



**PENNCO
TECH**

Student Loan Counseling Department

Student Handbook 2022-2023

Pennco Tech Student Loan Counseling Department Office(s)

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Introduction

Pennco Tech is devoted to educating its students and preparing them to face the workforce with a set of skills and knowledge that will enable them to succeed. While attending Pennco Tech, students gain a specific expertise which will give them an advantage in the job market and in their career field.

Pennco Tech Mission Statement

Since 1973 Pennco Tech has been helping people achieve their goals. Pennco Tech has a long history of being the stepping stone people use to turn their dreams into reality. Pennco Tech can help you bridge the gap between dreams and reality. We are a technical school with locations in Blackwood, New Jersey and Bristol, Pennsylvania providing added convenience with multiple locations. We offer career training in areas including Automotive Technology, Medical Assisting, Air Conditioning and Heating, and Pharmacy Technician Training. Our advisers at Pennco tech will work with you to formulate a solid plan, and then give you the training and employer connections you need to accomplish that plan after you graduate.

Student Loan Counseling Department's Mission Statement

Students attend Pennco Tech with the intention of completion and employment. To reinforce this goal, The Student Loan Counseling Department (SLCD) was formed in November 2011 and continues to evolve as a supplement to the entire school

The SLCD is responsible for addressing Pennco Tech's portion of the US student loan debt regardless of a student's status upon ceasing enrollment at Pennco Tech. The SLCD advocates for the student in all areas regarding their finances while enrolled in school. The Student Loan Counseling Department operates in a teamwork fashion to provide a complete picture for Pennco Tech students regarding expectations during their enrollment, attendance and future obligations. The Student Loan Counseling Department fosters direct open and honest communication to assist students with developing a positive mindset as it relates to repaying debt and maintaining monthly payment obligations.

In order to robustly address such habits, the SLCD created a system to promote understanding, to practice key concepts and create an open line of communication. This creates rapport and trust between administrators and the individual student. The Student Loan Counseling Department's Handbook provides the necessary framework to educate and promote a positive relationship between the Student Loan Counseling Department and the Pennco Tech Student. This handbook provides abridged information extracted from the Department of Education as well as Pennco Tech's procedures and processes.

Upon departure from Pennco Tech each student will receive a multitude of follow up information and tools to reinforce the concepts discussed during enrollment. The Student Loan Counseling Department's Handbook outlines the specific policies and procedures Pennco Tech has adopted. This is to educate and promote Student Loan Borrowing obligations as well as Student Payment Plans and the best practices students should implement in order to avoid **Default**. This Handbook allows students to receive valuable financial skills that will carry them successfully throughout life.

Student Loan Counseling Department

Organization Structure

Office Operations and Staff

Office Hours:

Bristol, PA Campus

Monday 12:00pm - 8:30pm

Tuesday 7:30am - 4:00pm

Wednesday 7:30am - 4:00pm

Thursday 11:00am – 7:30pm

Friday 7:30am - 3:00pm

Blackwood, NJ Campus

Monday 7:30am - 8:00pm

Tuesday 7:30am - 4:00pm

Wednesday 7:30am - 8:30pm

Thursday 7:30am - 4:00pm

Friday 7:30am -3:00pm

Office Staff

Student Loan Counselor (On Site) (SLC)

Victor Hom- Bristol, Pennsylvania

Cell: (215) 588-5507

Email: vhom@penncotech.edu



Student Loan Counselor (On Site) (SLC)

Carrie Moore- Blackwood, New Jersey

Cell: (215) 588-5517

Email: cmoore@penncotech.edu



Student Loan Counseling Manager (On Site) (SLCM)

Jasmine Price- Blackwood, New Jersey

Cell: (215) 584-7446

Email: jprice@penncotech.edu



Student Loan Counseling Manager (SLCM)

The Student Loan Counseling Manager interacts with all prospective, current and former Pennco Tech student. It is their mission to ensure that every student understands the Student Loan Counseling Department's role. The SLCM provides all students with the information necessary to repay their loan obligations and develop an appreciation for responsible borrowing.

The SLCM assist students as needed during their enrollment at Pennco Tech. They assist former students with establishing a suitable repayment plan (based on options from the Department of Education), initiate a forbearance request or, if the student requires assistance resolving a delinquent or defaulted loan. Former students (whether former due to graduating or withdrawing) receive the same attention and care that prospective and current students are entitled to. It is the mission of the Student Loan Counseling Department to guarantee that each student receives quality care and attention from our Department.

The SLCM along with the SLC resolve delinquent student loan borrower accounts to prevent default. Student contact is the goal, and then to counsel out-of-school student loan borrowers. Guidance is provided, and the best options for their condition and obtaining updated demographic information is offered; acting as a liaison between student borrower and loan servicer. The SLCM places outbound calls, send emails to contact delinquent borrowers, and advises them of their repayment responsibility and options along with answering any phone calls for out of school students for any questions regarding their loans and repayment options. Reiterating what was discussed during *Exit Counseling*, the SLCM assists borrowers regarding the requirements for Deferment, Forbearance, Rehabilitation and Consolidation options. The Student Loan Counseling Manager also maintains a robust presence on social media by engaging with the student body.

Student Loan Counselor (SLC)

The Student Loan Counselor interacts with all prospective, current and former Pennco Tech students. Student Loan Counselors conduct on site Entrance Counseling for each student in a classroom group setting. This typically takes place shortly after the student's program Start Date. During this time, the SLC reinforces the fundamentals of student loan borrowing. Student's will receive contact information for the Student Loan Counseling Department as well as the goals and initiatives the Student Loan Counseling Department is obligated to complete with each student. Communication regarding this process is delivered to the student by the student's current course instructor.

The Student Loan Counselor also meet with students in person to conduct their *Exit Counseling*. Exit Counseling is facilitated in a classroom setting as a group. Topics that students should already be familiar with are discussed at this time. Students are provided with their loan details as well as contact information for their respective Student Loan Counselor. For a comprehensive look at the details of *Exit Counseling*, please see the *Exit Counseling* section in the latter part of this handbook.

Default Management Plan

Pennco Tech's Student Loan Counseling Department's main focus is to help our students develop the professional and appropriate skills to succeed in understanding the importance of the federal and/or private loans that were borrowed to finance their education. This will help guide them financially to ensure success in life and to gain a wide-ranging perspective on the process and attain the experience. All of our students are supported at the time of enrollment, through the life of their program, as well as post graduation or a cease in attendance. The Student Loan Counseling Department wants to ensure students thrive academically, establish the end result of attaining their career goals and to help guide our students to understand the importance, and benefits, of proper loan repayment.

Plan Objectives

The Student Loan Counseling Department's plan outlines the framework for addressing all of our student borrowers needs. We strive to offer a successful student experience to ensure each individual is prepared in establishing their career goals. We guide the student to understand how to manage their debt effectively and understand all the options, and resources, that are available to them to attain these goals. It will enforce documentation for Pennco Techs default management efforts in terms of setting attainable goals and providing references and resources.

- ❖ Ensure the Cohort Default Rate is monitored closely to ensure Pennco Tech can continue to participate in Title IV programs
- ❖ Educate all student borrowers of their Rights and Responsibilities through Entrance and Exit Counseling
- ❖ Educate all student borrowers on all Direct Loan Programs, Financial Literacy, debt management and the consequences of defaulting on student loans
- ❖ Maintain effective communication campus-wide to benefit the students needs
- ❖ Identify and counsel withdraw and graduating students

Direct Loan Programs

When a student has utilized all available grants and scholarships to fund their education (and there is still a tuition balance that needs to be covered), loans can be a suitable option. Most students borrow federal loans to finance their education, however, private loans may also be an option. This is discussed and explained during the student's follow up appointment with Pennco Tech's Financial Aid Department. Students receive, confidential one-on-one, in depth information regarding their financial aid packaging and the awards that are included in the student's budget.

FEDERAL LOANS

William D. Ford Federal Direct Loan Program offers several repayment options, various deferment reasons and lower interest rates as opposed to private loans.

Federal Loan types:

Direct Subsidized Loans- 4.99% Interest Rate (July 1, 2022-June 30, 2023)

- *Direct Subsidized Loans are available to undergraduate students who demonstrate financial need.*
- *Generally, interest is not charged when the student is enrolled at least half-time or during periods of approved deferment.*

New for 2021-2022 SULA RECISSION - 34 CFR Part 685 (Continued for 22-23)

*New 2021-2022 – Beginning with the 2013-2014 award year, the Department of Education implemented the Subsidized Usage Limit Applies Rule (SULA) that enforced a limit to the amount of a subsidized loan a student could borrow.

As of December 21st, the Department of Education passed the Consolidated Appropriations Act, 2021. This includes revisions of the FAFSA as well as repealing with SULA regulation. The restriction will be lifted for any borrower who received a Federal Stafford Subsidized loan beginning with a disbursement after July 1st, 2021. This includes any subsidized loan that was borrowed in a prior award year, but is disbursed after the above reference date.

*** New 2021-2022 – Reinstatement of Lost Subsidy - 34 CFR Part 685 - (Continued for 22-23)**

The Department of Education has also stated that all subsidy benefits lost when the SULA regulations were implemented will be reinstated retroactively. This will apply to all Federal Direct Stafford Subsidized loans that have an outstanding balance as on 7/1/21, and for all previous award years beginning with the 2013-2014 award year.

Direct Unsubsidized Loans – 4.99% Interest Rate (July 1, 2022-June 30, 2023)

- *Direct Unsubsidized Loans are available to undergraduate, graduate, and professional students.*
- *Students do not need to demonstrate financial need.*
- *Interest is charged from the date of disbursement and during all periods of the loan.*

Direct Plus Loans – 7.54% Interest Rate (July 1, 2022-June 30, 2023)

- *Direct Plus Loans are available to parents of dependent undergraduate, graduate, and professional students.*
- *Parents and or the students do not need to demonstrate financial need.*
- *Parents eligibility does not depend on the borrowers credit scores or debt to income ratios*
- *The borrower may not have an adverse credit history*
- *Interest is charged from the date of disbursement and during all periods of the loan.*

INTEREST

Additional funds paid to the *lender* in exchange for borrowing money. Interest is calculated as a percentage of the unpaid principal amount (loan amount) borrowed.

ORIGINATION FEE

The Department of Education charges a fee to originate or issue a student loan. This fee covers the cost of processing the loan. The fee is deducted directly from the loan funds before disbursing them to the borrower. Loans are disbursed in two equal payments. Disbursement eligibility is determined by the Financial Aid Department (for a complete description of disbursement criteria, please review the disbursement section of Pennco Tech’s Financial Aid Policies and Procedures manual).

Borrowers repay the entire loan or *gross loan* amount which includes the origination fee. Net loan disbursements are posted to the student’s Pennco Tech ledger. Private loans origination fees vary by lender and are disclosed throughout the loan application process. Students are provided with specific origination fees during the Financial Aid packaging process.

LOAN SERVICER

****New for 22-23- Loan Servicer Transfers and Current Loan Servicers***

As of September 2021, Navient announced their exit from federal student loan servicing, all borrowers have been transferred to new servicer Aidvantage (Maximus) as of January 2022.

As of September 2021, FedLoan Servicing (PHEAA) announced their exit from federal student loan servicing, all borrowers will be transferred to new servicers Mohela, Ed Financial and Aidvantage (loans serviced previously by Navient) as of January 2022.

As of July 2021, Granite State announced their exit from federal student loan servicing, all borrowers have been transferred to new servicer Ed Financial as of January 2022.

Below are the current federal loan servicers as follows:

Great Lakes

Ed Financial

Nelnet

OSLA

Mohela

Aidvantage (Maximus)

Federal Direct Loans are assigned to a servicer by the U.S Department of Education. Loans are assigned after disbursements have been posted to the student's Pennco Tech account. There are several loan servicers contracted with the Department of Education. Once the first disbursement has been made, all federal government websites will update. Once this has occurred, usually about thirty to sixty days thereafter, the student and/or parent will receive notice by postal mail of who their loan servicer is. The loan servicer will service the loan for the entire loan term, unless consolidation has been made. This is who the student and/or parent will contact when payments are due to be made, update demographic information or have questions regarding their loan status.

Your loan servicer will contact you and provide pertinent information concerning your loan. The Student Loan Counseling Department also has access to your loan servicing information and is able to provide you with this information upon demand and at your scheduled *Exit Counseling* session. Students are welcome to visit the Student Loan Counseling Department to inquire about their loan servicer, disbursement date, disbursement amount or any other information pertaining to the status of their loan.

Lastly, students are able to access the National Student Loan Database System (NSLDS) website to review their loan disbursement details and servicer contact information. It is important for borrowers to retain all information communicated and documentation from their loan servicer for future purposes.

Please Visit <https://studentaid.gov/manage-loans/repayment/servicers> for further information concerning loan servicers.

Entrance Counseling

Pennco Tech's Financial Aid Administrators conduct individual appointments with every prospective and enrolled student. They are required to be sure all forms are properly completed and signed, and that counseling requirements mandated by The Department of Education are completed. This is a prerequisite for the student in order to obtain Title IV student loan funding. (For additional information regarding Title IV eligibility, please refer to Pennco Tech's Financial Aid Policies and Procedures manual).

***New for 2021-2022 – (Continued for 22-23)** The entrance counseling has been updated to adhere to the new regulations removing the SULA requirement. Information on the limitation for the eligibility of a Direct Subsidized Loan will no longer be in the entrance counseling process.

Enhanced Entrance Counseling

The Student Loan Counseling Department conducts Entrance Counseling by:

- Meeting with each first term class in a group session
- Conducting presentations to re-introduce staff and to present and reinforce the fundamentals of student loan borrowing as well as students' rights and responsibilities
- Providing definitions of frequently used terms as well as expectations, processes and procedures regarding all things student loans
- Providing contact information for the Student Loan Counseling Department and loan servicers
- Providing convenient hours of operation for all students during the prospective, enrolled and post enrollment phase.

The Student Loan Counseling Department strives to provide students with a clear understanding regarding loan obligations. We provide a comprehensive department that students can utilize to answer any questions or concerns pertaining to their loan details, repayment plan and default prevention. We also act as a beneficial tool by providing assistance with contacting servicers or the Department of Education on behalf of the borrower.

Financial Literacy

The Student Loan Counseling Department conducts Financial Literacy Sessions with students throughout the course of their lifecycle at Pennco Tech (either in person, in class or available by phone). These sessions break down key topics to help students cultivate responsible behaviors such as budgeting, saving and reviewing credit reports and scores. Students are provided with an interactive fun filled approach to assist with understanding the idea of student loans and repayment plans by using discussions, quizzes, games and more. This information will equip students with the necessary skills and confidence needed to establish a proactive approach concerning handling their student loan and fiscal responsibilities.

The sessions also demonstrate current tools and techniques Pennco Tech students should use to enforce repetition of key terms and concepts used to promote student responsibility as it pertains to overall life skills. Pennco Tech students are shown the positives of healthy fiscal responsibility and the negative results of lackadaisical finance behaviors. Financial Literacy information is provided to enable students to make better educated decisions about their finances.

Examples of topics covered in the Financial Literacy sessions are:

- Credit Scores
- Checking Accounts
- Savings Accounts
- Paying a Debt
- Debt Management
- Budgeting
- Borrowing

Additional Financial Literacy links:

<https://www.budgetingincome.com/10-benefits-of-budgeting-your-money/>

<https://www.nerdwallet.com/blog/finance/budgeting-saving-tools/>

Communication Across Campus

Communication is necessary regarding Financial Literacy. If any student requires assistance determining money saving tips, credit score education, developing and constructing a budget and deciding affordability, the Student Loan Counseling Department is the appropriate department to visit. The SLCD is readily available to assist students regarding the aforementioned topics at any time. The Student Loan Counseling Department consistently posts tips and tools on Pennco Tech's social media web pages for prospective, current and former students to utilize.

Enhanced Exit Counseling

Exit Counseling

The Student Loan Counseling Department conducts in person group *Exit Counseling*. Student sessions are either facilitated during classroom time or at scheduled meetings in the library. A member of the Student Loan Counseling Department will explain detailed information to each student attendee. This counseling session is an overview of the material that students received during the *Enhanced Entrance Counseling Session* as well as individualized student loan data specific to each student's borrowing history.

In addition to the required *Exit Counseling* students must complete on studentaid.gov students must also attend and complete the in person *Enhanced Exit Counseling Session*. Although the session is lengthy, the amount of information, resources and guidance each student will receive is paramount to the continued success of becoming a responsible borrower as well as decreasing student loan debt and preventing default. Documented completion of both the *Enhanced Exit Counseling Session* and *Exit Counseling* on studentaid.gov must be completed in order to receive Certification of Completion for all programs.

***New for 2021-2022 (Continued for 22-23)** The exit counseling has been updated to adhere to the new regulations removing the SULA requirement. Information on the limitation for the eligibility of a Direct Subsidized Loan will no longer be in the exit counseling process

Exit Counseling Details

The *Exit Counseling Session* is conducted in the classroom, or library, as a group activity. A review of key terms, student loan definitions and repayment options are reviewed during this time. Students have an opportunity to ask questions and gain insight on future communication from their loan servicer as well as Pennco Tech. Each student will receive detailed information regarding their overall student loan debt total, their individualized loan servicer information and directions on how to access National Student Loan Data System (NSLDS). The students will also receive their loan servicer's website. Preparing students to utilize the various student loan databases enables them to review their current loan balance, monthly payment, due date, interest rate, accrued interest, capitalized interest and repayment options independently. The Student Loan Counseling Department provides students with comfort and assurance that upon their departure from the institution they will be able to make positive decisions regarding their finances by utilizing the resources discussed during their enrollment at Pennco Tech.

The Importance of Exit Counseling

Students are expected to repay all loan debt borrowed under their educational program whether or not they complete their program. It is important to review all *Exit Counseling* materials to determine loan obligations and repayment statuses. The SLCD is available to assist any student requesting additional loan information and to help determine a suitable repayment plan. The main objective is to prevent the student from defaulting.

The SLCD informs all students after they complete Pennco Tech's in person counseling session that they are required to complete the electronic online student *Exit Counseling* located at studentaid.gov. This goes over the student's individual loan data along with a host of other valuable and useful information.

Key Terms

During the *Exit Counseling Session* the Student Loan Counseling Department representative will introduce new and familiar key terms to students. These terms are important to remember as the Department of Education and loan servicer will communicate using those same terms. It is important to remember the definition of the terms and what each term mean to the student borrower. Below are several frequently used terms that student loan borrowers should become familiar with.

- **Grace Period**
A period of time (generally six months) after a student graduates, drops below half-time enrollment or withdraws during which payments are not required. The repayment period for a loan begins after the end of the grace period.
- **Forbearance**
Postpones student loan payments anywhere from 1- 12 months at a time, for any reason. However, loan servicers allow 36 months of forbearance time in total. Interest continues to accrue during periods of forbearance.
- **Deferment**
Postpones student loan payments for a specific reason. Qualifying reasons for deferments are determined by the US Department of Education. Deferments require specific documentation and a formal application process. Loan Servicers will notify students regarding their approval of specific loan deferment terms and end dates. Students should speak with either their Loan Servicer or The Student Loan Counseling Department for assistance with completing deferment applications and providing required documentation to substantiate their request. Several qualifying reasons for deferments are listed below.
 - enrolled at least half time at an eligible postsecondary school;
 - attending a full-time course of study in a graduate fellowship program;
 - admitted in an approved full-time rehabilitation program for individuals with disabilities;
 - unemployed or unable to find full-time employment (for a maximum of three years);
 - experiencing an economic hardship (including Peace Corps service) as defined by federal regulations (for a maximum of three years);
 - serving on active duty during a war or other military operation or national emergency and, if service was on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service;
 - performing qualifying National Guard duty during a war or other military operation or national emergency and, if service was on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service;
 - a member of the National Guard or other reserve component of the U.S. armed forces (current or retired) and you are called or ordered to active duty under certain circumstances: (1) while you are enrolled at least half time at an eligible school; (2) within six months of having been enrolled at least half time during the 13 months following the conclusion of your active duty service; or (3) until you return to enrolled student status on at least a half-time basis, whichever is earlier.
- **Annual Percentage Rate (APR)**
The actual yearly cost of borrowing money reflected as a percentage rate
- **Interest**
The cost of borrowing money. Interest is calculated as a percentage of the outstanding (unpaid) principal balance.

- Capitalized Interest (Capitalization)

Unpaid interest that has been added to the principal balance of a federal student loan. Future interest is charged on the increased principal balance, and this may increase the amount of your monthly payment and the total amount you repay over the life of the federal student loan.

Example: The interest accrues after the first disbursement on your unsubsidized loan. If the student chooses to not pay the interest accrued, that amount will accrue over time and it is added to the principal amount after the six month grace period has lapsed.

- Principal

The loan amount you borrow plus any capitalized interest

- Promissory Note

A legally binding agreement that contains the terms and conditions of the loans made under the note. Most federal student loans are made under a Master Promissory Note (MPN)

- Federal Direct Loan Repayment

The maximum time period over which students must repay their federal student loan is, 'The Repayment Period'. The repayment period can range from 10 years to 25 years, depending on the repayment plan and other factors. By keeping the repayment period as short as possible and by making payments on time, students are able to reduce the amount of interest paid over the life of their loan.

The Department provides several different repayment options. Repayment plans are categorized as *traditional plans* and *income sensitive plans*. Students should consult with their Loan Servicer or the Student Loan Counseling Department to determine the appropriate repayment plan for their income situation. Below are several of the available repayment plans offered by the Department of Education. Please note that income sensitive repayment plan options require additional documentation, eligibility guidelines and application processes to determine eligibility..

Traditional Repayment Plans

***New for 20-21 and 21-22 –(Continued for 22-23)** *Coronavirus, Aid, Relief and Economic Security Act, 'CARES Act'*

Subtitle B – Education Provisions

Section 3513: Temporary Relief for Federal Student loan Borrowers

During the Pandemic, The Secretary of Education placed a temporary hold on all payments for loans under the Title IV program under part D and part B of the Higher Education Act. All borrowers that were affected by the unprecedented circumstances were placed on an emergency forbearance and interest was not to accrue on any federal loan(s). This regulation will not be lifted until the national emergency is declared over by the President of the United States, or August 31st, 2022. Whichever is to arise first.

***New for 22-23** – *The Repay Act of 2021 -S.821 - 117th Congress (2021-2022)*

Section 2: Simplified Income-Driven Repayment Plan & Section 3 : Streaming Repayment Plans For New Borrowers

As of 3/18/2021 The Senate introduced a bill to Congress to amend the Higher Education Act of 1965 and introduced the Repay Act into legislation to establish a simplified student loan repayment process by creating two easy to navigate repayment plans; one fixed, 10-year repayment plan and one income-driven repayment plan for new borrowers. (new borrowers refers to a borrower who, as of July 2022, has no outstanding balance on Federal Direct Loans.)

- Standard Repayment Plan: Payments are a fixed amount up to 10 years or 30 years for consolidated loans
- Graduated Repayment Plan: Payments are lower during the beginning of repayment and then increase usually every two years. Repayment timeframe is up to 10 years or 30 years for consolidated loans
- Extended Repayment Plan: Payment may be fixed or graduated for a timeframe up to 25 years

Income Sensitive Repayment Plans

Most Direct Loans are eligible for at least one of the income-driven repayment plans. If a student's income is low enough, the student payment could be as low as zero dollars (\$0) per month (*for a limited time*). The Direct Loan Program offers four income-driven (income sensitive) repayment plans:

- Revised Pay As You Earn Repayment Plan (REPAYE Plan)
- Pay As You Earn Repayment Plan (PAYE Plan)
- Income-Based Repayment Plan (IBR Plan)
- Income-Contingent Repayment Plan (ICR Plan)

These plans are designed to make student loan debt more manageable by reducing a student's monthly payment amount. Students who wish to have their loan considered for one of the income sensitive repayment plans must complete an application with their respective loan servicer or complete an application on the studentaid.gov website. The studentaid.gov website provides an opportunity for all eligible loans to be reviewed for an income sensitive repayment. At the same time; streamlining loan servicer's processes and expediting the determination for the payment plan.

Students have the option of allowing their loan servicer to choose the most appropriate income sensitive repayment plan for their income situation. The Student Loan Counseling Department is knowledgeable regarding the aforementioned repayment plans and welcomes the opportunity to assist all students requiring help with their student loan repayment plan options. (*Expounded definitions of the repayment plans are located at the end of this handbook*).

Delinquency and Default

A student who fails to pay a loan that is in a *repayment status* becomes delinquent on the first day after a scheduled payment is missed. If a student fails to make the required payments on his/her federal student loan by the payment due date and the account becomes 270 days (approximately nine months) delinquent, the loan is now in default. At this time the guaranty agency (*debt collector*) will purchase the loan from the loan servicer. Once the loan is placed in a *defaulted status*, the entire balance (principal, interest and collection fees) is due immediately and payable to the guaranty agency. Falling behind on federal student loan payments will have major consequences.

The Consequences of Default are Pretty Serious!

Delinquent and defaulted loans are reported to the three (3) national credit bureau agencies. Negative credit history and low credit scores can impact the ability to obtain future loan products and the purchase of a home. Further consequences include wage garnishment, federal and state income tax refund interception (*to recover the full balance of the loan not just the defaulted amount*. this is known as tax offset), as well as collection costs, late fees and additional charges. Students become ineligible for deferments and forbearances when a loan is in default. Defaulted loans may also affect renewal eligibility for a professional license or may jeopardize qualifications for certain types of employment.

Students who have defaulted on any of their student loans become immediately ineligible for continued or future Title IV funding. The Student Loan Counseling Department performs robust functions and works extremely hard to prepare students

for loan expectations as well as to prevent delinquency and default. Students are encouraged to utilize any and all resources provided by the department to remain in good standing with their loan obligations.

Default Can Be Avoided!

The Student Loan Counseling Department consistently applies the Department of Education expectations and initiatives along with life skills goals that continuously foster great fiscal behaviors as well as money management. Each conversation, task and counseling session is strategically designed to build a solid financial foundation that will prevent students from defaulting on their loan obligations.

The SLCD provides in depth resources and hand over hand assistance for each and every student regardless of their student status. Default should never be an option for a Pennco Tech student. Below are several tips that will assist students with successfully preventing default.

- Do not borrow more money than the amount needed for an uncovered tuition balance and/or books and supplies
- Develop a financial plan to repay loan funds in a timely manner (shorter repayment periods reduce the amount of interest over the life of the loan)
- Established loan payments should be paid on time or before the monthly due date
- Communication from loan servicers should be retained and processed immediately upon receiving
- Notify all loan services if there is a change of address, difficulty making a scheduled payment or if electronic communication changes such as an email address or a primary telephone number
- Retain records of all documents from all loan servicers and Pennco Tech
- Make copies of all letters, canceled checks and forms

The Student Loan Counseling Department is available to all students. If a student is apprehensive about whether or not to contact his loan servicer, is not sure of how to contact their loan servicer or needs assistance regarding how to approach any issues regarding their student loan, the SLCD is able to communicate on the student's behalf (with authorization from the student). The Student Loan Counseling Department offers a wonderful support to assist student loan borrowers and we welcome the opportunity to help!

The SLCD team works diligently to develop a relationship with the student/borrower. The respective Loan Counselors at each campus should be known by name and their contact information, such as email and phone number, should be readily accessible by each student. Locating any staff member in the SLCD should be hassle free. Our department strives to provide familiarity with our staff, functions and processes. It is very important that students know and feel that the Student Loan Counseling Department is here to offer guidance. Our department will ensure that all student loan borrowers have dedicated service and commitment which is beneficial for the student loan borrower.

Withdrawn Students

Withdrawing

There are unforeseen circumstances that occur which may prevent students from completing their program at Pennco Tech. Students are requested to formally complete the withdraw process. Certain barriers may occur which prevent students from meeting in person with Pennco Tech's Education Department and Student Loan Counseling Department to discuss departure decisions. If this situation occurs the student will be withdrawn according to Pennco Tech's attendance policy and unofficial withdraw policy. Withdrawn students are at a greater risk to default, merely because the in person counseling and information sessions cannot be conducted upon their departure. Students (sometimes) believe that their loan obligation is null and void due to noncompletion. The SLCD dispels these myths and assists students with understanding their loan obligations upon departure.

The Student Loan Counseling Department assists withdrawn students in the same manner as a Pennco Tech graduate. Withdrawn students are entitled to assistance regarding their student loan needs, questions and concerns. The SLCD

explores several options and provides exhaustive efforts to prevent withdrawn students from defaulting on their student loan obligations. *Exit Counseling* is completed one on one if the student is available to complete the formal withdraw process. If a student is administratively withdrawn due to Pennco Tech's attendance policy, unofficial withdraw policy or is unavailable for in person counseling, *Exit Counseling* documents are mailed to the student's last known address on file. The *Exit Counseling* documents are coupled with a self-addressed envelope for return mail. *Exit Counseling* documents should be completed and returned to the Student Loan Counseling Department for processing.

Post Enrollment Communication

Post Enrollment Students

Post enrollment students are considered to be either a graduate student or a withdrawn student. A graduate student is defined as a student who has completed all requirements for their program and eligible to obtain their program certificate or diploma. A withdrawn student is defined as one who has officially completed Pennco Tech's withdraw process, unofficially withdrew or required an administrative withdraw due to Pennco Tech's attendance policy. Students who have missed consecutive scheduled days of class and who have failed to contact the Education Department regarding their whereabouts are considered withdrawn on the day that the Education Department has applied the appropriate process regarding Pennco Tech's attendance Policy. (For a complete description of Pennco Tech's attendance policy, please refer to the respective campus' *School Catalog*)

Communication to Post Enrollment Students

For most student loans, there is a set period of time after a student graduates, leaves school, or drops below half-time enrollment before a payment must be made. As previously mentioned, borrowers have approximately six (6) months from the date of separation at the institution to repay their loan funds. This is the borrower's grace period. The repayment period begins the day after the grace period ends. Each student's loan servicer as well as Pennco Tech's Student Loan Counseling Department will communicate the beginning and ending date of a grace period as well as the date that each loan is scheduled for repayment. The Student Loan Counseling Department frequently communicates with the loan borrower through a series of email alerts and postal mail letters.

Borrowers in their *Grace Period* are sent loan reminders:

- Three (3) months after separation from the institution;
- Five (5) months after separation from the institution;
- Seven (7) months after separation from the institution

These letters are commonly known as the 3, 5, 7 letters. Student Loan Counselors or a member of the Student Loan Counseling Department may contact students and refer to the above aforementioned letters to ensure that students are receiving this communication and are aware of their student loan repayment due date. **remember, a loan in a repayment status has the potential to default if a scheduled payment is not made**

The Student Loan Counseling Department carefully reviews each student's loan data to implement ample time and provide support to the borrower. Students who receive advance communication regarding their loan obligations are less likely to become delinquent or default. The objective of the SLCD is to prepare students with a diverse approach in meeting their loan obligations whether it be requesting assistance due to a financial hardship or communicating with loan servicers to determine repayment due dates.

The Student Loan Counseling Department expresses explicit communication regarding the student's loan obligations as well as friendly loan alert reminders. Students can expect to receive:

- Monthly emails as friendly reminders of loan repayment due dates, grace periods and forbearances.
- Reminders of loan details via postal mail, email, phone, text or social media (with approval) regarding risk of delinquency, delinquency, risk of default and default

While the Student Loan Counseling Department delivers pertinent information to students regarding their student loan obligations and status, students also have the opportunity to utilize *NSLDS* <https://nsldsfa.ed.gov>. Students will need their FAFSA username and password to access this database. The National Student Loan Data System (NSLDS) is the U.S. Department of Education's central database for student aid. NSLDS is able to provide students with their individual loan information. Students may also access their individual loan servicer's website and account access to review their loan status and repayment date.

Methods of Communication by the Student Loan Counseling Department

- **Phone Contact**

The SLCD utilizes phone communication with borrowers individually, borrowers and loan servicers on a conference call. Defaulted borrowers and collections agencies on conference calls, and if borrowers authorize; the borrower's parents or any other authorized person. All phone communication efforts are utilized to assist borrowers in preventing delinquency or default.

- **Postal Mail Correspondence**

The SLCD utilizes letters to serve as reminders and notifications to borrowers. Borrowers are reminded of upcoming repayment due dates, past due amounts and delinquency and default. Applications and forms are also sent to students to apply for specific repayment plans and/or emergency forbearance.

- **Email Correspondence**

The same communication that borrowers receive via postal mail is sent through the most recent email address provided to the SLCD. Students receive reminders of upcoming repayment due dates, past due amounts and delinquency and default. Applications and forms are also sent for students to apply for specific repayment plans or emergency forbearance.

- **Social Media**

The SLCD utilizes social media websites to direct message students or answer questions from borrowers as well as send applications and forms for students to apply for repayment plans or deferments. Communication on social media provides a platform for the Student Loan Counseling Department to post financial literacy information as well as interactive live feeds and videos to assist students with loan information, foster growth and provide updated resources. Social Media access also provides an alternative method to contact the Student Loan Counseling Department beyond traditional methods.

The SLCD provides contact information for the department as well as the specific person to reach concerning any loan issues. We are here to help!

Student Loan Repayment Options Expounded

Repayment Status and Repayment Plan Options for Student Loans

Borrowers are automatically enrolled in a *Standard Repayment Plan* however; this repayment plan may not be the best suited option for the borrower’s financial situation. As previously mentioned earlier in this handbook, income sensitive repayment plans are available options for borrowers and the Student Loan Counseling Department is available to review all repayment plan options and assist borrowers with the application process. The Chart below provides specific details regarding each repayment plan and is an excerpt directly from the studentaid.ed.gov website.

OVERVIEW OF DIRECT LOAN AND FFEL PROGRAM REPYAMENT PLANS			
Standard Repayment Plan	Direct Subsidized and Unsubsidized Loans. Subsidized and Unsubsidized Federal Stafford Loans. Plus Loans. Consolidation Loans (Direct or FFEL).	Payments are a fixed amount that ensures your loans are paid off within 10 years (within 10 to 30 years for consolidated loans).	All borrowers are eligible for this repayment plan. You will usually pay less over time versus other repayment plans. Standard Repayment Plan with a 10-year repayment period is not a good option for those seeking Public Service Loan Forgiveness (PSLF). Standard Repayment Plan for Consolidation Loans is not a qualifying repayment plan for PSLF.
Graduated Repayment Plan	Direct Subsidized and Unsubsidized Loans. Subsidized and Unsubsidized Federal Stafford Loans. Plus Loans. Consolidation Loans (Direct or FFEL)	Payments are lower at first, and then increase. Usually every two years, and are for an amount that will ensure your loans are paid off within 10 years (within 10 to 30 for consolidated loans).	All borrowers are eligible for this repayment plan. You will pay more over time than under the Standard 10 year Repayment Plan. Generally not a qualifying repayment plan for PSLF.
Extended Payment Plan	Direct Subsidized and Unsubsidized Loans.. Subsidized and Unsubsidized Federal Stafford Loans. Plus Loans. Consolidation Loans (Direct or FFEL).	Payments may be fixed or graduated, and will guarantee that your loans are paid off within 25 years.	If If you're a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. If you're a FFEL borrower, you must have more than \$30,000 in outstanding FFEL Program loans. Your monthly payments will be lower than under the 10-year Standard Plan or the Graduated Repayment Plan. You'll pay more over time than under the 10-year Standard Plan. Not a qualifying repayment plan for PSLF.
Revised Pay as You Earn Repayment Plan (REPAYE)	Direct Subsidized and Unsubsidized Loans. Direct PLUS loans made to students. Direct Consolidation Loans that do not	Your monthly payments will be 10 percent of <i>discretionary income</i> . Payments are recalculated each year and are based on your updated income and family size. You must update your income and family size each year, even if they haven’t changed.	Any Direct Loan borrower with an eligible loan type may choose this plan. You’ll usually pay more over time than under the 10-year Standard Plan. You may have to pay income tax on any amount that is forgiven. Good option for those seeking PSLF.

	include PLUS loans (Direct or FFEL) made to parents.	If you're married, both your and your spouse's income or loan debt will be considered, whether taxes are filed jointly or separately (with limited exceptions). Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years (if all loans were taken out for undergraduate study) or 25 years (if any loans were taken out for graduate or professional study).	
Pay As You Earn Repayment Plan (PAYE)	Direct Subsidized and Unsubsidized Loans. Direct PLUS loans made to students. Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents.	Your monthly payments will be 10 percent of discretionary income, but never more than you would have paid under the 10-year Standard Repayment Plan. Payments are recalculated each year and are based on your updated income and family size. You must update your income and family size each year, even if they haven't changed. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years.	You must be a <i>new borrower</i> on or after Oct. 1, 2007, and must have received a <i>disbursement</i> of a Direct Loan on or after Oct. 1, 2011. You must have a high debt relative to your income. Your monthly payment will never be more than the 10-year Standard Plan amount. You'll usually pay more over time than under the 10-year Standard Plan. You may have to pay income tax on any amount that is forgiven. Good option for those seeking PSLF.
Income Based Repayment Plan (IBR)	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans made to students. Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents.	Your monthly payments will be either 10 or 15 percent of discretionary income (depending on when you received your first loans), but never more than you would have paid under the 10-year Standard Repayment Plan. Payments are recalculated each year and are based on your updated income and family size. You must update your income and family size each year, even if they haven't changed. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years or 25 years, depending on when you received your first loans. You may have to pay income tax on any amount that is forgiven.	You must have a high debt relative to your income. Your monthly payment will never be more than the 10-year Standard Plan amount. You'll usually pay more over time than under the 10-year Standard Plan. You may have to pay income tax on any amount that is forgiven. Good option for those seeking PSLF.
Income-Contingent Repayment Plan (ICR)	Direct Subsidized and Unsubsidized Loans. Direct PLUS Loans made to students. Direct Consolidation Loans.	Your monthly payment will be the lesser of 20 percent of discretionary income, or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. Payments are recalculated each year and are based on your updated income, family size, and the total amount of your Direct Loans. You must update your income and family size each year, even if they haven't changed. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return or you choose to repay your Direct Loans jointly with your spouse. Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years.	Any Direct Loan borrower with an eligible loan type may choose this plan. You'll usually pay more over time than under the 10-year Standard Plan. You may have to pay income tax on any amount that is forgiven. Good option for those seeking PSLF. Parent borrowers can access this plan by consolidating their Parent PLUS Loans into a <i>Direct Consolidation Loan</i> .
Income Sensitive	Subsidized and Unsubsidized	Your monthly payment is based on annual income, but your loan will be paid in full within 15 years.	You'll pay more over time than under the 10-year Standard Plan.

Repayment Plan	Federal Stafford Loans. FFEL PLUS Loans. FFEL Consolidation Loans.		The formula for determining the monthly payment amount can vary from <i>lender</i> to lender. Available only for FFEL Program loans, which are not eligible for PSLF.
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A *Direct Consolidation Loan* allows you to consolidate (combine) multiple federal education loans into one loan. The result is a single monthly payment instead of multiple payments. Loan consolidation can also give you access to additional loan repayment plans and *forgiveness* programs.

There is no application fee to consolidate your federal education loans into a Direct Consolidation Loan. You may be contacted by private companies that offer to help you apply for a Direct Consolidation Loan, for a fee. These companies have no affiliation with the U.S. Department of Education (ED) or ED's consolidation loan servicers. There's no need to pay anyone for assistance in getting a Direct Consolidation Loan. The application process is easy and free.

Any questions, assistance with completing forms or support you may need regarding your student loans, whether from the Student Loan Counseling Department at Pennco Tech or your actual loan servicer will always be free of charge! There will never be a fee charged for helping our student loan borrowers!

Social Media Sites

www.facebook.com/GoToPennco/

www.instagram.com/penncotech1/

www.twitter.com/penncotech

<https://studentaid.ed.gov/sa/repay-loans/understand/plans>