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Tip^{of} the Week

Make sure your students are aware of all their repayment plan options, including details of the upcoming Income-Based Repayment Plan. Direct them to TG's online information about repayment, located at [Hwww.tgslc.org/borrowers/repay/plans.cfm](http://www.tgslc.org/borrowers/repay/plans.cfm)H.

Federal updates

ED provides guidance on income documentation for IBR

ED recently announced interim guidance on the documentation of a borrower's income for the purpose of determining eligibility for the Income-Based Repayment Plan (IBR). This guidance describes a lender's option to accept "other documentation" of a borrower's income. The NCHelp IBR workgroup will discuss the

implementation of the interim guidance in the near future, and more information will be provided in next week's edition of *Shoptalk Online*.

The announcement is available on the Information for Financial Aid Professionals Web site at

<http://ifap.ed.gov/eannouncements/061209IncomeDocIncomeBasedRepymtPlan.html>.

ED confirms Web site information and provides updated contact information

In an Electronic Announcement released last week, ED noted that it has heard recently from borrowers who are concerned about the legitimacy of e-mails from the Department of Education Student Loan Servicing Center. Borrowers whose loans have been put (sold) to ED under the ECASLA loan purchase programs will receive correspondence from both the prior FFELP loan holder and ED. The electronic communication from ED directs borrowers to its Borrower Services Web site at www.ed-servicing.com. Because the URL does not have a ".gov" domain as borrowers may expect, ED wishes to reassure schools and borrowers that the <https://www.ed-servicing.com> URL provided to borrowers is correct and legitimate.

The announcement also provides updated school and borrower customer service contact information for purchased FFELP loans serviced by the Department of Education Student Loan Servicing Center.

More information

The entire Electronic Announcement is available on the Information for Financial Aid Professionals Web site at

<http://ifap.ed.gov/eannouncements/061209CustomerServiceFFEL.html>.

Income-Based Repayment: Good news for borrowers

On July 1, the financial aid community will begin offering student loan borrowers a new tool for managing their loan repayment. By creating more affordable monthly payment amounts, the Income-Based Repayment Plan (IBR) will provide a ray of hope to borrowers who are struggling to repay their student loans under traditional repayment plans. While much recent discussion about IBR has been focused on understanding and implementing the plan from a school, lender, servicer, or guarantor standpoint, it's important not to lose sight of the most important factor in the IBR equation: the borrower.

Good for society...

Borrowers who are interested in entering public service employment, particularly those with relatively high federal loan debt, are keenly aware of the importance of achieving a reliable, adequate income in order to meet their student loan debt obligations. Unfortunately, employment in traditionally lower-paying, yet essential, professions — public education, social services, or public health, for example —

may seem to be an untenable choice for borrowers who feel pressured to choose among pursuing their dream career, postponing major life events, or accepting a higher-paying job. Borrowers in this situation should be made aware that IBR provides reassurance that their loan payments will be manageable throughout repayment.

And good for the individual

We know the importance of assisting a borrower who is at risk for delinquency or default in resolving his or her situation. The stakes are high: If a borrower defaults, his or her credit record is damaged and other consequences may result, such as wage garnishment, collection costs, and ineligibility for additional federal student aid. And of course, a defaulted student loan costs the taxpayers who ultimately fund the federal student aid programs.

In that light, IBR is also an important tool for borrowers who are faced with adverse economic circumstances, such as unemployment, underemployment, or other types of financial difficulties. While other repayment plans may require a one-size-fits-all payment amount, IBR offers a more flexible payment that is readjusted annually to take into account the borrower's most current financial status.

Of course, deferment and forbearance remain beneficial options for assisting certain borrowers; for example, those who do not qualify for IBR, or those who are experiencing only a temporary financial hardship. But while borrowers in IBR will generally be required to make monthly payments, eligible borrowers may request a deferment — including an Economic Hardship, Unemployment, or In-School deferment — as well as a forbearance while in IBR.

It's time to get the word out

Lenders and servicers are informing borrowers of IBR and other repayment options through borrower correspondence. While schools are required to provide information about IBR — along with other repayment options — during loan exit counseling, schools should consider going beyond what is simply required, and developing a more proactive and comprehensive borrower education effort. For schools, this may mean introducing IBR during entrance counseling, and disseminating information about IBR to certain departments within the campus. Lenders and servicers may opt to engage in additional communication with borrowers as well to highlight the availability and benefits of IBR. Educating students and borrowers about IBR will be an effort toward which we must all contribute.

For help

TG has already updated its [Web site](#) to include information about IBR as well as an [IBR calculator](#), and is developing additional resources to assist in promoting awareness of IBR. Expect upcoming editions of *Shoptalk Online* to provide more details about how TG is working to help you promote borrower awareness and understanding of the significance and advantages of IBR.

Reminder: Upcoming federal minimum wage increase

On May 25, 2007, President George W. Bush signed into law the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, which, among other changes, mandated incremental increases in the federal minimum wage. As of July 24, 2009, the last of three annual increases authorized by this legislation will go into effect, increasing the minimum wage from \$6.55 per hour to \$7.25 per hour.

School impact: Federal Work-Study students

As this change may affect some Federal Work-Study (FWS) students, it is important for FWS administrators to contact human resource and payroll staff, as well as FWS supervisors, to verify that all parties involved in FWS pay rate determination and payroll processing are aware of this change.

As a reminder, FWS employers may not pay their FWS employees a wage that is less than the federal minimum wage, and, in the event an FWS employee is subject to differing state and federal minimum wages, the employee must be paid the higher of the two pay rates.

If necessary, schools participating in the Perkins Loan Program should update their systems to use the increased minimum wage amount in calculating the maximum monthly gross income for the purpose of determining borrower eligibility for an Economic Hardship Deferment.

Lender impact: Economic Hardship Deferment criteria

FFELP lenders and servicers should review their systems to ensure readiness to process Economic Hardship Deferment (HRD) and Working Mother Deferment (PLWM) Request forms using the increased minimum wage amount. The increased wage amount should be used for deferment requests processed on or after July 24, 2009. Updated deferment forms will be available on *TG Online* in the near future.

For more information

See *Dear Colleague Letter* (DCL) CB-07-11, available online at <http://ifap.ed.gov/dpccletters/CB0711.html>, for guidance on the FWS implications of the wage increase.

The *Federal Student Aid Handbook* (FSA Handbook) provides general information about the FWS Program and the Perkins Loan Program in volume 6 of the 2008-09 version. To download the FSA Handbook, visit *TG Online* at www.tgslc.org/policy/fsa_handbook.cfm.

Closed school corner

The following table provides a list of newly reported school closures and corrections from the Postsecondary Educational Participants System (PEPS) and from the June

2009 *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
03030803	American Broadcasting School-Garland 1914 Pendleton Dr. Garland, TX 75041-4840	N/A	08/29/2009
02284500	Pillsbury Baptist Bible College 315 S. Grove St. Owatonna, MN 55060-3097	N/A	12/19/2008

TG updates

Plan to attend TG's upcoming webinar on R2T4

If you haven't yet registered for TG's industry training webinar scheduled for June 18, it's not too late. The webinar, scheduled from 2 p.m. - 3 p.m. Central Time, will focus on the Return of Title IV funds (R2T4) calculation and process.

The R2T4 calculation is complex and can be one of the most challenging duties that a financial aid officer must perform. ED has placed a heavy emphasis on R2T4 in school program reviews. This session will help new and seasoned financial aid officers to demystify the R2T4 calculation. It will also offer suggestions on how to improve the R2T4 process within their offices. The course provides some general principles of the R2T4 process, explains the elements of an R2T4 calculation, and provides recommendations on how to avoid some of the more common R2T4 findings in a program review.

To register

Register for this free webinar at www.tgslc.org/training/webinars/industry.cfm. Schedules for additional webinars will be published quarterly and announced in *Shoptalk Online*.

Returned claim documentation

Effective July 1, 2009, TG claims will implement new procedures for the return of recalled or denied claims.

Under the new procedures for recalled claims, TG will return to claim submitters only an acknowledgement that the recall has been processed and any original promissory note(s) submitted with the claim. Standard transmittal procedures will

remain in place, but TG will no longer return a copy of the claim packet or a copy of any promissory note.

Likewise, for denied or returned claims, TG will cease returning copies of claim packets. Only a claim reject letter and original promissory note (if applicable) will be returned to lenders and servicers. Please note that any paper (non-CAM) claim that is resubmitted to TG must include an updated Claim Form found at <http://www.tgslc.org/pdf/claim.pdf>.

Questions?

For questions concerning the new returned claim procedures, please contact Ron Stroud, TG's assistant vice president of Claims, at (800) 252-9743, or send an e-mail message to ron.stroud@tgslc.org.

TG to present webinar on ECASLA

Next week, TG will offer a webinar designed to provide an instructive overview of the impacts of the Ensuring Continued Access to Student Loans Act (ECASLA). The webinar will be held June 24, at 3 p.m. Central Time. Participants will hear an overview of the programs created to combat the lack of liquidity in the financial markets, including the Loan Participation Purchase program; the Loan Purchase Commitment program; and the Asset-Backed Commercial Paper Conduit program. This program is intended for the FFELP school community.

To register

Listen in and ask questions. Register to attend this webinar at <http://www.tgslc.org/training/webinars/ecasla062409.cfm>.

For help

If you have any questions regarding this upcoming webinar, please contact Lisa Felder, external product training coordinator, at lisa.felder@tgslc.org. If you need technical assistance with TG's products, please contact the TG product support team at (800) 332-1455, or send an e-mail to product.support@tgslc.org.

Financial literacy focus: TG to host two financial literacy symposiums

This summer, TG will host two free one-day symposiums on developing and implementing campus financial literacy programs. TG's symposiums offer forums where professionals can discuss techniques to help students manage their finances more responsibly.

Mark your calendar

TG hosts the first symposium in Houston, Texas, on Monday, June 29. The event, to be held at the Embassy Suites Hotel near the Galleria, will run from 9:30 a.m. to

3:30 p.m. Central Time. Among other things, attendees will discuss developing financial literacy initiatives and improving successful financial literacy programs.

TG will host the second symposium on Tuesday, July 21, in Chicago, Illinois. More details about the Chicago symposium will follow in a future edition of *Shoptalk Online*.

To register

For more information about TG's 2009 Financial Literacy Symposiums, or to register to attend either event, visit *TG Online* at www.tgslc.org/training/literacy.

For questions

To learn more about TG's upcoming symposiums, contact TG's financial literacy program manager Margie Harvey at (800) 252-9743, or send an e-mail message to margery.harvey@tgslc.org.

New poster advises students to learn how dropping classes can affect their financial aid

Students considering a withdrawal from classes or a drop below half-time enrollment should weigh their options carefully. Withdrawal or less-than-half-time enrollment can affect a student's eligibility for financial aid. These options can also set students on the path to repaying their student loans before they have the resources to meet this financial obligation.

TG has designed a poster that cautions students to consult with a financial aid counselor before deciding to drop classes or completely withdraw from college. The bright red, 12" x 36" poster contains a rebus, that is, a riddle that uses letters and pictures of objects to represent syllables and words. When solved, the message offers a simple, direct message to students: "Drop in before you drop out."

To order

The poster is available at no cost. Visit *TG Online* at http://tgorder.tgslc.org/acb/stores/3/product1.asp?SID=3&Product_ID=185 to place your order.



Trends and Issues

Policy Potpourri

Q.: Currently, the origination fee for Stafford loans first disbursed on or after July 1, 2008, is 1 percent. What is the origination fee for Stafford loans for the 2009-10 award year?

A.: The origination fee for Stafford loans first disbursed on or after July 1, 2009, will be 0.5 percent. For parent and Grad PLUS loans, the origination fee continues to be 3 percent. In addition, as a direct benefit to borrowers, TG continues to pay the 1 percent federal default fee on behalf of its borrowers for federal Stafford and PLUS loans for the 2009-10 award year.

Do you have a question?

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

This, that, and the other

Washington University's Tyson Research Center, located in Eureka, Missouri, recently unveiled a new building that is slated to become the nation's first "living" building, a new designation that essentially means the structure is self-sufficient and produces all the energy it consumes.

The Living Learning Center at the Tyson Research Center is a 2,900-square-foot, one-story building built from trees grown on the property as well as recycled materials. The center will generate its own electricity and gather its water supply from rainwater.

The building will be the first to complete the Living Building Challenge, an initiative launched three years ago by the Cascadia Green Building Council and considered the most stringent green building rating in the world.

The Tyson Research Center contains 2,000 acres of woods, prairies, and ponds where Washington University students conduct environmental research. University officials decided to expand research opportunities at Tyson, which prompted the building of the Living Learning Center.

Read more on this green initiative at www.stltoday.com/stltoday/news/stories.nsf/sciencemedicine/story/D394ED9F2F32A8CA862575CF0004185E?OpenDocument.



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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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