



# Return to Repayment:

The relief, the precautions, and the preparation.

NDASFAA Conference

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# P R E S E N T E R



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# AGENDA

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**COVID-19 Borrower Impact**  
**Borrower Challenges**  
**Re-entry to Repayment**  
**Return to Repayment Outreach**







# COVID-19 BORROWER IMPACT



A group of people, including a man and a woman, are walking away from the camera on a paved path in a park. The background shows trees and a grassy area. A blue semi-transparent rectangle is overlaid on the image, containing the quote and the speaker's name.

“

We need to prepare for higher rates of mental illness among U.S. adults post-COVID.

Beth McGinty

Associate Professor of Health Policy and Mgmt  
Bloomberg School of Public Health



# Since the start of the pandemic ...

- Americans reporting symptoms of anxiety and/or depressive disorder nearly quadrupled from June 2019 to Jan. 2021
- Largest increase: 18 and 24 year olds, 56% of whom reported psychological distress
- Adults with annual household incomes less than \$40,000: 35% reported major negative impact on their mental health
- Disproportionate impact on women with children and communities of color.

Source: KFF.org, The Implications of COVID-19 for Mental Health and Substance Use, Feb. 2021



# In the last year...

"The sustained and increasing prevalence of elevated depressive symptoms suggests that the burden of the pandemic on mental health has been ongoing -- and that it has been unequal," lead author Catherine Ettman said in a Boston University news release. She is chief of staff and director of strategic initiatives in the Office of the Dean at BU's School of Public Health.

"The sustained high prevalence of depression does not follow patterns after previous traumatic events such as Hurricane Ike and the Ebola outbreak," said senior author Dr. Sandro Galea, dean of public health at Boston University. "Typically, we would expect depression to peak following the traumatic event and then lower over time."

Source: <https://www.usnews.com/news/health-news/articles/2021-10-05/first-year-of-pandemic-saw-depression-rates-triple>

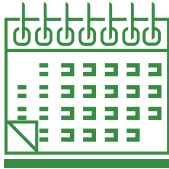
# PIECES OF THE PUZZLE

The \$1.73 trillion student loan debt held by roughly 43 million borrowers is now the second-largest debt category in the U.S. after mortgage debt (worth \$10.16 trillion in March 2021). And the average student loan debt is over \$39,300 for each borrower in 2021

Federal data from 2020 also shows that not all education debt comes from student loans. The Federal Reserve says that while 95% of those with outstanding debt hold loans, 21% borrowed with credit cards, 4% owed money on a home equity line of credit and 12% borrowed through other methods.

Collectively, the Federal Reserve's report shows that 26% of "borrowers had at least one form of education debt besides student loans." And the median amount of education debt (including other methods outside of student loans) was between \$20,000 and \$24,999 in 2020, with **20% of adults behind on their payments.**





# CARES Act

Repayment Resumes May 2, 2022

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Creating a unique set of challenges for schools

# B O R R O W E R   L A N D S C A P E

Roughly 500,000 Direct Loan borrowers had loans in a repayment status as of March 31, 2021, compared with the nearly 18.1 million borrowers who were in a repayment status just one year ago.

As of the end of March, 2021 more than 23 million Direct Loan borrowers with outstanding loans of about \$938 billion are now in forbearance status, and more than 99% of these balances are in the special CARES Act forbearance.

As of March 2021, 8.3 million Direct Loan borrowers were enrolled in IDR plans. That is 30% of all ED-serviced borrowers or, in dollar terms, 48% of ED-serviced balances.



# CHALLENGE #1

## All Borrowers Made Current



## CHALLENGE #2

# Borrowers in Suspended Status





## CHALLENGE #3

# Massive Job Loss for Students & Parents



## CHALLENGE #4

# Diligent Repayers Tripped Up by Timing





## CHALLENGE #5

**Natural Disasters =  
Hard Time  
Repaying**



# CHALLENGE #6

## In Between Borrowers





# CHALLENGE #7

## Long-Term Impact: Students



## CHALLENGE #8

# Long-Term Impact: School



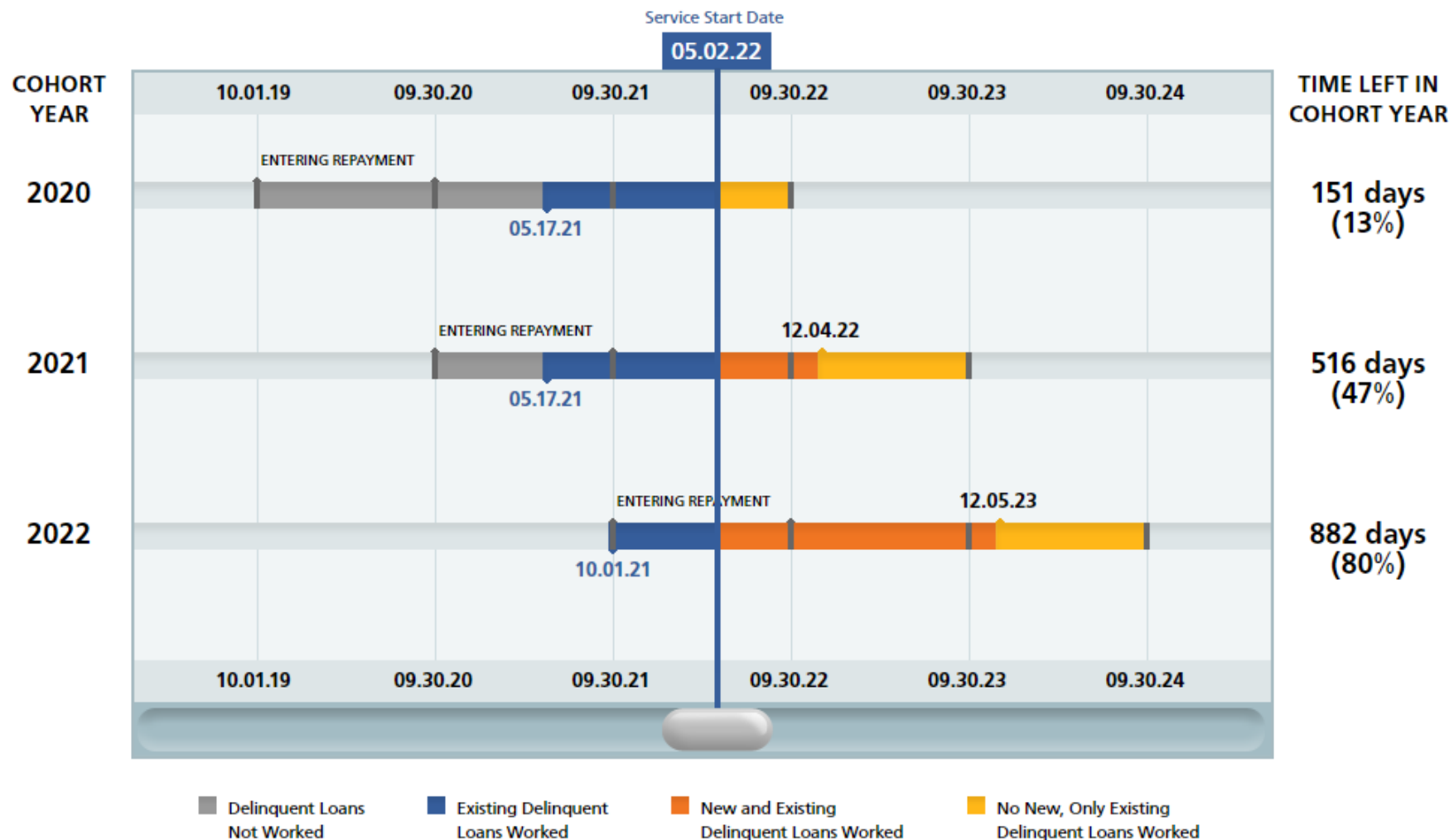


Cohort Year		2019	2020	2021	2022	2023	2024
Repayment	Start Date	10/1/2018	10/1/2019	10/1/2020	10/1/2021	10/1/2022	10/1/2023
	End Date	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024
Default	Start Date	10/1/2018	10/1/2019	10/1/2020	10/1/2021	10/1/2022	10/1/2023
	End Date	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025	9/30/2026
Note 1*	Default Prev. Deadline	12/4/2020	12/4/2021	12/4/2022	12/4/2023	12/4/2024	12/4/2025
Note 2*	Rehabilitation Deadline	1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026
Cohort Rate Release	Draft Rate	Feb 2022	Feb 2023	Feb 2024	Feb 2025	Feb 2026	Feb 2027
	Final Rate	Sep 2022	Sep 2023	Sep 2024	Sep 2025	Sep 2026	Sep 2027

\*Note 1: Latest an account can become 60 days delinquent and still default by the end of the cohort year.

\*Note 2: Latest date in which a repayment plan can be started and the loan be rehabilitated before the end of the cohort year and be removed from the cohort default rate. This assumes nine payments will be made with no gaps.

## COHORT YEAR IMPACT TOOL



Scan with your phone camera to try the tool.  
[Inceptia.org/cdrtool](https://inceptia.org/cdrtool)





# RE-ENTRY TO REPAYMENT

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Strategy for giving students a head start

# SUPPORTING BORROWERS



## Keep in Contact

Answer borrower questions now. It's much easier to help borrowers resume repayment now than during the crunch time.



## Relevant Resources

Help prepare your borrowers for the next step with relevant resources and access to experts.



## Support Each Student Individually

Empathy is important to build student confidence which is necessary to get to the root of the issues.





# OUR SOLUTIONS

## REPAYMENT WELLNESS



Connecting with students to innovatively guide them to repayment success.

### Return to Repayment Outreach

Get your student borrowers back on track to successful repayment and improve your school's default rate

### Repayment Counseling Outreach

Get your student borrowers back on track to successful repayment and improve your school's default rate

### Grace Counseling Outreach

Reach borrowers before they have a chance to become delinquent

# KNOWLEDGEABLE COUNSELORS — ...



Thoughtful & Caring counseling  
Extensive initial training | Ongoing monthly training

“

We wanted to be sure our partnership would be an extension of our overall student service culture. Inceptia not only provided that, but we wouldn't have been able to keep up with the increase in verifications in our past two aid years without them.”

– University of Texas at Tyler

ASSESSMENTS · QUALITY · REQUIREMENTS · REGULATIONS · SERVICE



# RETURN TO REPAYMENT OUTREACH PROGRAM

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- Proactive Outreach to Promote Successful Outcomes
- Extend Personalized Contact
- Empower Borrowers with Information
- Counsel on Next Steps



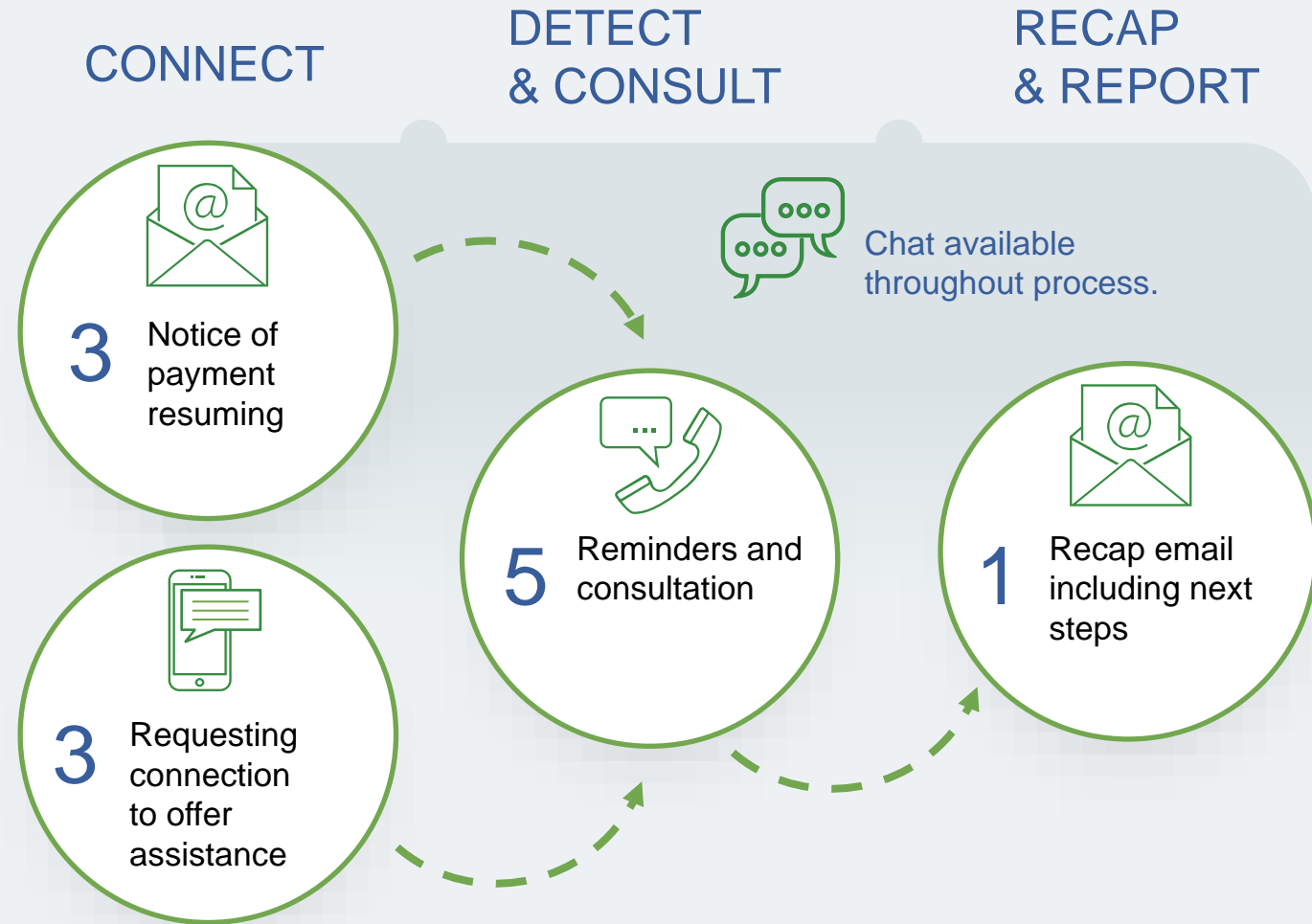
# EMPOWERING BORROWERS THROUGH PROACTIVE COMMUNICATION



## 45-DAY TARGETED OUTREACH



# BORROWER COMMUNICATIONS



# A BETTER BORROWER EXPERIENCE



We want to help you help your borrowers successfully return to repayment with the knowledge they need.



Promote successful return to student loan repayment

Multiple outreach methods

Knowledgeable counselors to answer critical questions

# DATA SECURITY — ...

## PROTECTING STUDENT DATA IS A PRIORITY

- FISMA compliant
- TECH LOCK Certified: Service Provider
- Physical security emphasis
- Authentication process
- Administrator credentials required for system access



# REPAYMENT RESOURCES

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CARES Act CDR Impact Timeline – in GTW Handouts

Cohort Year Impact Tool  
<https://inceptia.org/cdrtool/>

Repayment Wellness Solutions:  
<https://www.inceptia.org/repayment-wellness/>

Exit Counseling & Repayment Toolkit:  
<https://www.inceptia.org/exit-counseling-toolkit/>

# POTENTIAL

## ED ASSISTANCE

- No penalization to student and parent borrowers who miss a payment by automatically placing those borrowers into forbearance and be considered current on their loans for 90 days after the restart
- Direct outreach to certain at-risk borrowers such as those who were delinquent before the COVID-19 pandemic, never graduated from college, or only recently began repaying their loans
- Increased the call center hours of its federal loan servicers
- FSA is also looking at making it easier for millions of borrowers to remain enrolled in income-based repayment programs through self-certification of income and family size over the phone with their loan servicer

Source: [www.politico.com/newsletters/weekly-education/2021/10/18/inside-the-biden-administrations-plan-to-restart-student-loan-payments-798263](https://www.politico.com/newsletters/weekly-education/2021/10/18/inside-the-biden-administrations-plan-to-restart-student-loan-payments-798263)



# WHAT ARE YOUR QUESTIONS?

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# TALK TO US

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