan Forgiveness (TLF) (DCL GEN-08-12, pages 123-124, and HEA Sec. 428J and 460)

For TLF applications and TLF forbearance applications received on or after August 14, 2008, the HEOA has broadened the definition of qualifying teaching service to include service at one or more locations that are operated by an educational service agency, but are not a school, and that have been determined by ED, in consultation with the state, to be eligible locations for this purpose. The chief administrative officer of an educational service agency is authorized to certify a borrower's eligibility for TLF for borrowers who performed their qualifying teaching service as employees of such an agency.

FDLP Public Service Loan Forgiveness (DCL GEN-08-12, pages 137-138, and HEA Sec. 455(m))

GEN-08-12 clarifies that for the purpose of a job in public interest law services, legal advocacy may be provided "on behalf of" low-income communities at a nonprofit organization rather than strictly "in" low-income communities at a nonprofit organization. It also specifies that full-time faculty teaching in "high needs areas" includes high needs subject areas or areas of shortage, including nursing faculty, foreign language faculty, and part-time faculty at community colleges.

Loan discharges based on Total and Permanent Disability (TPD) (DCL GEN-08-12, pages 132-133, and HEA Sec. 437)

Effective August 14, 2008, a FFELP or FDLP borrower is eligible for a TPD discharge if the borrower provides ED with documentation from the VA showing that the VA has determined the borrower to be unemployable due to a service-connected condition. The borrower will not be required to provide additional documentation to support the discharge. ED is currently working with the VA to determine what documentation is appropriate to support a borrower's eligibility for the discharge. As soon as that information is available, ED will issue additional guidance describing the procedures for discharging these loans.

Effective July 1, 2010, a FFELP or FDLP borrower will be eligible for a TPD discharge if the borrower is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that:

- Can be expected to result in death;
- Has lasted for a continuous period of not less than 60 months; or
- Can be expected to last for a continuous period of not less than 60 months.

ED is authorized to develop safeguards to prevent fraud and abuse within the TPD program, including developing regulations to require the reinstatement and resumption of collections on a loan if, after the loan has been discharged:

- The borrower receives another Title IV loan;
- The borrower earns income in excess of the poverty line; or
- The Secretary determines it is necessary to resume collection.

What's next?

As required by the HEA, ED will issue regulations through the negotiated rulemaking process, through notice and comment rulemaking or, where the new regulations will merely reflect the changes to the HEA, without notice and comment. In some cases, ED must implement operational changes before parties may comply. *Shoptalk Online* will keep readers informed of any further guidance ED may provide in upcoming editions.

More information

For questions about the HEOA, call TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org.

2009 poverty guidelines released

The Department of Health and Human Services (HHS) has updated the United States federal poverty guidelines in the *Federal Register* dated January 23, 2009.

The poverty guideline is one qualifier that may be used in determining a borrower's eligibility for an economic hardship deferment. Lenders must use the new poverty guideline figures when determining eligibility on or after January 23, 2009. The NCHelp Operations Forms Subcommittee is updating the "HRD Information Sheet" used for processing the Economic Hardship Deferment Request until such time that ED publishes a revised form. When updated, this sheet will be available on NCHelp's e-library in the Forms section (See www.nchelp.org/elibrary/index.cfm?parent=61).

These monthly figures represent 150% of the Poverty Line			
Borrower's Family Size	48 Contiguous States and District of Columbia	Alaska	Hawaii
		1	\$1,353.75
2	\$1,821.25	\$2,276.25	\$2,095.00
3	\$2,288.75	\$2,861.25	\$2,632.50
4	\$2,756.25	\$3,446.25	\$3,170.00
For each additional person add	\$467.50	\$585.00	\$537.00

More information and questions

For more information about the updated poverty guidelines, visit the HHS web site at <http://aspe.hhs.gov/poverty/09poverty.shtml>.

Closed school corner

The following table provides a list of newly reported school closures and error corrections from the Postsecondary Educational Participants System (PEPS) and from the January 2008 *Closed School Monthly Report* supplied by ED. Schools listed are those with which TG has done business or to which TG has otherwise provided services.

Newly reported closures

OPE School ID	School Name and Address	Unofficial Closure Date	ED's Official Closure Date
02572100	Career Academy 32 Oaklawn Village Texarkana, TX 75501-4128	N/A	11/26/08

TG updates

TG to begin using new software for e-mail encryption

On a daily basis, TG staff handles thousands of e-mails that contain non-public personal information (NPI). NPI refers to any data used to identify or locate a person, such as loan data, address information, or Social Security numbers. TG works to protect the privacy of its customer NPI, as well as all customer information. For example, TG currently secures outbound e-mail messages through Tumbleweed®, a software product that identifies and encrypts TG e-mail based on specific criteria.

On January 31, 2009, TG will switch to a new e-mail encryption software service developed by Cisco Systems®. All TG customers, including schools and lenders, should be aware that e-mails will be deleted from any Tumbleweed account 30 days after TG terminates its Tumbleweed service. School and lender business customers may want to save — that is, copy and paste — any important e-mails they've received through Tumbleweed before that 30-day period is over.

Easy login and use

TG customers will find that the Cisco Systems product offers a robust, flexible encryption service. Encrypted e-mail comes as an attachment to a regular e-mail, which registered users can print, save, or forward, much as they do with regular e-mail attachments.

To read encrypted e-mail, recipients will register with Cisco Systems. An invitation to register will come with the first encrypted e-mail. The e-mail will contain a link to a registration page, where the recipient can enter personal information, choose a password, and select a security question, which serves as a prompt in case a password is forgotten or lost. The Cisco product can “remember” login information, which means that users won’t have to provide their password each time they receive an encrypted e-mail.

TG’s new encryption service offers several other features that users will like. Recipients can keep encrypted e-mails as long as they want. E-mails are not automatically deleted after a certain period of time. Passwords can also be easily reset if necessary, and the Cisco product provides easy prompts for changing a password or receiving help in case a password is forgotten.

Setting a standard of protection

TG strives to be a strong and effective steward of its borrower data. Besides using software to protect NPI, TG also trains staff to be vigilant while working with borrower information. TG’s privacy policy and internal information security program establish specific guidelines for protecting the integrity of borrower data.

Questions

For questions about TG’s new encryption software, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgslc.org. Customers will also find information about the new software on *TG Online* at www.tgslc.org/security/securemail.cfm.

Cisco Systems is a registered trademark of Cisco Systems, Inc.

Tumbleweed is a registered trademark of Tumbleweed Communications.

TG launches new training to help schools establish financial literacy programs

Financial literacy is a growing area of focus for schools across the country. Students are graduating with average loan debts of over \$20,000. At the same time they’re entering an economy and job market deeply affected by recent credit liquidity issues. How the market may shift over the next few years is anyone’s guess, but more schools are taking no chances and educating students in skills that will prepare them for a lifetime of money management.

TG is working to be part of that effort by reaching out to students and schools with an expanded set of offerings for its comprehensive workshop series on financial literacy and default aversion — Positive+Balance™. Schools especially will benefit from a new training initiative — Developing and Implementing a Financial Literacy Program — which forms one module in Positive+Balance. The Developing and Implementing a Financial Literacy Program provides practical guidelines and strategies to help financial aid professionals launch a financial literacy program on their campus.

Participants in the training learn different types of financial literacy programs and the role such programs can play in helping students succeed after college. The module leads participants through every stage of program development and provides recommendations to help them succeed at each. Program trainers walk attendees through conceptualizing a financial literacy program, securing approval and funding, implementing a program, and improving a program.

Constructive solutions, everyday challenges

TG trainers can facilitate the Developing and Implementing a Financial Literacy Program training. However, the presentation and accompanying workbook can also be downloaded free of charge from the Positive+Balance CommunitySM, TG's online resource for educators and financial aid professionals seeking financial literacy solutions and support.

"Schools need reliable and relevant information that can help them teach their students about financial literacy and smart spending strategies," said Margie Harvey, TG's financial literacy program manager. "This new training module addresses the issues that schools face when launching a new program, and provides constructive solutions to everyday challenges."

To learn more

If you would like TG's assistance in developing, implementing, or improving your financial literacy efforts, contact your account executive, or send an e-mail message to positivebalance@tgsllc.org.

To sign up for a free membership to the Positive+Balance Community, visit www.PositiveBalance.org.

Austin workshop to spotlight TG's support for lenders

Lenders and their business needs are a priority with TG's lender consultants and product development team. These TG professionals work with an extended team, designing and creating products that can help add efficiency to lender processes and potentially cut costs. TG's upcoming Austin lender workshop offers time to learn more about these products. The workshop also provides an opportunity for finding out more about TG's financial stability and its plan to maintain and grow its business.

TG will hold its 2009 Lender Workshop on February 12 at the Marriott's Austin Courtyard Downtown across from the Austin Convention Center. TG invites interested lenders and servicers to attend the one-day workshop, which is scheduled to begin at 10 a.m. and end at 3 p.m., CST. There is no charge for attending the event.

This year's keynote speaker is Harrison M. Wadsworth III, a principal in the Washington law firm, Washington Partners, LLC. Wadsworth has expertise in a variety of areas, including media relations, the legislative and political process,

higher education, finance, communications, and trade association management. He is an expert in the federal student financial assistance programs and the Higher Education Act and heads two education-related trade associations.

Wadsworth has been a long-time member of the Consumer Bankers Association and involved in a variety of student lending initiatives. For TG's lender workshop, Wadsworth will provide an assessment of current efforts to strengthen FFELP in the face of the credit crisis. He will also offer some thoughts on what's still needed to position the FFELP as a strong and viable program that can help students for years to come.

Workshop highlights

TG's workshop offers a series of short discussions on a variety of topics, including TG's business profile, its focus on helping lenders and schools through effective service and potential cost-cutting, and TG's newest financial literacy products.

TG recently unveiled a series of new financial literacy tools designed to help teach students the principles of money management. Lenders may find these offerings of benefit since such tools can help borrowers manage money better.

To learn more

Lenders and servicers can find out more about the workshop agenda as well as register for the program by going online to www.tgslc.org/training/lender/index.cfm, or by calling (800) 252-9743, ext. 4507.

TG debuts new webinar training series

As part of our continued commitment to meeting our customer's evolving training needs, TG will launch a Web-based, cost-free, monthly training series beginning in February 2009. TG understands that with the time constraints and financial considerations in today's financial aid world, your staff needs maximum flexibility in its training format and delivery.

To address these considerations, TG's policy and regulatory experts will provide webinar training to financial aid professionals on a variety of topics of interest. The webinars will focus on current issues in the financial aid industry, as well as financial aid fundamentals.

You can participate from the comfort of your office or conference room. All you need is a computer with Internet access and, depending on the training format, either a toll-free number (provided following registration) or the ability to use speakers with your computer.

For each session, TG will provide presentation materials for downloading, viewing, or printing as you follow along with the speaker. The presentation portion of the session will be followed by time for questions and answers.

Upcoming webinars

Join us for the following training events:

- **Introduction to the Federal Family Education Loan Program (FFELP)** — Thursday, February 19, 2p.m. – 3p.m., CST.

Participants gain introductory-level knowledge of the key participants in the FFELP, develop an understanding of the phases of a loan, explore the types of loans included in the FFELP, and discuss the various participants involved in the FFELP community. They're also provided a functional overview of schools, lenders, servicers, secondary markets, guarantors, and ED.

- **Verification in the Financial Aid Office** — Thursday, March 19, 2p.m. – 3p.m., CST.

Whether you're a new or experienced aid administrator, verification can be a frustrating and intimidating process without the right knowledge and tools. In this session we will review basic verification requirements; discuss what information must be verified versus what schools may choose to verify; and address common, recurrent questions and difficult situations.

To learn more

Schedules for additional webinars will be published quarterly and announced in *Shoptalk Online*. You can find out more about TG's industry webinars at www.tgslc.org/training/webinars/industry.cfm.

Meet Paul Lewis, TG's director of product management



When it comes to application and loan management, TG's director of product management Paul Lewis understands what schools and lenders need. And he's uniquely qualified to provide for those needs. Thanks to early training in a financial aid office, coursework in information systems, work on an industry electronic standards committee, and his broad TG experience, Lewis brings both expertise and a comprehensive view of student loans to his job.

Born in Denver, Colorado, Lewis grew up on Air Force bases here in the U.S. and abroad. His family settled in Texas where Lewis earned a bachelor's in human resource management and a minor in computer information systems from the Stephenville campus of Tarleton State University. He went on to get a master's of business administration at the same school.

Lewis got a close-up view of financial aid early in his career, working part-time in the office of student financial aid at Tarleton. "I was eventually promoted to loan coordinator where I was responsible for certifying student loans and releasing all student aid to student accounts," said Lewis.

Lewis' work gave him some excellent training in loan processes and prepared him for his first position at TG — integrating TG's products with school and lender systems. As a TG product installer, Lewis traveled across the nation, serving TG's customers. He broadened his technical knowledge and discovered something about his vocation — he liked providing a technical solution that added efficiency to loan processes and helped borrowers at the same time.

Going above and beyond expectation

Lewis built on this technical experience, eventually earning his present assignment as TG's director of product management.

"I work with many qualified and committed professionals who design TG's products and services," said Lewis. "Our objective is to understand what schools, lenders, and borrowers need from technology in terms of student loans. We keep track of emerging technologies with an eye to using them in existing or new products. We also ensure our products meet our customer needs and continue to provide great service."

Lewis has a strong feel for what the industry as a whole needs. He's represented TG for many years on various industry committees, including the Electronic Standards Committee of the National Council of Higher Education Loan Programs (NCHELP), and ELM Resources' Operations Committee.

Like others with a technical calling, Lewis likes the challenge of fitting a customer need to a new product or technology. "It's good to be able to implement functionality that goes beyond customer expectations," said Lewis.

Outside work, Lewis and his wife are devoted parents of three girls, each of whom keeps busy playing volleyball, performing in dance recitals, or singing in choir. He also enjoys golfing and participates in softball leagues throughout the year.

To learn more

TG provides a wide array of application and loan management tools. To find out more about these products, contact your TG regional account executive at (800) 892-1357, or send an e-mail message to relationship.management@tgscl.org.

Trends and issues

Policy potpourri

Q.: Is there a quick resource for what documents students and parents need in order to complete the Free Application for Federal Student Aid (FAFSA)?

A.: Yes, ED provides a list of documents needed at www.fafsa.ed.gov/before003.htm. For the 2009-10 school year, students will need their financial information from 2008, including:

- Social Security Number or alien registration or permanent resident card (if not a U.S. citizen)
- Driver's license (if any)
- 2008 W-2 Forms and other records of money earned
- 2008 Federal Income Tax Return: IRS 1040, 1040A, 1040 EZ, or Foreign Tax Return, or Tax Return for Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federal States of Micronesia, or Palau (and student's spouse's, if married)
- Parents' 2008 Federal Income Tax Return (if a dependent student)
- 2008 untaxed income records
- Veterans benefits records
- Child support received
- Worker's compensation
- Current bank statements
- Current business and investment mortgage information, business and farm records, stock, bond, and other investment records

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

Tax season is here, but there is a silver lining for parents and students who have made an investment in higher education. A number of deductions and a tax credit may be available to eligible consumers. TG offers a summary of tax information for those paying off student loans or paying for college tuition and fees. *TG Online's* "Tax Benefits of Paying for College" outlines these higher education-related tax benefits for students and parents. Interested borrowers can find the summary at www.tgslc.org/borrowers/tax/index.cfm.



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

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