Return to Repayment:
The relief, the precautions, and the preparation.

NDASFAA Conference
April 7, 2022
AGENDA

COVID-19 Borrower Impact
Borrower Challenges
Re-entry to Repayment
Return to Repayment Outreach
COVID-19
BORROWER
IMPACT
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
"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."

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

Creating a unique set of challenges for schools
BORROWER LANDSCAPE

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
Massive Job Loss for Students & Parents
Diligent Repayers Tripped Up by Timing
CHALLENGE #5

Natural Disasters = Hard Time Repaying
In Between Borrowers

CHALLENGE #6
CHALLENGE #7

Long-Term Impact: Students
CHALLENGE #8

Long-Term Impact: School
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<tr>
<th><strong>Cohort Year</strong></th>
<th><strong>2019</strong></th>
<th><strong>2020</strong></th>
<th><strong>2021</strong></th>
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*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.
RE-ENTRY TO REPAYMENT

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
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
RETURN TO REPAYMENT OUTREACH PROGRAM

- 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
1 Recap email including next steps

5 Reminders and consultation

3 Request connection to offer assistance

3 Notice of payment resuming

Chat available throughout process.
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

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/
• 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

WHAT ARE YOUR QUESTIONS?
TALK TO US

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