NYSFAAA Connection

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Inside This Issue

E-mail: Creating effective correspondence

By Troy Robinson, Rochester Institute of Technology

It is safe to say that communication channels used by students, parents, and financial aid professionals are constantly evolving at break-neck speeds.

As Gen Y students (also known as Millennials, Echo Boomers, and the Net Generation) continue to adopt a variety of web platforms such as Facebook and Twitter, we older folk (Gen X and Baby Boomers) need to realize that e-mail is no longer the current generation's preferred method of correspondence. However, by following six simple tips, e-mail is still an effective method that financial aid counselors can utilize to reach their students.

TIP #1 - Make Your Subject Line a Headline

A successful subject line like a newspaper headline must

Please see ***Effective Correspondence*** on page 2

What is an Investment Club?

By Brian Ghanoo, AFC, National Student Loan Program

Many people have never heard of such a thing or they assume the name belongs to a group on Wall Street. Believe it or not YOU can actually form your own investment club as a fun and easy way to learn about investing. Here's how to get started:

1. Organize a Group
    a. Introduce the idea of forming an investment club to people you know that have expressed interest in following the stock or bond markets.
    b. Agree on common goals for the group. This is very important, as members who are involved for social or educational reasons may not mix well with serious investors.
    c. Agree on the level of financial commitment members will make. A large monthly contribution may eliminate members over the long run. Small investments may frustrate investors who want to commit large amounts of cash in hopes of seeing a larger return.

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accomplish two things: Grab the reader's attention and inform the reader what the e-mail is about. You only have a few seconds before the recipient decides whether to read your e-mail. You might even include a call to action such as "Please respond by September 7th" to invoke your desired response. And never leave the subject line blank.

TIP #2 - Be Concise

Attempt to make one point per e-mail. The e-mail should be clear and concise with its purpose detailed in the first paragraph. Be relevant. Remember that after opening an e-mail, the reader will initially skim the first paragraph to determine its relevance. The more relevant the content is to the reader, the more responsive and engaged your reader will be.

TIP #3 - Use Proper Structure and Layout

Reading from a computer screen is more difficult than reading printed communications, and a long e-mail can be discouraging to read. Structure and layout play vital roles in holding your reader's attention. Use short sentences and paragraphs. Try to keep sentences to a maximum of 15 to 20 words. Use blank lines between each paragraph. Use numbers or bullet points when emphasizing specific items within your e-mail.

TIP #4 – Specify the Response You Want

Express in simple language any action that you require the student to take, such as a follow-up phone call, scheduling an appointment, or addressing specific questions within your e-mail.

TIP #5 – Use Active Verbs

Try using the active voice of a verb rather than the passive wherever possible. The active voice sounds more personal and engages the reader. For example, "We will process your request today," is more personal and timely than "Your request will be processed today." "Complete the following steps in order to accept your financial aid award," sounds urgent and requires immediate action by the student rather than "The following steps are to be completed by you to accept your financial aid award."

TIP #6 – Make It Personal

Besides using active verbs, your e-mail correspondence to students should include personal, customized content. This will help you build trust and rapport with students so that they will respond to your future requests on a timely manner.

It may be easy to get students to read your first e-mail, but if they aren't engaged by the content or they are confused by what their next course of action is, then future emails may be judged as boring, puzzling, and a waste of time. You don't want your e-mails to be ignored and then deleted, especially when the information is pertinent to their financial aid.

Investment Club from page 1

2. Write an Operating Agreement
    a. Write an agreement for how the group will be conducted. A bank or brokerage firm will require Articles of Incorporation or a Partnership Agreement when setting up an account.
    b. Develop the appropriate type of agreement based on how you want to file for taxes at year end.
    c. Record when and how often the group will meet.
    d. List the necessary roles for operating the group such as a president to conduct meetings, secretary to keep notes, treasurer to deposit dues and an investor to place buy and sell orders and monitor investments.
    e. Record an initial membership contribution and ongoing dues.
    f. Determine how the club will manage payouts, divestiture or dissolution.
    g. List requirements for gaining new members once the club has started.
    h. Obtain signatures from all members on the agreement.
3. Conduct Investment Club Meetings
    a. Appoint individuals to roles outlined in the operating agreement.
    b. Open a brokerage or bank account and either subscribe to an online investment service or obtain a broker.
    c. Summarize the preceding meeting and an agenda for the current meeting.
    d. Review club financials. Include overall gains or losses, individual investment progress and cash balance available for investment.
    e. Present investment ideas and determine if the club wants to buy, sell or further research an idea.
    f. Close each meeting with the agenda, date, time and place for the next meeting.

Article source: http://www.ehow.com

Mark Your Calendars for the Upcoming NYSFAAA Conferences:

Annual Conference 2009 at The Saratoga, October 27- 30
Annual Conference 2010 at the Adams Mark, Buffalo October 19-22

Check NYSFAAA.org regularly for scheduled trainings & events in your region.

IBR: Not just another repayment plan

By Ben Loya, TG Regional Account Executive

By now, many within the financial aid community have heard of Income-Based Repayment (IBR), the new student loan repayment plan available to FFELP and Direct Loan borrowers beginning July 1, 2009. Financial aid administrators may be aware that IBR will benefit certain borrowers by minimizing monthly payments and providing loan forgiveness in some cases, but the full potential of IBR to assist in default prevention has yet to become fully apparent. Educating borrowers about this repayment plan and its benefits, through the loan counseling process and other information dissemination efforts, will prove to be the key to realizing that potential.

How IBR works

IBR is available for borrowers with Stafford, Grad PLUS, and Consolidation loans, as long as the Consolidation loan does not include a parent PLUS loan. Parent PLUS loans and any type of non-federal student loans do not qualify for IBR.

IBR will provide repayment relief to borrowers experiencing "partial financial hardship" (PFH), which is determined using a calculation that takes into account the borrower's family size and adjusted gross income (AGI). Specifically, PFH occurs when the annual payment amount for all of the borrower's eligible loans (as calculated under a standard 10-year repayment plan) exceeds 15 percent of the difference between the borrower's AGI and 150 percent of the poverty guideline for the borrower's family size.

The repayment term under IBR can exceed 10 years regardless of the amount of the borrower's loan debt. After 25 years (or 300 payments) in IBR, any remaining balance and accrued interest will be forgiven. As shown in the third example below, depending on the borrower's circumstances, the monthly payment amount could be $0 — and even those $0 "payments" count toward the required 300 payments.

- Example 1: A single borrower with no dependents, $40,000 in eligible student loan debt at a 6.8% interest rate, and an AGI of $30,000 would have a monthly loan payment of approximately $170 under IBR. Under the standard repayment plan, that borrower's monthly payment would be about $460.
- Example 2: A married borrower (and no spousal income or spousal student loan debt) with two children, $80,000 in eligible student loan debt at a 6.8% interest rate, and an AGI of $60,000 would have a monthly loan payment of approximately $340 under IBR. Under the standard repayment plan, that borrower's monthly payment would be about $920.
- Example 3: A borrower who is married with no other dependents, $65,000 in eligible student loan debt at a 6.8% interest rate, and an AGI of $20,000 would have a monthly loan payment of $0 under IBR. Under the standard repayment plan, that borrower's monthly payment would be about $748.

Why IBR is so important

Now more than ever, with rising student loan debt levels, the current economic climate, and the upcoming transition from two- to three-year cohort default rates, schools are concerned about identifying borrowers at risk for loan default and proactively assisting those borrowers in addressing their difficulties. While it will not be a universal remedy for repayment difficulties, it is clear that IBR can provide enormous relief to borrowers in financial distress and could make the difference in a borrower successfully fulfilling his or her repayment obligations.

Aside from concerns about cohort default rates, 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. Although it may be most beneficial for borrowers with high student loan debts and relatively low incomes, IBR will also be an important tool for borrowers in adverse economic circumstances in avoiding default.

More information

Borrowers interested in IBR should be directed to contact their lender for more information and application forms. Prior to the July 1, 2009, implementation date, borrowers experiencing financial difficulties may wish to discuss other options with their lenders, such as the Economic Hardship Deferment or forbearance.

IBRinfo.org is a borrower-oriented site provided by the Project on Student Debt that offers a wealth of information about IBR in plain, understandable terms. It also offers an informative, downloadable IBR brochure and a calculator to assist borrowers in determining their eligibility for IBR.

The National Council of Higher Education Loan Programs (NCHELP) has developed a series of general as well as focused training sessions on IBR for school and lender audiences. Recordings of these sessions are available free of charge at http://www.nchelp.org/elibrary/index.cfm?parent=1985.

Helping students avoid default

BY Desiree Cilmi, Senior Director of Sales, & Mercy Smith, Senior Account Executive, Sallie Mae

A strong default prevention plan is paramount for the evolving federal student loan program, saving students from bad credit scores and taxpayers from footing the bill on defaulted loans. As policymakers consider how to structure the federal student loan program, they will better serve both students and taxpayers by considering the tangible benefits of default aversion.

Lenders, servicers, and guaranty agencies have a strong incentive to work closely with students and schools to prevent the consequences of delinquency and default. The data below shows that when lenders and servicers have a financial interest in the asset and assume financial penalties when a loan defaults, there is a powerful incentive to help reduce defaults, preserving good credit for students and billions of dollars for taxpayers.

As policymakers consider how to structure the future of the federal student loan program, they will better serve students, schools and taxpayers by strengthening the default aversion activities performed by private sector lenders and the guarantor community. Lower defaults have tangible benefits for student loan borrowers, who preserve their good credit, and taxpayers, who save billions of dollars. Effectively managing default rates also benefits schools in the disbursement of loans and preserves an institution's eligibility for the federal student aid programs.

To illustrate the value to students, schools, and the federal government of applying best-in-class student loan default prevention strategies on a wide scale basis, Sallie Mae® performed an analysis of its default experience and compared it to the Direct Loan program.

Sallie Mae recently released a report showing that the company's successful default prevention activities in conjunction with its guarantor partners helped thousands of college students avoid loan default and saved hundreds of millions of American taxpayers' dollars. According to the report, which was based on the U.S. Department of Education's most recent official cohort default rate data, Sallie Mae's servicing and default aversion activities resulted in 30 percent fewer defaults than loans serviced in the Direct Loan program.

If the Direct Loan program had served Sallie Mae's servicing customers who entered repayment in 2005 and 2006, and our customers responded to the Direct Loan program's default-prevention tactics as the rest of the Direct Loan program's customers did, an additional 30,000 customers would have defaulted on nearly $400 million of loans. Conversely, if Sallie Mae had managed the entire Direct Loan portfolio, for borrowers who entered repayment in 2005 and 2006, and those borrowers responded to Sallie Mae's default prevention tactics as our servicing customers did, more than 15,000 borrowers would not have defaulted on $200 million of student loans.

The results were consistent across all school types:

At public four-year institutions, where nearly two-thirds of Direct Loan recipients go to college, Sallie Mae's cohort default rate is 27 percent lower than that of Direct Loan borrowers.

At private not-for-profit institutions, where Sallie Mae serviced-borrowers are quadruple the number of Direct Loan borrowers, Sallie Mae's cohort default rate is less than half that of Direct Loans.

Please see ***Default*** on page 6

***Default** continued from page 5*

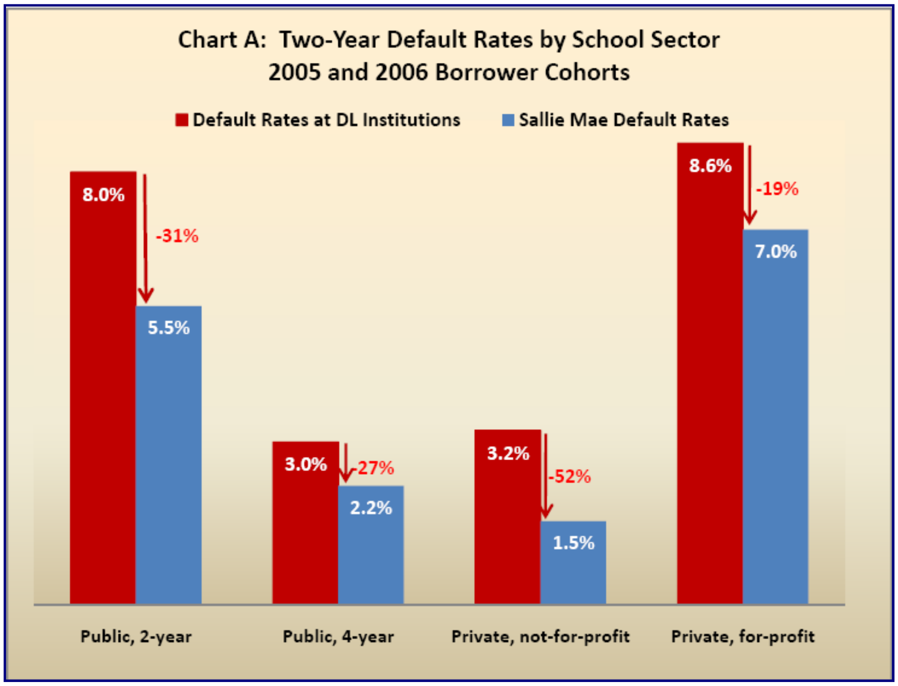

Chart Source: Sallie Mae Helps Students Avoid Negative Impact of Default

As policymakers consider changes to the funding structure for federal student loans, it is important to bear in mind the effects of such changes on default rates and student credit histories. Since student loan defaults present significant and lasting challenges for the students impacted, any legislation changing the structure of the student loan program must take care to retain the benefits of risk sharing and ownership that now create such powerful incentives to reduce defaults.

Consequences to Borrowers of Student Loan Default

- ✓ Entire loan balance (principal and interest) will be due in full immediately.
- ✓ Loss of student loan deferment options.
- ✓ Loss of eligibility for additional federal student aid.
- ✓ Significant penalties including late fees and collection costs, all of which become part of the debt.
- ✓ Credit rating damaged for several years because defaulted loans are reported to national credit bureaus.
- ✓ Difficulty qualifying for credit cards, a car loan, a mortgage, or renting an apartment (credit checks are required to rent an apartment).
- ✓ Federal and state income tax refunds can be withheld and applied to student loan debt. This is called a tax offset.
- ✓ Wages garnished (withheld).

Clearly, no one wins when a student defaults. Sallie Mae agrees with the President that we face a historic opportunity to produce taxpayer savings needed to substantially increase Pell Grants. Working together, Sallie Mae and Congress can achieve the President's objectives of making college more affordable, while strengthening default prevention incentives and other hallmarks of the student loan program that work so well for students and higher education institutions.

The complete research paper is available for free download at www.SallieMae.com/StraightTalk.

Getting the most from your training

BY The EdFund Client Relations Team in New York

Ask Questions

Have you ever sat through a workshop and had a burning question to ask? More often than not, there are other attendees that have the same question.

You should try to interact during your training, and asking questions is a great way to do this and enhances the overall effectiveness of the session for both participants and the trainer. Math Professor Peter Alfeld of the University of Utah offers this wisdom about asking questions.

Remember that:

- The questioner may receive *clarification* on a particular point and benefit from the rest of the lesson, where he or she might otherwise be lost.
- The question might be of benefit to a number of other students who had not thought of it.
- The instructor will understand a lot better how his or her presentations are received. Instructors can (and should) adjust their lectures to the particular audience.
- The instructor might learn something new and look at things in a different light.
- The instructor may have made a mistake that he can now recognize and recover from. (It happens!)

Eating: Food as Fuel

Whether you're participating in an in-person workshop or a webinar, mental alertness is very important. In order to absorb all the valuable information that is presented, you've got to stay on top of your game. An important component of a successful training experience is the fuel you put in your body – what you eat and drink.

Judith Wurtman, Ph.D., director of the women's health program at MIT Clinical Research Center in Boston, has compiled a list of favorable and unfavorable mental alertness foods:

If you're looking to boost your mental alertness in the morning, it's a good idea to include these foods in your breakfast:

- Low-fat cottage cheese
- Yogurt
- Scrambled eggs, with both the yolks and whites
- Veggie burgers
- Peanut butter
- Whole-grain toast

Hot cereal, cold cereal, English muffins (as long as you eat them along with some protein).

How about coffee for mental alertness? Coffee has been shown to increase reaction time, Wurtman says. But again, don't overdo. Drink too much, and you may be too scattered to concentrate on the task at hand.

Please see ***Training*** on page 8

Training continued from page 7

To avoid a mid-afternoon slump, try adding these foods to your lunch:

- Chicken
- Turkey
- Lean burgers
- No-fat lunch meats
- Hard-boiled eggs (or eggs cooked any way without fat), plain or with no-fat mayo
- Bread, buns, or rolls (with a protein source)

As for things to avoid: French fries and soda. A soda contains 16 teaspoons of sugar, and while the caffeine may provide a momentary blast of mental alertness, the sugar lets you down rapidly.

So be mindful of your food choices throughout the day. The right choice can make a world of difference in having enough energy and focus to stay in the game.

Exercising
Many of us work indoors, and working at a computer can take its toll on your body. You may suffer from muscle strain, eyestrain or stiffness. There are countless resources available to help you avoid these types of problems. During Web training, you spend an hour or more at your computer, so you'll want to be physically comfortable to remain alert and focused.

These stretching exercises from WebMD will help ease back pain and boost energy:

Shrug your shoulders to release the neck and shoulders
Inhale deeply and shrug your shoulders, lifting them high up to your ears. Hold. Release and drop. Repeat three times.

Stretch your back with a “big hug”

1. Hug your body, placing the right hand on your left shoulder and the left hand on your right shoulder.
2. Breathe in and out, releasing the area between your shoulder blades.

Loosen the hands with air circles

1. Clench both fists, stretching both hands out in front of you.
2. Make circles in the air, first in one direction, to the count of ten.
3. Then reverse the circles.
4. Shake out the hands.

Stretching helps to improve your circulation, flexibility and releases tension. As you prepare for your next training session, consider performing these simple stretches to be good to your body and improve your focus.

Members on the Move . . .

Good News! Villa Maria College announces that ***Laura Fitzgerald*** was promoted to Financial Aid Counselor in January 2009 and ***Sister Mary Gloria Lewandowski*** was hired as the new Administrative Assistant.

Janice Scheutzow of Nazareth College was promoted to Associate Director of Financial Aid. Way to go Jan!

Katrina Delgrosso formerly with Chase is now the Associate Director of Financial Aid & Scholarships at Syracuse University. Best of luck to Kat in her new role!

SUNY Canton reports that they have a new Financial Aid Intern, ***Kimberly Vice***. Welcome Kim!

Shalena Duprey has been promoted to Associate Director of Financial Aid at North Country Community College. Congratulations Shalena!

Pam Nichols is the new Financial Aid Director at Clarkson University. Woo Hoo!

Carrie Newman formerly with Nelnet is the new Director of Financial Services at Mercyhurst College in Pennsylvania. Congrats to Carrie, NYSFAAA will miss you!

Jean Branicki (formerly at Medaille College) is the new Assistant Director of Financial Aid at the University of Buffalo. Also out of UB, is the promotion of **Brent McEnroe** to Senior Advisor. Movers and shakers!

Theresa Geiseke (formerly with Next Student) is now a rep for ASA covering NYSFAAA regions 1, 2, 3, 8, PA and NJ. Busy girl!!!

Vince Scalise (formerly with CLC) has recently joined Chase Student Loans as an Account Executive in New York. Welcome back Vince!

To contribute to The NYSFAAA *Connection*, please contact

Laura Worley, Editor or Vince Scalise, Assistant Editor

Below is the schedule for the NYSFAAA Webletter. If you have an article to submit please do so by the deadline date indicated.

Edition	Articles due	Posted to site on or about
Winter	January 15	February 1
Spring/Summer	June 1	July 1
Fall	September 15	October 1