

# Responding to Students' Changing Needs





Christine L. Hensley, Board Chair

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## Message from the Board Chair

As I complete my second year as chair of the Iowa Student Loan® board of directors, I reflect on all that has been accomplished and what's left to be done.

I look to our customers when making this reflection, and what I've learned is that their needs can change quickly — whether it's due to external factors like national economic woes and rising college tuition costs or a person's individual circumstances.

I am thankful for my fellow board members who are experts in their respective backgrounds, including higher education and banking and finance. We also have a devoted staff with decades of experience in helping borrowers obtain the resources they need to succeed. This combination of skills has allowed our organization to quickly identify students' and families' needs and to be acutely responsive.

For example, you'll see that we increased our financial literacy efforts and support in 2013 by introducing a scholarship for Iowa high school seniors and a new online tool that helps students evaluate their return on college investment, or ROI. We accomplished these new initiatives while continuing to maintain more than 345 local jobs and provide top-notch customer service to our Iowa borrowers and our nearly 500,000 federal loan borrowers from across the country.

In addition, much effort was spent addressing the challenges we face to maintain our federal loan servicing contract. Due to pending federal issues, as of publication, this loan servicing work and the nearly 100 additional jobs it has created for Iowans are at risk. We are hopeful that with the help of our Iowa congressional delegation and other policymakers, we can overcome these obstacles and expand our customer service to federal borrowers and our employee base.

Whether it's providing customer service, supplemental student loans or financial literacy programs — we know we can do more. It seems the phenomenon of rising college costs combined with declining financial assistance will not end anytime soon. This means there is more work to do, especially in helping families make wise college funding decisions, so that their student's education is a true step forward rather than a future financial impediment.

In looking to the future, I'm excited to see how our responsive nature brings about new solutions for Iowans. I hope you enjoy reading this Year in Review report and what we've accomplished in 2013, and I look forward to your support in addressing the postsecondary education issues that lie ahead.

Christine L. Hensley  
Chair of the Iowa Student Loan Board of Directors

# Executive Summary

People expect a student loan company that provides quality customer service to be responsive to its borrowers. As a nonprofit organization also charged with providing lowans the resources they need to succeed in college, our responsiveness reaches way beyond our borrowers and supplying student loans.

Adapting to meet Iowa students' and families' needs has taken many forms over our nearly 35-year history. During that time, we have come to understand the many factors that can impact the pursuit of a college education, and we have come to anticipate and respond by providing assistance to meet the needs of lowans seeking to further their education and training.

In this Year in Review, which fulfills the annual report requirement outlined in state statute, we highlight our nonprofit organization's efforts in 2013 and how they addressed lowans' expressed needs. In 2013, lowans asked for:

- ▶ **Resources to help avoid high college debt.** We responded by developing new tools that help college students discover how to maximize their return on college investment, or ROCI. The ROCI Tool and ROCI Reality Check online resources were launched, and we continued to promote our Student Loan Game Plan<sup>SM</sup> tutorial.
- ▶ **Financial literacy for school-aged students.** In response, we worked with our educational organization partners to continue the Iowa Financial Know-How Challenge for Iowa high schools and launched a new scholarship program for Iowa high school seniors. In addition, we continued to provide free financial literacy curriculum to middle schools and contributed more than \$1.2 million to support free college planning services across the state.
- ▶ **Financing options to pay for college.** We maintained our supplemental private loan options with upfront, transparent rates and terms. We also partnered with Iowa-area banks, credit unions and colleges and universities to create more funding options to meet the specific needs of students.
- ▶ **Support for workers in critical fields.** We continued to provide nurse educator and new teacher grants, loan forgiveness and interest rate reductions to lowans who help fill critical jobs in our state. In 2013, we expanded our outreach to Iowa's service members by helping to sponsor the Military and Veterans State Conference.
- ▶ **Assistance for borrowers repaying loans.** A great deal of our time and effort is focused on how we communicate with borrowers. We continued providing borrowers with in-school communications, a variety of effective repayment assistance options and career resources. In addition, in 2013, we conducted 67 financial literacy presentations at Iowa colleges.

In 2013, we also worked hard to maintain and expand the federal student loan servicing work we began in 2012 and the nearly 100 jobs it helped create. Since we became a federal contractor on behalf of the U.S. Department of Education, we have devoted a tremendous amount of resources to ensure that we provide borrowers from across the country with the same quality customer service lowans have come to expect from us. However, as of publication, pending federal issues make the future of this quality service and the local jobs it has created uncertain. We hope that in 2014 our federal loan servicing work continues, so that we have the revenues to expand the previously mentioned programs and services, as well as local employment in Iowa.

Circumstances change, but our mission — which is the driving force behind how we respond to change — will remain the same. We will always put first our mission to help Iowa students achieve their postsecondary education goals.

**Mission** To help Iowa students and families obtain the resources necessary to succeed in postsecondary education.

**Nonprofit Purpose** Iowa Student Loan is a private, nonprofit corporation that has no shareholders and pays no dividends. Instead, Iowa Student Loan reinvests excess revenues over ongoing operations and expenses, beyond the funding of required and appropriate reserves, to benefit Iowa students and the people of Iowa in ways consistent with its mission. For tax purposes, Iowa Student Loan is a tax-exempt educational organization under section 501(c)(3) of the federal Internal Revenue Code.

# Resources to Help Avoid High College Debt

## Our Response

- ▶ Return on College Investment
- ▶ ROCI Tool
- ▶ ROCI Reality Check
- ▶ Student Loan Game Plan

Stories of recent college graduates living in their parents' basements after graduating college with unmanageable amounts of student loan debt are commonly told in the news. These stories hit home because Iowa continues to rank in the top 10 states whose college students graduate with the highest student loan debt. We have always dedicated ourselves to finding ways to help students make responsible borrowing decisions. That's why, since 2010, we have devoted a tremendous amount of research and development hours to produce the following financial literacy tools to aid Iowans' college success.

## Return on College Investment

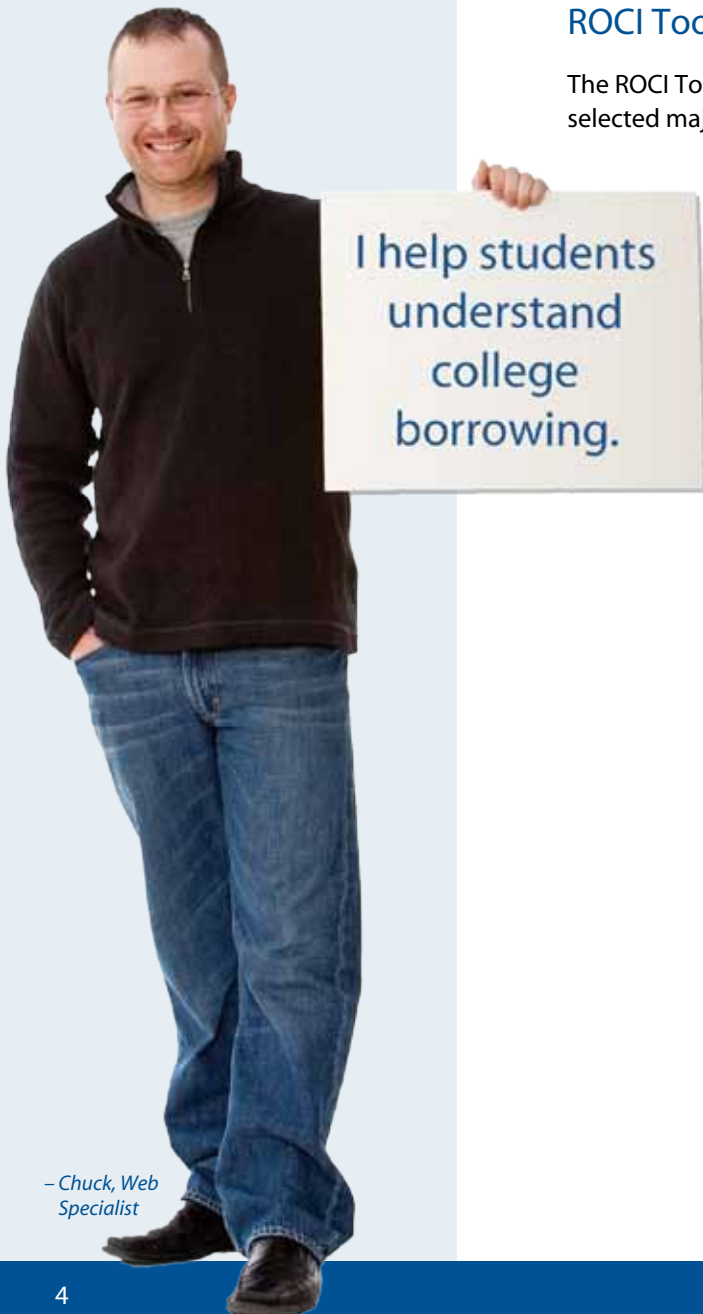
In late 2013, we announced new resources to help college students discover how to maximize their return on college investment — or ROCI — through the ROCI Tool and ROCI Reality Check. Both of these online resources are free and available to anyone at [www.studentloan.org](http://www.studentloan.org).

## ROCI Tool

The ROCI Tool allows users to see the most common jobs held by graduates of a selected major. Students sort and compare results to help determine their ROCI.

- ▶ The Career Track designation indicates whether each position is closely tied to the student's chosen major.
- ▶ Approximate starting salaries set realistic expectations and a guideline for maximum student borrowing.
- ▶ The proportion of graduates currently in the job shows the percentage of graduates with the chosen major currently working in each career.
- ▶ The probability of obtaining the job indicates whether opportunities are likely to be available to current students when they graduate.
- ▶ The projected number of jobs needed by year 2020 helps students fine-tune career choices within a major.

Explore the ROCI Reality Check at [www.studentloan.org/ROCIRealityCheck](http://www.studentloan.org/ROCIRealityCheck)



– Chuck, Web Specialist

## ROCI Reality Check

The ROCI Reality Check is a full-fledged tutorial with additional features that complement the ROCI Tool and help college students prepare for a financially beneficial career path.

- ▶ Before and after quizzes measure students' understanding of their major choice, career interests and student loan debt.
- ▶ A focus on financial return helps put in perspective the possible outcome for a student's investment of time, money and effort in college.
- ▶ Expanded job information is provided through links to the U.S. Bureau of Labor Statistics.
- ▶ How-to tips and a custom action plan help students understand what they can do to improve their chances in the job market.
- ▶ Links to resources about borrowing for college and career planning let students explore more tools.

The "Career Track" designation indicates whether the position is closely tied to the chosen major.

Approximate starting salary also indicates a suggested maximum student loan debt level.

Proportion of graduates currently in the job shows the percentage of graduates with the chosen major currently working in each career.

| Job Title <sup>2</sup>  | Career Track <sup>3</sup> | Probability of Getting this Job <sup>4</sup> | Starting Salary <sup>5</sup> (Maximum Amount to Borrow <sup>6</sup> ) | New Jobs Needed Nationally by 2020 <sup>7</sup> | Proportion of Graduates with This Job <sup>8</sup> |
|---|---------------------------|--|---|---|--|
| <a href="#">Accountants and Auditors</a>  | Yes                       | Above Average                                | \$35,638  | 190,700   | 39.8 %   |
| <a href="#">Financial Managers</a>  | Yes                       | Above Average                                | \$37,675  | 46,300  | 5.1 %  |
| <a href="#">Bookkeeping, Accounting, and Auditing Clerks</a>                        | Yes                       | Above Average                                | \$21,383  | 259,100   | 2.3 %  |
| <a href="#">Retail Salespersons</a>   | No                        | Average                                      | \$19,092  | 706,800   | 1.4 %  |
| <a href="#">First-Line Supervisors of Retail Sales Workers</a>                      | No                        | Average                                      | \$23,419  | 136,000   | 1.4 %  |
| <a href="#">Management Analysts</a>   | Yes                       | Average                                      | \$40,729  | 157,200   | 1.3 %  |
| <a href="#">First-Line Supervisors of Office and Administrative Support Workers</a> | No                        | Above Average                                | \$30,547  | 203,400   | 1.3 %  |
| <a href="#">Tax Preparers</a>   | Yes                       | Above Average                                | \$16,292  | 8,000   | 1.3 %  |
| <a href="#">Personal Financial Advisors</a>   | Yes                       | Above Average                                | \$40,729  | 66,400  | 1.1 %  |
| <a href="#">Elementary and Middle School Teachers</a>                               | No                        | Below Average                                | \$30,547  | 358,300   | 1.1 %  |

The probability of obtaining the job indicates whether opportunities are likely to be available to current students when they graduate.

The projected number of jobs needed by year 2020 helps students fine-tune career choices within a major.

## Student Loan Game Plan: A Tailored Version for Every Audience

Student Loan Game Plan offers several versions to appeal to different audiences, including the:

- ▶ **Applicant's Guide to Successful Borrowing** for applicants of supplemental private student loans we own or service.
- ▶ **Cosigner's Guide to Successful Borrowing** for cosigners of supplemental private student loans we own or service. Cosigners see ways to help their students reduce the need to borrow and learn how to counsel them through decisions from everyday purchases to career and financial planning.
- ▶ **High School Student's Guide to Borrowing for College** for high school students who have not yet borrowed for college and may not have selected a major. More general information allows them to plan ahead before they have the need to borrow.
- ▶ **Student's Basic Guide to Successful Borrowing** for the general public at [www.studentloan.org](http://www.studentloan.org).

## How We Help Schools Use The Tool

We offer colleges and universities a Student Loan Game Plan reporting feature that provides valuable information to financial aid officers. Some institutions require students to experience the tutorial, regardless of whether the student plans to borrow from us or one of our serviced lenders.

Students may choose to share the information they provide in Student Loan Game Plan with their school. Financial aid officers can then access a report to monitor completion rates at their school.

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“Overall, Student Loan Game Plan was very helpful because now I understand the impact borrowing can have on my lifestyle, as well as ways to make the most of my money during college.”

— A private student loan applicant

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## Student Loan Game Plan

Student Loan Game Plan is a groundbreaking financial literacy tool we created in 2010 as another way to serve students and families. This interactive online educational resource is intended to help reduce student indebtedness by educating students about responsible borrowing decisions and providing customized action plans.

Users of Student Loan Game Plan experience:

- ▶ A true-life story from an actual borrower.
- ▶ Potential problems caused by overborrowing.
- ▶ Customized estimated salary information based on borrowers' majors.
- ▶ Estimated total student loan payment amounts based on past, current and future borrowing.
- ▶ An estimated student loan debt-to-income ratio based on the borrower's information, compared to recommended ratios from U.S. Department of Education regulations.
- ▶ A warning that student loans are a serious financial obligation that must be repaid.
- ▶ A sample monthly budget based on the borrower's anticipated starting salary and national-average expenses, including student loan payments.
- ▶ A variety of strategies to reduce the need for student loans.
- ▶ A customizable and printable action plan to reduce overall borrowing.
- ▶ The ability to lower the requested loan amount in Iowa Student Loan online private student loan applications.

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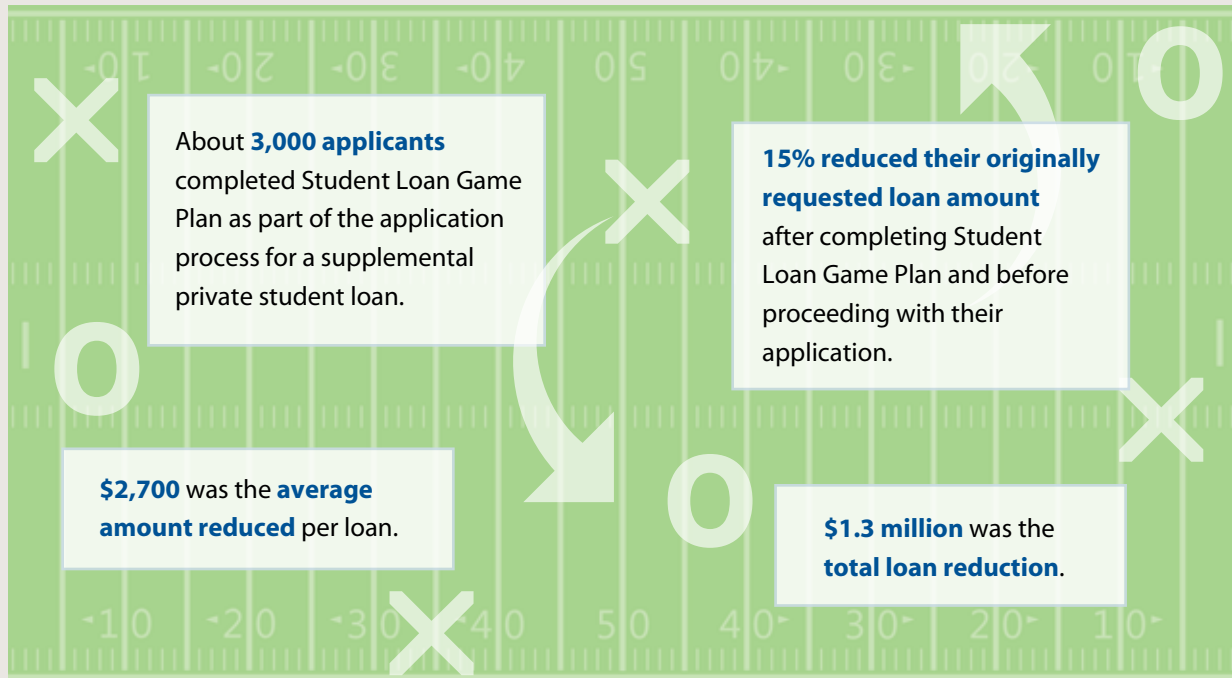
“I went in with the attitude ‘It won't happen to me’ and after going over some of the tables and visually seeing everything, I was able to think about my future and make a smarter choice.”

— A private student loan applicant

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## Impressive Results

The success of Student Loan Game Plan is clear from the results of the program and its accompanying survey. The following results are based on applicants who completed Student Loan Game Plan between July 2012 and November 2013.



In the user survey about the effectiveness of Student Loan Game Plan:

- ▶ **93% agreed** that the experience helped them understand how borrowing today affects their future.
- ▶ **91% agreed** that the experience provided one or more actionable ideas on how to reduce the amount they borrow.

} Check out Student Loan Game Plan at [www.studentloan.org/GamePlan](http://www.studentloan.org/GamePlan)

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“Awesome effort! This is exactly the information I’ve been trying to impart to my college-bound child. I especially like the emphasis on living frugally during the years before embarking on a career. This scenario-builder makes a great case and provides relevant, valuable suggestions.”

— A parent/cosigner applicant for a private student loan

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# Financial Literacy for School-Aged Students

## Our Response

- ▶ Iowa Financial Know-How Challenge and Senior Scholarship
- ▶ YouthBizCentral Entrepreneurship Curriculum
- ▶ 'It's Worth It' Middle School Curriculum
- ▶ Support for Free College Planning Services



More than a decade ago, we heard the call for additional financial literacy and college planning resources, so we created the Iowa College Access Network (ICAN). We have continued these efforts by adding financial literacy resources at various educational levels for Iowa students. In 2013, we promoted financial literacy through scholarships, a cash prize drawing, free curriculum and online tools, and financial support of other organizations.

## Iowa Financial Know-How Challenge

For the past three years, we have partnered with other educational organizations in Iowa to bring awareness to financial literacy concepts among high school administrators, teachers and students. In 2012 and 2013, this initiative took form as the Iowa Financial Know-How Challenge.

In the spring semester of 2013, we worked with the Iowa Department of Education, the Iowa Jump\$tart Coalition, Junior Achievement of Central Iowa and ICAN to offer 30 cash prizes, each worth \$1,000, to Iowa high schools that used the Student Loan Game Plan financial literacy tutorial in their classrooms. Forty-four Iowa high schools participated in the Challenge, and nearly 1,200 Iowa high school students learned what they could do in high school to reduce their need to borrow for college. Thirty of the participating schools were selected in a random drawing to receive \$1,000 each to benefit their financial literacy programs and scholarship fund.

The Challenge for the 2013 – 2014 school year centers on a financial literacy skills assessment test created and administered by Ednalysis, an Iowa educational research company. The assessment test allows teachers and administrators to determine how well their students understand essential financial literacy skills in five key areas:

- ▶ Achieving Financial Goals
- ▶ Managing Money Effectively
- ▶ Debt Decision-Making
- ▶ Investment and Asset Building
- ▶ Legal and Ethical Financial Behavior

High schools that register and have students take the assessment test by Jan. 31, 2014, will be entered in this year's drawing for the 30 cash prizes of \$1,000 each.

## Iowa Financial Know-How Challenge: Senior Scholarship

The Ednalysis assessment test also plays an integral role in a new facet for the 2013 – 2014 Challenge — a senior scholarship. In 2014, we will award 20 scholarships of \$1,500 each to college-bound Iowa high school seniors. To qualify, registered seniors must complete the Student Loan Game Plan and ROCI Reality Check financial literacy tutorials as well as the Ednalysis assessment test. Seniors who score among the top 20 on the Ednalysis assessment test will each receive a \$1,500 scholarship for use at their college of choice.



## 2013 Iowa Financial Know-How Challenge Winners

These 30 high schools received \$1,000 each to benefit their school's financial literacy programs and scholarship fund.

| School Name                   | City         |
|-------------------------------|--------------|
| Alburnett High School         | Alburnett    |
| Ames High School              | Ames         |
| Bellevue High School          | Bellevue     |
| Camanche High School          | Camanche     |
| Centerville High School       | Centerville  |
| Central City High School      | Central City |
| Central Community High School | Elkader      |
| Central High School           | DeWitt       |
| Davis County High School      | Bloomfield   |
| Decorah High School           | Decorah      |
| Denver High School            | Denver       |
| Hempstead High School         | Dubuque      |
| Humboldt High School          | Humboldt     |
| IKM-Manning High School       | Manning      |
| Independence High School      | Independence |

| School Name                    | City            |
|--------------------------------|-----------------|
| Kingsley-Pierson High School   | Kingsley        |
| Marquette High School          | Bellevue        |
| Marshalltown High School       | Marshalltown    |
| Mid-Prairie High School        | Wellman         |
| Moravia High School            | Moravia         |
| North High School              | Sioux City      |
| Northeast Hamilton High School | Blairsburg      |
| OA-BCIG High School            | Ida Grove       |
| Pleasant Valley High School    | Riverdale       |
| Prairie High School            | Cedar Rapids    |
| River Valley High School       | Correctionville |
| Sioux Central High School      | Sioux Rapids    |
| Southeast Polk High School     | Pleasant Hill   |
| Thomas Jefferson High School   | Council Bluffs  |
| West Marshall High School      | State Center    |

## YouthBizCentral Entrepreneurship Curriculum

New in 2013 was our financial support of the YouthBizCentral program, created by the Jacobson Institute for Youth Entrepreneurship at the University of Iowa. YouthBizCentral is a comprehensive online entrepreneurship curriculum that teaches high school students the entrepreneurial mindset. Through Iowa Student Loan's financial support, Iowa high schools were able to access the program's entrepreneurship curriculum at a reduced price. As of Dec. 31, 2013, 153 Iowa educators had signed up to use YouthBizCentral during the 2013 – 2014 school year, reaching more than 1,000 high school students. It is estimated that YouthBizCentral is being taught in 45% of Iowa high school business classes.

## 'It's Worth It' Middle School Curriculum

In 2012, Iowa Student Loan and ICAN developed a free online curriculum for middle schoolers that aligns with the Iowa Core and the U.S. Department of the Treasury's core concepts for financial literacy. All materials are easy to personalize and use without extra staff training or funding. The curriculum has been officially adopted by Des Moines Public Schools and downloaded more than 260 times by teachers across the state.

## Support for Free College Planning Services

We support the goals of ICAN, which are to help Iowa's high school and college students plan for, apply to, pay for and succeed in college. ICAN, a former division of Iowa Student Loan, became an independent nonprofit 501(c)(3) educational organization in 2009, but we continue to be its lead financial supporter. In fiscal year 2013, we contributed more than \$1.2 million in cash and in-kind donations of accounting, human resources and communications services. This support allowed ICAN to provide approximately 450,000 people between July 2012 and June 2013 with free resources, programs and services through:

- ▶ More than 1,200 college planning, financial aid, money management and academic success presentations, typically delivered on-site in 99% of Iowa's high schools.
- ▶ Assistance for more than 5,000 students and parents completing and filing the Free Application for Federal Student Aid (FAFSA).
- ▶ More than 5,000 in-person appointments with ICAN representatives.
- ▶ More than 12,000 over-the-phone assistance requests.
- ▶ E-newsletters sent to more than 200,000 recipients.

Our support helped  
450,000 Iowans  
receive free college  
planning services in  
fiscal year 2013

# Financing Options to Pay for College

## Our Response

- ▶ Partnership Loan
- ▶ Iowa Alliance Loan
- ▶ Additional Supplemental Loan Options



– Marsha, Director,  
Lender and School Services

At Iowa Student Loan, we strive to set our loan options apart — through unique practices and loan features — from those offered by large for-profit private loan providers. Our private student loans offer upfront, transparent rates and terms. In addition to offering the Partnership Advance Education Loan® (Partnership Loan), we partner with several Iowa-area banks, credit unions and colleges and universities to develop additional funding options to meet the specific needs of students.

## Partnership Loan

Our supplemental private loan program, the Partnership Loan, offers a variety of options to meet students' and families' individual needs. It features a single set of eligibility and credit criteria that is disclosed to students and their cosigners before they complete the application. Borrowers also choose from four options that feature:

- ▶ Variable and fixed interest rates.
- ▶ 0% or 4% origination fees.
- ▶ Required in-school interest payments or deferred repayment.

With this variety of options, students and their families can choose an arrangement that works best for their personal financial situation. The interest rate is not determined by the borrowers' or cosigners' credit.

In 2013, Iowa Student Loan continued to allow Partnership Loan borrowers to release cosigners from their obligations once 48 consecutive, on-time principal and interest payments are made, as long as the borrower meets the underwriting and credit criteria at the time the cosigner release is requested. This feature helps students who need a cosigner when they're younger to qualify for a private loan, and it then benefits the cosigner once the borrower is successfully repaying his or her loan. We also reduce the interest rate on Partnership Loans by 0.25% when borrowers sign up for automatic payment withdrawal, which helps ensure timely payments.

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“As a cosigner for my daughter, I applied for a national lender’s student loan and received a rate much higher than advertised. With my high FICO score and industry knowledge, I had expected to receive the lowest rate. Fortunately, I learned about the Partnership Loan and went with it instead.”

— B. Sullivan, An Iowa banker

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## Iowa Alliance Loan

For college students who need additional funding but who lack cosigners, we offer a unique funding option — the Iowa Alliance Private Student Loan Program<sup>SM</sup> (Iowa Alliance Loan). For the sixth academic year, this no-cosigner loan has been critical for students who have exhausted all other assistance options and who could not continue their education without this necessary funding.

We created the Iowa Alliance Loan to help students and families who were affected by the 2008 national credit crisis and its lasting economic impacts. However, as the economy continues to improve and other lending options become available, fewer students will need our Iowa Alliance Loan. Because of this, it was announced in 2013 that the program would be phased out and end following the 2015 – 2016 academic year. The phaseout plan is meant to continue providing the Iowa Alliance Loan to students who are already using the program as they complete their undergraduate years.

The Iowa Alliance Loan features transparent terms and has limited underwriting criteria, allowing most college students to qualify on their own. The program requires college and university financial aid officers to verify that applicants have been denied a private student loan requiring a cosigner. This action helps ensure that students are applying for the best supplemental option available to them.

And to encourage responsible repayment, we began in the 2013 – 2014 school year to offer Iowa Alliance Loan borrowers the opportunity to earn a 1.00% interest rate reduction after they make the first 24 consecutive monthly principal and interest payments on time.



## Additional Supplemental Loan Options

We remain dedicated to working with lenders in Iowa and surrounding states to offer students additional supplemental loan options with transparent and competitive terms. The majority of these lenders offer both cosigner and no-cosigner loan options and now also offer loans that require in-school interest-only payments to reduce the amount students will have to repay over the life of the loan.

Iowa Student Loan provided private loan customer service to the following lenders in 2013:

- ▶ Alliant Credit Union and Health Services Credit Union, Dubuque
- ▶ American State Bank, Sioux Center
- ▶ Ascentra Credit Union, Bettendorf
- ▶ Capitol View Credit Union, Des Moines
- ▶ Dupaco Community Credit Union, Dubuque
- ▶ The Family Credit Union, Davenport
- ▶ Premier Credit Union, Des Moines
- ▶ Veridian Credit Union, Waterloo

In addition, in 2013, we began working directly with colleges and universities to offer unique supplemental loan programs designed for their students. Iowa Student Loan worked with Clarke University and Grand View University to provide no-cosigner loan options similar to the Iowa Alliance Loan for their students most in need of funding to continue their education.

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“I am always very satisfied with the level of professionalism and courtesy of Iowa Student Loan’s representatives. They always try to do what they can to best service my needs. There is a minimal wait time and it is very easy to contact a live person directly.”

— A student loan borrower

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# Support for Workers in Critical Fields

## Our Response

- ▶ Nurse Educator and New Teacher Grants
- ▶ Loan Forgiveness Programs
- ▶ Armed Forces Interest Reduction Program
- ▶ Military and Veterans State Conference
- ▶ Support for Free College Planning Services



– Matt, Communications, Program and Research Liaison  
– Deb, Claims Specialist

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“This is a wonderful benefit for Iowa nurse educators. We are required to further our education with advanced degrees and many people simply cannot afford it.”

— A nurse educator grant recipient

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As a nonprofit, Iowa Student Loan reinvests in the futures of Iowans giving back to our community in various ways. We grow local employment, create financial literacy initiatives and provide grants, loan forgiveness and interest reduction for those who use their postsecondary education to improve the lives of others. In recent years, Iowa Student Loan has set aside millions of dollars to fulfill these efforts.

## Nurse Educator and New Teacher Grants

We recognize nurse education students and new teachers through grant programs designed to help these individuals fill need areas in Iowa.



- ▶ As of Dec. 31, 2013, 100 graduate-level nurse education students who provide nursing instruction received more than \$525,000 in Nurse Educator Grant funds.
- ▶ An additional \$50,000 – \$60,000 is anticipated to be awarded before June 30, 2014.



- ▶ More than \$925,000 has been awarded to 564 first-year teachers in state-designated subject shortage areas as of Dec. 31, 2013.
- ▶ These teachers work in 83 of Iowa’s 99 counties.

## Loan Forgiveness Programs

Nurses and teachers who enter specified shortage areas and were accepted into our loan forgiveness programs before 2010 also continue to receive loan forgiveness benefits. Although we no longer accept new applications for these programs, forgiveness will continue to be awarded through 2016 to participants already accepted into the programs.

## Armed Forces Interest Reduction Program

We also recognize the important role of U.S. military service members. As these heroes serve in wartime efforts, an Iowa Student Loan program helps ease their worries at home. The Iowa Student Loan Armed Forces Interest Reduction Program reduces interest on private student loans for service members entering federal active duty on or before June 30, 2015.



▶ As of Dec. 31, 2013, more than \$575,000 in student loan interest had been forgiven on nearly 650 service members' student loans in current repayment.

The program recognizes service members who are or have been deployed for wartime efforts since Sept. 11, 2001, by reducing interest to 0% on their non-defaulted private loans owned by Iowa Student Loan. The interest rate reduction is good for up to 24 months. It also means one less thing for service members and their families to worry about during active military duty.

## Military and Veterans State Conference

In 2013, we expanded our outreach to service members by helping to sponsor the fourth annual Military and Veterans State Conference, which was held in September at the University of Northern Iowa. More than 200 people attended the conference that provided a forum for educating the Iowa community on the military culture and the diversity service members bring to college campuses.

Conference attendees received information on Iowa Student Loan services and programs, including our interest reduction program, online educational tools and loan repayment assistance.

## Support for Free College Planning Services

In fiscal year 2013, Iowa Student Loan contributed more than \$1.2 million in cash and in-kind donations of accounting, human resources and communications services to the Iowa College Access Network (ICAN). *See page 9 for more information.*

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“We thank Iowa Student Loan for being a part of the conversation and understanding that military and veteran students face unique challenges. Service members and their families need to be made aware of the resources and organizations that can help them.”

— Julia Heuer, coordinator of the  
2013 Military and Veterans State Conference

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# Assistance for Borrowers Repaying Loans

## Our Response

- ▶ In-School Communications
- ▶ College Financial Literacy Presentations
- ▶ Repayment Assistance
- ▶ Career Resources



– Jessie, Loan Counselor

We know that oftentimes the key to one's success is being informed. Borrowers who are informed have a greater likelihood of making decisions that keep them on track to financial success. Much of our time and effort as an organization are devoted to how we communicate with borrowers — both while they are in school and after they graduate from college.

## In-School Communications

We encourage students to understand their cumulative borrowing levels as well as the total amount they will need to repay after graduation. We use several types of notifications to help students with this financial understanding.

- ▶ **School certification.** Before students are approved for a private student loan owned or serviced by Iowa Student Loan, the college must certify that the requested loan amount does not exceed the difference between the actual cost of attendance and other financial aid received.
- ▶ **In-school statements.** Students receive monthly private student loan statements while they're still in school so they can see how much debt they've incurred and to encourage payments that at least cover accrued interest.
- ▶ **Annual updates.** Yearly statements inform enrolled students of their total borrowing, projected payment amounts and estimated future student loan debt-to-income ratio based on the future career students indicate. These statements encourage reduced borrowing at a time when students are likely considering additional loans.
- ▶ **Proactive repayment information.** About 150 days before borrowers enter repayment, we begin contacting them through phone calls, emails and letters to inform them when their payments will be due, approximate monthly payment amounts and what to do if they will not be able to afford those payments.

## College Financial Literacy Presentations

In fiscal year 2013, we worked with Iowa colleges and universities to present financial literacy information to students to help them manage their finances in school and after graduation. These presentations and accompanying booklets are free of charge for the students and the institutions.

Beginning with the 2013 – 2014 academic year, the Iowa College Access Network (ICAN) incorporated these presentations into their services for college students.

Our school services staff conducted 67 presentations at 16 different institutions. In addition, more than 2,100 booklets were distributed to students during the course of the year.

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“Iowa Student Loan has always been one of the most amazing lenders. The customer service department has always been kind and helpful. If I was down on my luck, they understood and treated me with respect.”

— A student loan borrower

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## Repayment Assistance

What makes us unique from other private loan providers is our approach to helping borrowers who are struggling to repay their loans. We train our default prevention employees to be counselors and to work individually with borrowers to provide solutions. They repeatedly try to reach out to in-trouble borrowers, emphasizing that we are here to help.

We have found that making contact with these struggling borrowers is the key to helping them. When our counselors are able to talk with delinquent borrowers, they greatly reduce the borrowers' chances of defaulting. Our counselors explain to them the different assistance options that are available, as well as the advantages and disadvantages of each option. This enables borrowers to choose the option they think is best for their individual situation.

The following programs are available to our private loan borrowers who meet specific qualifications:

- ▶ **Payment relief plans.** We offer several different alternative payment relief plans that allow borrowers to adjust their monthly payment to an amount that is more manageable. Our counselors are trained to work with these borrowers to offer available options for their particular situation. Often, plans can be identified and adjusted to work within a borrower's budget.
- ▶ **Deferment and forbearance options.** Our borrowers also have the ability to temporarily postpone their private loan payments through deferment or forbearance. There are options available to address a variety of situations, including financial difficulties, national disasters and other events that may impact a borrower's ability to pay.
- ▶ **Loan forgiveness for permanent disability or death.** We forgive balances on private student loans if the borrower becomes totally and permanently disabled or dies, even if the loan has one or more cosigners.

## Career Resources

We also provide access to and promote the following career and financial resources with our borrowers, especially those who are struggling to pay their student loans and other bills.

- ▶ **Career resources on the Iowa Student Loan website.** This information is designed to help unemployed or underemployed borrowers who need to improve their income to afford student loan payments. Anyone can view the information and register with Career Advisor for free access to job boards, webinars and other career resources. Links to enroll with Manpower Group for job information and openings are also available.
- ▶ **Financial resources.** We work with borrowers who may not be able to afford their monthly payment to complete a financial work sheet and determine ways to increase income and decrease debts. Our representatives also educate and review with borrowers the various types of deferment, forbearance and repayment schedules available to them.



— Martin, Default Prevention Counselor

# Providing High-Quality Service to Federal Direct Loan Borrowers

Since April 2012, we and our wholly owned subsidiary, Aspire Resources Inc.®, have been providing quality customer service to federal loan borrowers across the country. We are one of several not-for-profits that belong to the U.S. Department of Education’s team of federal loan servicers and are tasked with providing the support borrowers need to successfully repay their loans.

This relatively new business activity was made possible through language in the Health Care and Education Reconciliation Act, which was signed into law in 2010. As part of the legislation, state-based not-for-profits like Iowa Student Loan were given the opportunity to become federal contractors and service student loans disbursed through the William D. Ford Federal Direct Loan (Direct Loan) Program. Aspire serves as the primary contractor and Iowa Student Loan serves as its subcontractor. The for-profit subsidiary was created to perform such functions that are in addition to Iowa Student Loan’s tax-exempt designation.

In the almost two years since becoming a federal loan servicer, we have sought out additional opportunities to expand our proven quality customer service to even more federal borrowers. For example, we have partnered with three other state-based not-for-profits: CollegelInvest of Colorado, Rhode Island Student Loan Authority (RISLA) and Kentucky Higher Education Student Loan Corporation (KHESLC). Through these partnerships, we were able to provide quality customer service to nearly 500,000 federal loan borrowers as of Dec. 31, 2013.

## Favorable Survey Marks Earned

Survey after survey, we continue to prove that we are a top-performing federal loan servicer. On a quarterly basis, the U.S. Department of Education evaluates us and other not-for-profit loan servicers on five metrics. One metric is based on borrower satisfaction; one metric is based on Federal Student Aid (FSA) satisfaction; and three metrics are based on portfolio delinquency. Typically, we survey well in all five metrics.

These are our average scores compared to the average scores of all not-for-profit federal loan servicers for the period between Oct. 1, 2012, and June 30, 2013.

| Federal Loan Servicing Evaluation Results                         |        |                        |
|---|--------|------------------------|
| Average for Oct. 1, 2012, to June 30, 2013                        |        |                        |
| Metric  | Aspire | Not-for-Profit Average |
| Borrower survey   | 71     | 68                     |
| FSA personnel survey  | 70     | 64                     |
| Percent of borrowers in current repayment status                  | 92.80% | 83.32%                 |
| Percent of borrowers greater than 90 days delinquent              | 3.59%  | 7.16%                  |
| Resolution of borrowers who were greater than 180 days delinquent | 15.82% | 21.82%                 |




– Myneka, Default Prevention Coordinator



## New Employees Aid Iowa's Economic Growth

Not only is our participation as a federal loan servicer good for borrowers, it's also good for local economic development here in the state of Iowa. As we received more student loans to service, we hired nearly 100 new employees in 2012. All of these employees, who were hired solely to work with these new accounts, support the local economy with their quality jobs and salaries.

 \$34,700 is the average annual salary of Aspire new hires, who had received \$4.7 million in gross wages as of Dec. 31, 2013

## Challenges Pose Threat to Loan Servicing Activity

In late 2013, proposed language in the federal Bipartisan Budget Act of 2013 looked as if it would eliminate funding for and the contracts permitting state-based not-for-profit federal loan servicing. However, thanks to efforts by Iowa's congressional delegation, it was clarified that the intent of the bill was not to immediately cancel existing not-for-profit loan servicing contracts. Instead, proponents of the bill say their desire is to see future federal loan servicing contracts and allocations made available to not-for-profits on a level playing field with the four large for-profit servicers, or Title IV Additional Servicers. In January 2014 (just prior to publication of this document), this intent was further clarified in the report accompanying the omnibus appropriations bill. The U.S. Department of Education is expected to evaluate each not-for-profit servicer's performance and then decide in summer 2014 its eligibility to continue as a federal loan servicer.

If these challenges can be successfully overcome and we can expand our quality customer service to more federal loan borrowers, then there will be several winners. The more federal loans Aspire is allowed to service will lead to the need for more local jobs. And, as with all our self-sustaining business activities, any revenues over expenses from federal loan servicing would be used to fund the free programs and services we provide to help Iowans.

## Iowa Student Loan's Local Employment Impact

When we were created as a state-based secondary market nearly 35 years ago, we were tasked with helping to provide funding so Iowans could pursue a postsecondary education. At the time, it was unknown exactly what it would take to accomplish this mission over the span of several decades.

In 1985, a mere six years after our creation, we employed 16 people. In 2000, we employed 135, and today, we have an employee base of more than 345 people. It's clear from these numbers that the need for our organization has grown over time. And, as long as higher education continues to serve as a vehicle for people to achieve a better way of life, there will be a need for local Iowans to help with the effort.

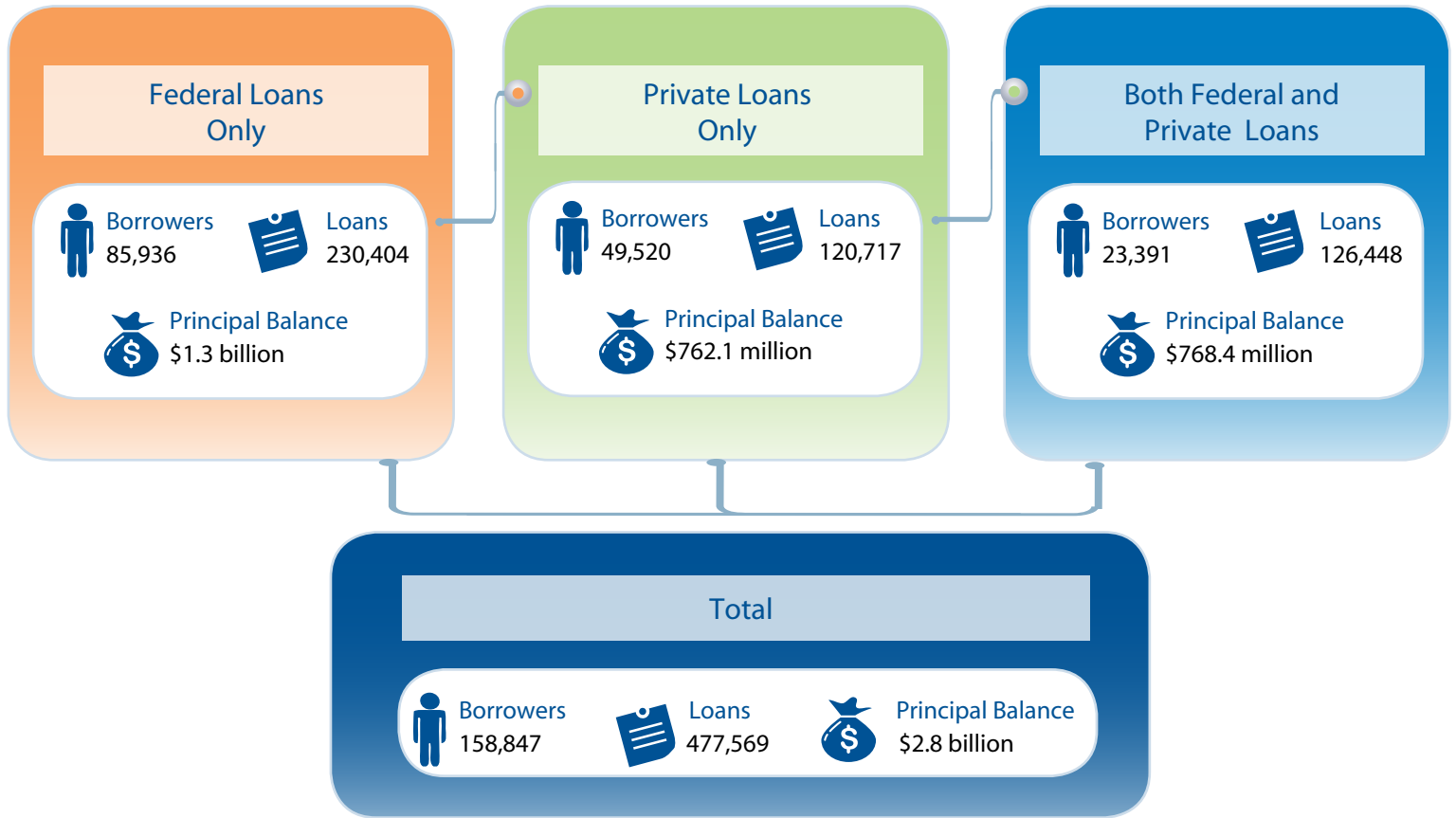
We understand that our continued growth as an organization positively impacts the local economy. We work hard to maintain and grow local jobs by providing competitive salaries and benefits. In 2013, we paid out more than \$21 million in gross wages to employees. Full-time employees receive full medical, dental and vision plans, as well as paid holidays, vacation and sick time, and bereavement.

And just as we take interest in the future financial success of our customers, we also provide benefits to help with the future financial success of our employees. We offer employees a 401(k) plan with a corporate match, as well as enroll them in a pension plan. We also support our employees who want to advance their career by providing them tuition reimbursement of up to 75% for tuition and books. And for life's unexpected events, employees are offered life insurance, accidental death and dismemberment coverage, and short-term and long-term disability insurance.

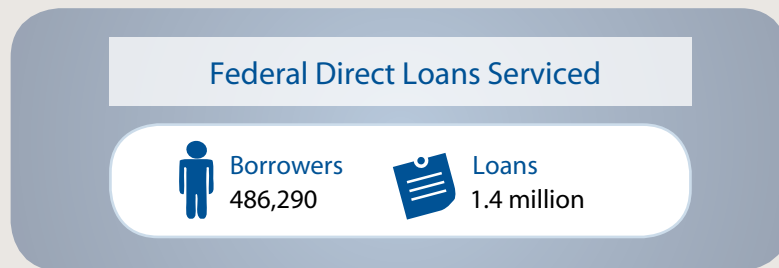
# The Customers We Serve

This data, as of June 30, 2013, reflects Federal Family Education Loan Program (FFELP) loans and private loans that Iowa Student Loan and Aspire own and service.

**Note:** This data does not include loans in the William D. Ford Federal Direct Loan (Direct Loan) Program serviced by Iowa Student Loan or Aspire under contract with the U.S. Department of Education. *See below.*



This data, as of Dec. 31, 2013, reflects loans in the Direct Loan program that are serviced by Iowa Student Loan and Aspire under contract with the U.S. Department of Education.



## Achieving High Standards of Management

Our governor-appointed board members provide primary oversight and help instill a culture of compliance with federal and state regulations. Though our board is appointed by the governor of the state, our organization does not receive any state appropriations to carry out its mission and operations. Iowa Student Loan is a private nonprofit; it is not a state agency nor are its workers state employees.

Federal oversight is exercised by several agencies, including but not limited to the U.S. Department of Education, which delegates certain functions to state and regional guaranty agencies; the Consumer Financial Protection Bureau; the Federal Trade Commission; and the Internal Revenue Service. The governor, state auditor, state superintendent of banking and the state attorney general, among others, provide state oversight under Iowa law and regulations. Several audits, reviews and examinations are performed periodically at Iowa Student Loan, including those required by some of our oversight agencies, as well as independent audits commissioned by our board of directors.

### Iowa Student Loan Board of Directors

As of Dec. 31, 2013, the following Iowa Student Loan board members represented the general public, financial institutions and postsecondary institutions for three-year terms:

| Board Member                        | Occupation (Representation)  |
|-------------------------------------|--|
| <b>Christine Hensley</b> (chair)    | Executive vice president for Iowa and Minnesota, Midwest Housing Equity Group; retired vice president of community and government affairs, Bank of the West, Des Moines (state banking institutions) |
| <b>Tammy Bramley</b> (vice chair)   | Loan officer and manager, Community Bank, Soldier (general public)   |
| <b>Dan Clute</b>                    | Executive vice president and chief business officer, Federal Home Loan Bank, Des Moines (general public)   |
| <b>Rob Denson</b>                   | President, Des Moines Area Community College, Ankeny (Iowa community colleges)   |
| <b>Lorraine Groves</b>              | Manager and loan officer, The Municipal Credit Union, Sioux City (Iowa credit unions)  |
| <b>Laurie Hепен</b>                 | Director of human resources, Winegard Company, Burlington; adjunct instructor, Southeastern Community College and Iowa Wesleyan College (general public)   |
| <b>Dr. Tahira K. Hira</b>           | Senior policy adviser to the Iowa State University president and professor of personal finance and consumer economics, Iowa State University, Ames (regent institutions)                             |
| <b>John O'Byrne</b>                 | Retired president and current vice chairman of board of directors, Cresco Union Savings Bank, Cresco (Iowa banking institutions)   |
| <b>Robert Wilson "Bill" Sackett</b> | Retired general practice attorney, Okoboji (general public)  |
| <b>Scott Schneidermann</b>          | Executive vice president, Frontier Bank, Rock Rapids (Iowa savings and loan institutions)  |
| <b>Adam Voigts</b>                  | Vice president for administration and finance, Grand View University, Des Moines (private colleges and universities)   |

### Aspire Board of Directors

The Aspire board of directors is appointed annually by the Iowa Student Loan board of directors. As of Dec. 31, 2013, the Aspire board members were:

| Board Member                       | Occupation  |
|------------------------------------|---|
| <b>Dr. Norm Nielsen</b> (chair)    | Interim president, Mount Mercy University; chair, Buena Vista University Board of Trustees; president emeritus, Kirkwood Community College, Cedar Rapids            |
| <b>Ken Haynie</b> (vice chair)     | Retired attorney, Ahlers & Cooney, P.C., Des Moines   |
| <b>Catherine "Kay" E. Beyerink</b> | Retired chief executive officer, Telco Triad Community Credit Union, Sioux City   |
| <b>Dr. John Hartung</b>            | Consultant on job coaching, placement and fundraising for nonprofits; former president of the Iowa Association of Independent Colleges and Universities, Des Moines |
| <b>John Hintze</b>                 | Shareholder, Ahlers & Cooney, P.C., Des Moines  |
| <b>Walter Witthoff</b>             | Senior vice president and chief compliance officer, Iowa Student Loan, West Des Moines  |



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