

## **About American Student Assistance**

American Student Assistance® (ASA) is a nonprofit, federally funded organization whose mission is to help college students and their families successfully manage higher education debt. Through proactive education, guidance, and counseling, we provide borrowers with neutral, personalized federal student loan solutions throughout their entire loan experience.

Established in 1956, ASA® was the first student loan guarantor in the nation. In addition to our debt management services for borrowers, we also serve:

- The U.S. Department of Education (ED), with student loan default prevention and recovery services that save the government and taxpayers millions.
- College financial aid administrators, with default prevention support, training, and regulatory guidance.
- Education loan lenders, with delinquent loan recovery and default prevention services.
- The community as a whole, with general information about borrowing for college.

Based in Boston, ASA:

- Provides service to nearly 1.8 million college loan borrowers nationwide.
- Manages a guarantee loan portfolio worth approximately \$45 billion.
- Employs more than 500 associates nationwide.

## Successful Student Loan Repayment Through Wellness

At American Student Assistance® (ASA), we use our Wellness<sup>SM</sup>, or prevention-first, approach to help families manage student loan repayment. As a result, we have implemented specific outreach programs geared toward students and parents in every stage of college financing. We provide counseling on financial literacy, debt management, and repayment options throughout the entire life of the loan to ensure not only successful loan repayment but also a shining individual credit record and holistic financial health.

Our research shows:

- College graduates who were successfully contacted by ASA with regular debt management and career advice throughout the first 2 years of repayment were half as likely to default.
- Delinquency among students who dropped out before graduation dropped by 56 percent when they were successfully contacted by ASA with customized counseling on their repayment options.
- Defaulted borrowers who received proactive advice and encouragement to bring their loans back to good standing were 50 percent more likely to successfully complete rehabilitation.

Through our proactive Wellness communication initiatives, we give borrowers the information they need when they need it. The results? A significant decrease in borrower delinquency and default. In short, Wellness works.

### Our Default Rates Are Lower

Cohort default rates (CDRs) monitor effectiveness in default prevention. Currently, the CDR measures students who default within 2 years of entering repayment. The most current CDR tracks borrowers whose first loan repayments came due between October 1, 2006, and September 30, 2007, and who defaulted before October 2008.

At 3.7 percent, ASA® posted one of the lowest CDRs among all national student loan service providers—well below the national average of 6.7 percent.

The annual default rate (known in the student loan industry as the “trigger” rate) represents the number of loans in an agency’s portfolio that default in a fiscal year as a percentage of the number of loans in repayment in that same fiscal year. Our trigger rate has beaten the national rate by an average of 38 percent over the past 5 years and exceeded default prevention performance goals set by the U.S. Department of Education.

### We Have More Loans in Good Standing

More than 95 percent of all loans in the ASA portfolio are currently “in good standing,” meaning they are not delinquent.

**We Save Taxpayers Money**

ASA has prevented \$123 million in government-insured Federal Family Education Loan Program (FFELP) defaults since 2001.

## **Serving Our Communities**

American Student Assistance® (ASA) has a public service mission to help the college loan consumers in the communities we serve to make informed decisions regarding higher education financing. We reach the community through public-purpose projects and partnerships with organizations that share our vision for student loan borrower success.

### **Neighborhood Advising Centers**

Through a partnership with the Boston Public Library and The Education Resources Institute (TERI), ASA® provides free college and financial aid counseling at four satellite advising centers in Boston's neighborhoods. We've also teamed up with Massachusetts Educational Opportunity Centers (EOCs) to provide customized, face-to-face counseling to student loan borrowers from all walks of life. Federally funded EOCs provide free career, academic, financial aid, and referral services to 8,000 low income Massachusetts residents annually at convenient locations across the state.

### **Education for the Community**

Reach4Success joined forces with ASA in the District of Columbia to create the innovative "Train the Trainer" program. This initiative informs guidance counselors, church group leaders, and other members of the education community about the financial aid process, so they can pass their knowledge on to the families they serve.

### **Education for High School Guidance Counselors and College Access Professionals**

National Training for Counselors and Mentors (NT4CM) is a U.S. Department of Education (ED)-sponsored initiative that provides free training, resources, and tools for counselors and mentors working with students and families who need help accessing financial aid for college. ASA facilitates the NT4CM programs in Massachusetts and the District of Columbia.

### **Media Outreach**

ASA contributes a monthly student loan advice column to the *Boston Metro* and *Washington Post Express* newspapers, answering readers' questions about student loan consolidation, interest rates, and repayment options.

## **American Student Assistance Is Leading the Way**

American Student Assistance<sup>®</sup> (ASA) is a nonprofit organization that helps college students and their families manage higher education debt successfully. We provide education and encouragement to student loan borrowers throughout their entire loan experience.

### **A leading student loan services provider since 1956, we have:**

- Assisted and counseled more than 3.2 million borrowers.
- Saved the federal government and taxpayers more than \$123 million since 2001, through student loan default prevention.
- Conducted more than 250 training workshops annually for financial aid professionals.
- Published more than 100 student loan advice columns since 2004 in Boston and District of Columbia commuter newspapers.

### **We were the first:**

- Student loan guarantor in the nation.
- Student loan guarantor to adopt a business model that centers on proactively preventing student loan default.
- To offer loan disbursement to schools via electronic funds transfer.
- To offer Windows-based school software products to support the Federal Family Education Loan Program (FFELP).
- To develop a comprehensive client-server, life-of-the-loan processing system.

### **Today we:**

- Are a leading advocate for reforming the federal student loan program to include a borrower entitlement to debt management and financial literacy counseling.
- Serve nearly 2 million borrowers nationwide.
- Have one of the lowest default rates of any student loan service provider at 3.7 percent—the national average is 6.7 percent.
- Manage a portfolio worth more than \$46 billion.
- Employ more than 500 associates nationwide.

### **We partner with:**

- U.S. Department of Education (ED).
- Higher education institutions.
- Education loan lenders.
- Servicers.
- Local communities and college access organizations.

### **We function as:**

- A public service provider of financial literacy education.
- A counselor for student loan borrowers throughout the life of the loan.
- A trusted ally in championing pro-borrower positions throughout the industry.
- A consultant and strategic partner for school financial aid officers as they manage federal student loan programs.

## Frequently Asked Questions

### ***Who is American Student Assistance® (ASA) and what do you do?***

We are a nonprofit organization based in Boston that helps students and families manage higher education debt. Our services include counseling about repayment options, information, and support throughout the life of the loan.

### ***As they prepare to leave school, what should college students know about repaying their student loans?***

Graduation can be a hectic time—it is important to hold on to all student loan paperwork for future reference. Also, before leaving school, students are required to participate in an exit interview where they learn:

- How much they owe.
- Their projected monthly payment amounts.
- Where to make their payments.
- Their various repayment options.

### ***When do students have to start repaying their loans?***

For most federal student loans, there is a 6-month grace period from the time they drop below half-time status to the time they must start making payments on their loans.

### ***Do students have different repayment options?***

Federal student loans offer many flexible repayment options, including standard 10-year, graduated, income-sensitive, income-based, and extended repayment schedules, consolidation, and more.

### ***What if someone cannot afford to make their payments?***

If a borrower meets certain criteria, such as being in school at least half-time, being unemployed, or experiencing some sort of economic hardship, payments can be postponed for specific amounts of time through deferment or forbearance. Borrowers can contact their student loan providers or servicers for a complete listing of available deferment and forbearance options.

The important thing to remember is that there are options—federal education loans allow for much more flexibility than traditional consumer debt. However, borrowers must be proactive in letting their servicer know when they are in trouble.

### ***Why is on-time student loan repayment so important?***

It is the first step to building good credit, which is the key to a healthy financial future. Without good credit, it can be difficult—and sometimes impossible—to buy a home or a car and, in some cases, even get a job.

### ***How does ASA® fit into the repayment process—what do you offer borrowers?***

Fitting a student loan payment into a monthly budget that includes rent, utilities, food, transportation, etc. can be a huge challenge. In fact, many people with education loan debt today say their student loans are delaying them from making other major purchases, such as a house or car, or even influencing what career they pursue after college. Our mission is to help borrowers successfully manage their education debt. We

do this by giving student loan borrowers the right information at the right time. We currently work with many colleges across the nation to educate students on loan repayment and financial literacy skills.

***What does “the right information at the right time” mean?***

To ensure that our messages have the most impact, we target our communication to our audience’s stage of life. For example, graduation is a busy time of year—students may not be thinking about their student loans. When a college’s financial aid office partners with us for its federal loans, we reach out to their graduates with a series of communications around personal finance, jobs, budgeting, repayment, and more for the first 2 years after they leave school. By delivering the message about repayment when borrowers are most open to receiving it, we can positively impact their repayment experience. Often, borrowers get into repayment trouble with their student loans because they simply do not have the information they need to make wise choices, or they do not completely understand all of their options. We want to make sure that no one defaults on a student loan just because they didn’t know there was an alternative.

***Default is a scary word. What does it mean?***

For student loans, default is when the borrower’s payments become more than 9 months past due. After a loan defaults, the total balance becomes due in full immediately and the default goes on the borrower’s credit record. Default also results in the borrower’s loss of eligibility for additional federal student aid and possibly even wage garnishment or withholding of the borrower’s tax refund.

***Does ASA offer any services to people after they default?***

Even when people default, they still have an opportunity to get back on track. There is a federal program called rehabilitation that allows borrowers to make 9 months of on-time payments and return their loans to good standing.

ASA also works to prevent default by working with colleges to identify students who are most at risk. For example, statistics show that students who withdraw before graduation often have the most trouble repaying their loans. Even when students withdraw early, they must repay their student loans. We use targeted communication to make contact with these borrowers as soon as they withdraw. Before repayment problems can occur, we give them the information, support, and encouragement they need as they examine their options and decide on the best course of action for them.

***What should high school students and parents be thinking about when it comes to borrowing for college?***

Borrowing for college can truly be one of the best investments they can make, but students and families need to make wise choices. It is important that they know what they are getting into. Research projected monthly payments, interest rates, and repayment terms before accepting any loan. Think about the long-term ramifications of borrowing—the average debt for a graduate of a private college is now nearly \$25,000, and at public institutions it’s nearly \$20,000. That does not include graduate school. Students and their families need to ask themselves if they are prepared to make that commitment.

They should always look into grants and scholarships first, and remember there are plenty of free resources available to answer their questions—including our website, [www.asa.org](http://www.asa.org), the financial aid office at the college, guidance counselors, and the local library. Additionally, The Education Resource Institute (TERI) College Access in Massachusetts and Reach4Success in the District of Columbia sponsor information centers in these communities and usually offer walk-in service.

## **Available for Interview**

### **Paul Combe President and CEO**

Paul Combe came to American Student Assistance® (ASA) in 1996 and has led a process of strategic change and renewal that refocused the organization and positioned it as an industry leader in higher education debt management.

Throughout his tenure, Paul has been a strong advocate for guarantor agency reform within the Federal Family Education Loan Program (FFELP) and is a founding member of the National Association of Student Loan Administrators (NASLA). Under his direction, ASA® refined its vision and mission to align with its public purpose of helping student loan borrowers manage higher education debt. Simply put, the organization has carved out a new role for the guarantor, one that centers its activities on proactively ensuring the financial wellness of the borrowers in its portfolio, rather than the traditional guarantor model of reinsurance and debt collection.

Paul received his Bachelor of Arts and Master of Education from Framingham State College. He has spoken at numerous local and national industry events and conferences and has addressed members of the U.S. Congress on making student debt more manageable.

## **Available for Interview**

**Allesandra Lanza**  
**Corporate Public Relations Manager**  
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Allesandra Lanza oversees the media relations and corporate image at American Student Assistance® (ASA)

She has 15 years of experience at ASA®. During her tenure, Allesandra has:

- Answered borrowers' questions about federal loans.
- Conducted on-campus loan counseling sessions for students as they enter and exit school.
- Written numerous communications for borrowers about loan repayment, debt management, budgeting, and more.

Allesandra sits on the editorial board of the *Student Aid Transcript* for the National Association of Student Financial Aid Administrators. She has previously been a member of the Massachusetts Association of Student Financial Aid Administrators (MASFAA), serving as newsletter co-chair from 2002 to 2004. She holds a bachelor's degree in journalism from Boston University.