Default Prevention: You Are The Key!

August 1, 2002

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Default Prevention through Innovation and Partnership

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Utah Higher Education Assistance Authority

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Brigham Young University

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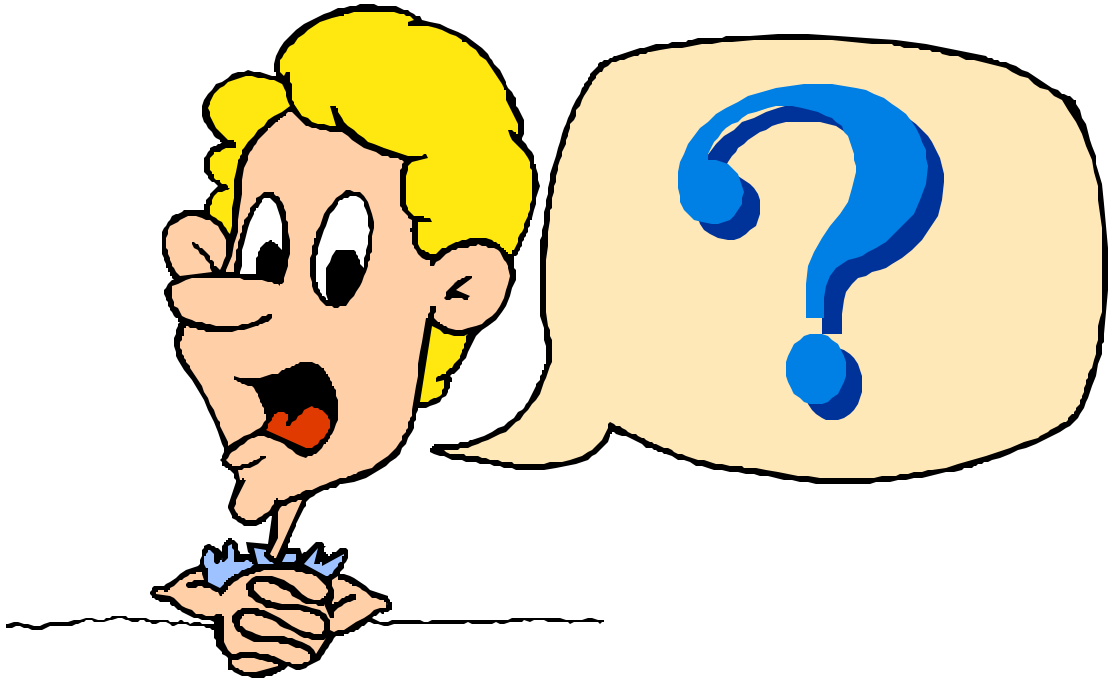
The Two Worst Questions You Can Hear From a Student



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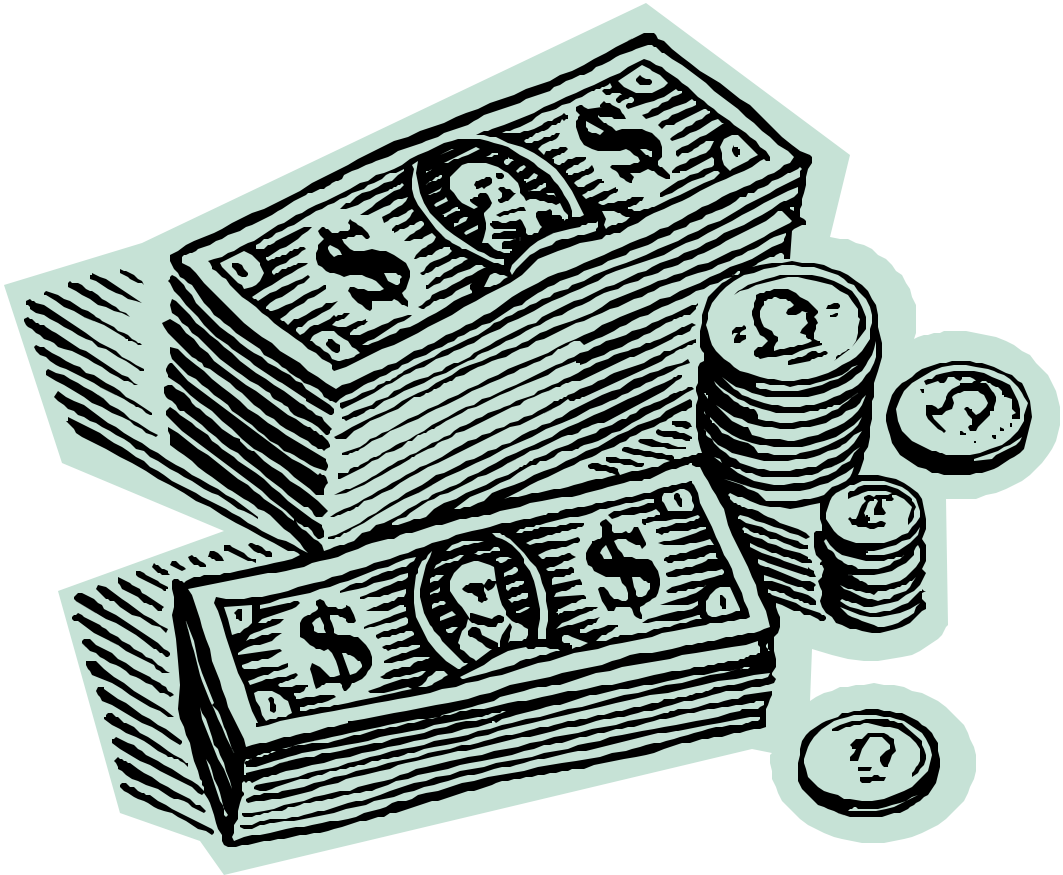
What is the maximum I can borrow?



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Where do I sign?

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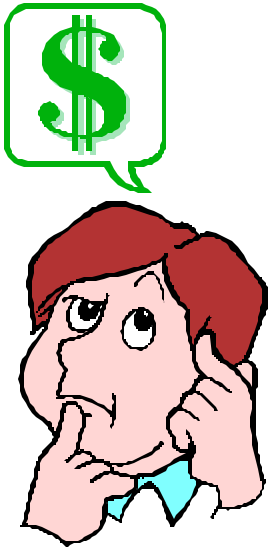
Today's Personal Finance Question

- Amount Borrowed $20,000
- Interest 6%
- Length of Repayment 10 years



What's the monthly payment?

Rule of Thumb

Keep Student Loan Payments Below 8 Percent of Gross Income

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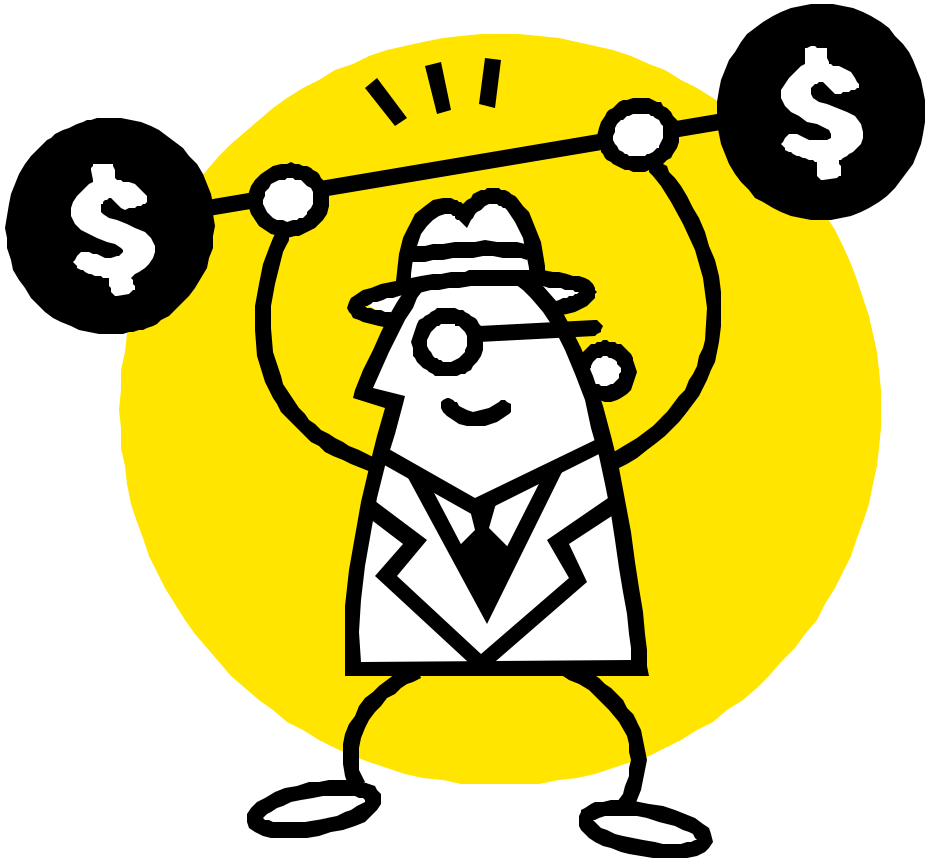
8 Percent Rule



Roughly $1,700 in earnings for every $1,000 owed

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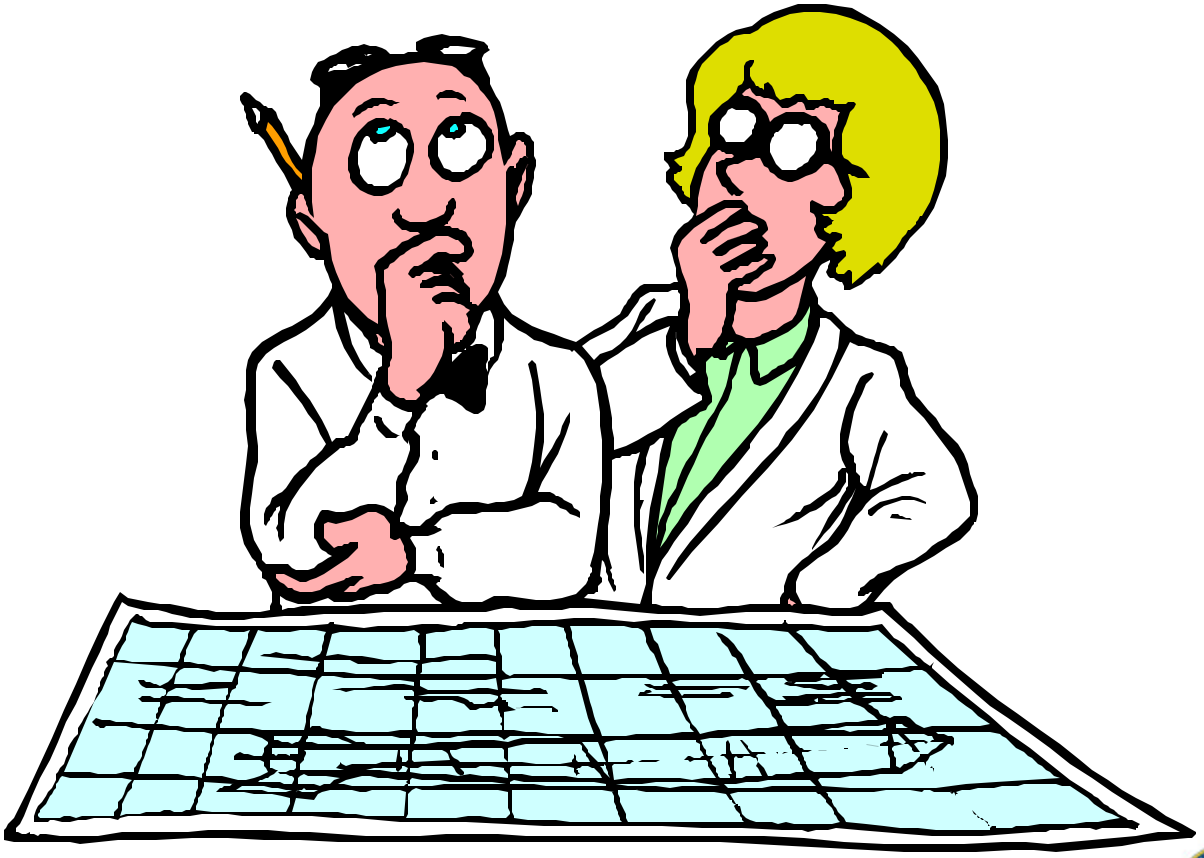
Without a Plan, You're Headed To ...



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Default City

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Default Prevention at BYU

BYU

BRIGHAM YOUNG

UNIVERSITY

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What are you doing to prepare financially for a higher education?

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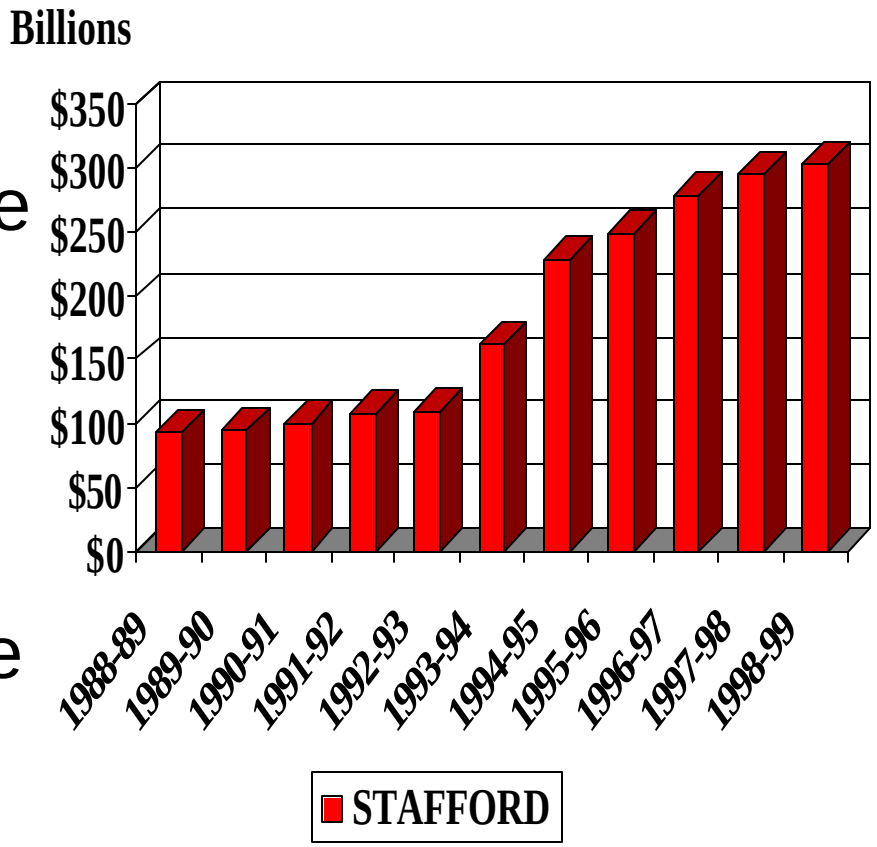
Student Loans

- Of the 300 billion borrowed through the federal guaranteed student loan programs since its inception, 50% has been borrowed in the last 5 years.

  - The College Board



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Student Loans

- Loans now represent over 60% of all Student Financial Aid. - Nellie Mae

- The average debt of students graduating from public four year schools is $16,600.

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What has BYU done?

Student Loan Profile

April 3, 2000

STAFFORD/SLS STUDENT LOAN PROFILE

DANCE

This information is provided as an estimate of your Stafford/SLS Loan indebtedness. It is provided to help you consider your current debt levels and the approximate repayment costs you may expect. We encourage you to coordinate your expected debt repayment with your anticipated earnings after graduation. For additional information about job opportunities related to your major, contact Career Placement Services, D-240 ASB, at 378-3000. Please contact the Financial Aid Office if you have questions about your student loan, at 378-4104. Our goal is to help you avoid unnecessary and excessive student loan debt.

Federal Stafford and SLS Loans at BYU: 1999-2000 $4,700

Other Federal Stafford and SLS Loans:

Total Federal Student Loan $4,700

Estimated Loan Repayment: **Number of Monthly Payments (5 YEAR)** 60
Monthly Payment $96

Estimated Annual Interest Rate	Estimated Amount Borrowed	Estimated Interest Paid	Estimated Total Repayment Amount
Current Interest Rate in Effect.*	Total Loan Funds Disbursed To You.	The Amount of Interest You May Pay.**	The Amount You Pay in Total.***
8.25%	$4,700	$1,100	$5,800

* Your Interest Rate may be different. Consult your original loan documents for the exact rate of interest you will pay.

** There is no penalty to prepay or make extra payments on your loans which will reduce the amount of interest you will pay.

*** Total Repayment amount if only the minimum monthly payment is paid during the life of this loan.

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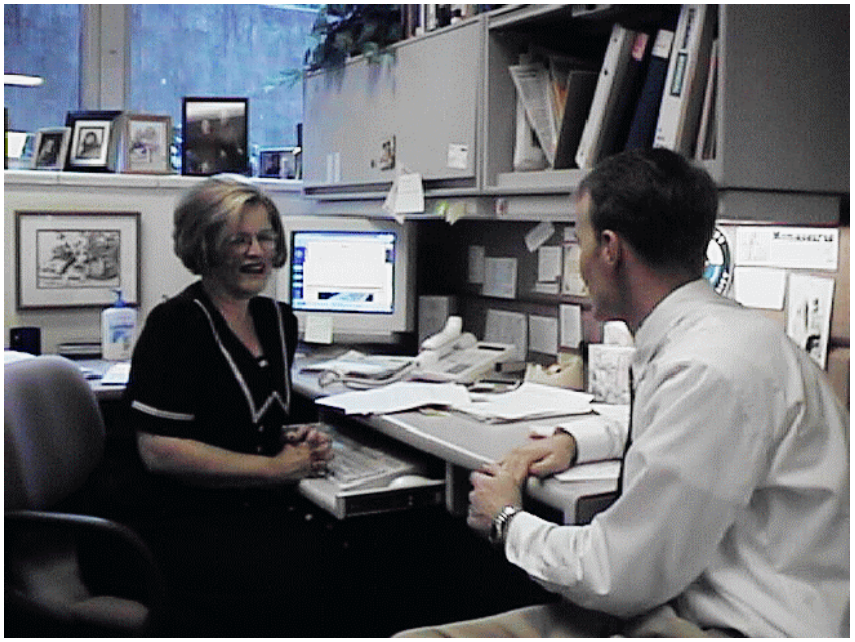
Accredited Financial Counselors



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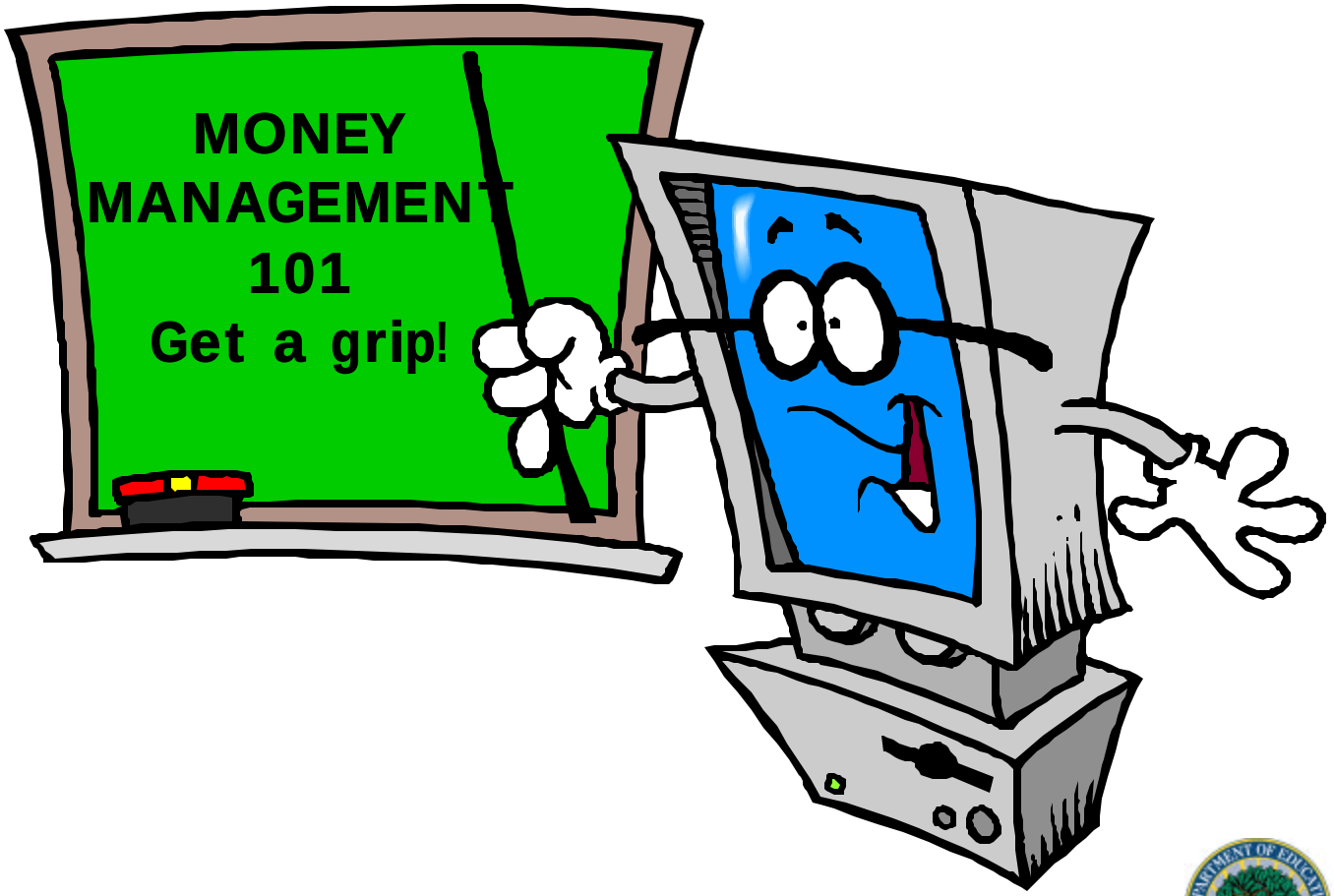
Personal Finance Education



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Personal Finance
Money Management 101
Table of Contents

- Chapter One

  Beliefs, Values, and Goals
- Chapter Two

  Money Behaviors: Understanding Why You Do What You Do With Your Money
- Chapter Three

  Developing a Personal Spending Plan

Personal Finance
Money Management 101
Table of Contents

- Chapter Four

  Understanding Credit – Understanding Debt
- Chapter Five

  The Power of the Penny

Financial First Aid Kit

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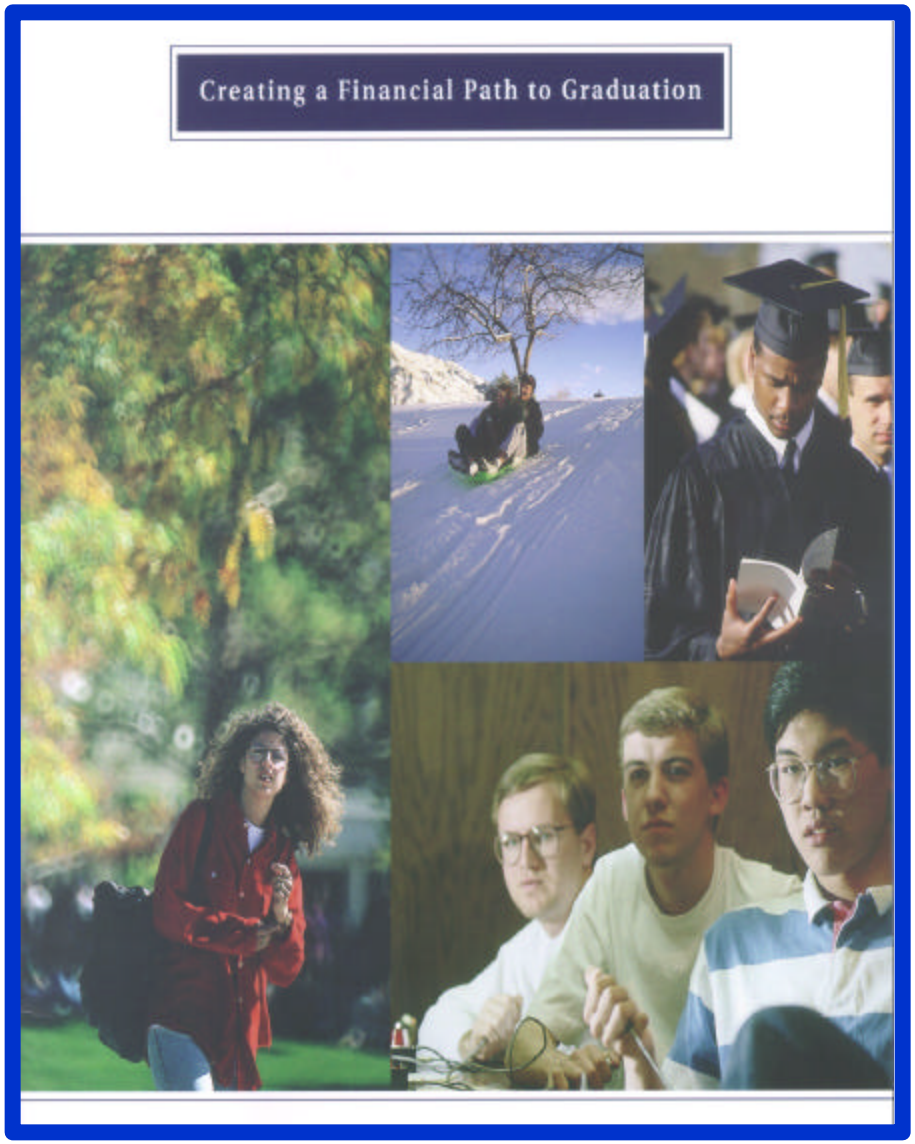
Financial Path to Graduation



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Financial Path to Graduation

- Step 1 Chart Your Academic Plan
- Step 2 Estimate Educational Costs
- Step 3 Estimate Financial Resources
- Step 4 Identify and Analyze Unmet Need
- Step 5 Establish Your Maximum Debt Limit
- Step 6 Identify the Costs of Borrowing
- Step 7 Make a Commitment and Monitor Your Progress

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What Are The Results?

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BYU Results

- Borrowing has been reduced over four years by 24%.

- Overall debt for graduating students has decreased by 4%.

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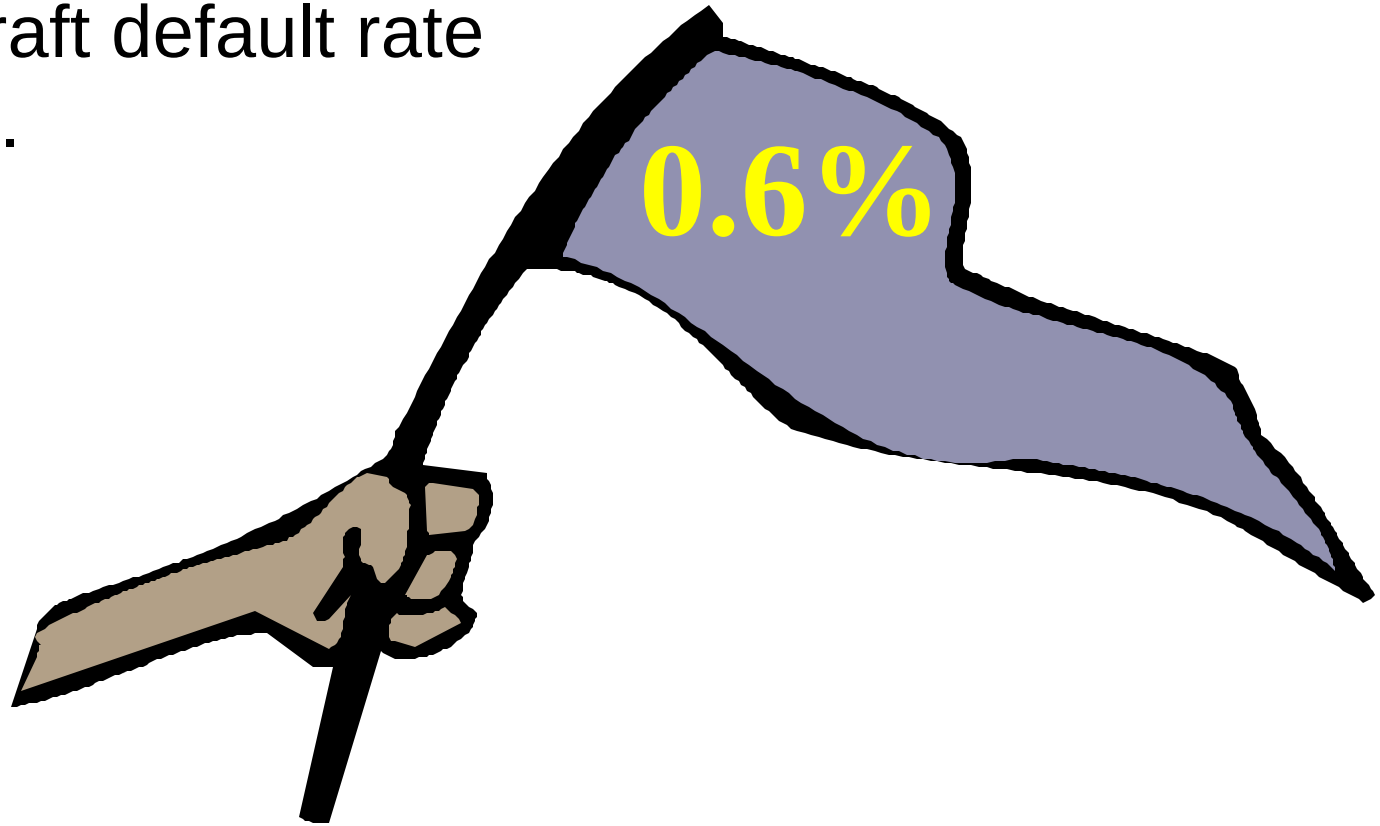
BYU Results

- 2000 draft default rate is 0.6%.



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Universal Financial Path to Graduation

Universal Financial Path

- Hosted by UHEAA
- Linked to institution web site
- Contains the signature of the host institution
- Maintained by the institution
- Customized reports

Contact Us

We appreciate your feedback and comments.
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