

# Kentucky Council on Postsecondary Education

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## Resolution adopted by the Council on February 2, 2018 Financial Literacy of Kentucky's College Students

WHEREAS, education beyond high school strengthens state and regional economies, ensures a stronger workforce, and improves economic opportunity for all citizens; and

WHEREAS, according to a report from Gallup<sup>1</sup>, “young adults cite college costs as their top financial problem, and paying for college tops the financial concerns of U.S. parents who have children younger than eighteen”; and

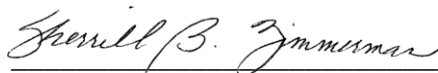
WHEREAS, a strong foundation in financial literacy, or understanding how money is made, spent, and saved in order to make informed decisions, is particularly important during the transition to and through college; and

WHEREAS, comprehensive, transparent information about college costs, financial aid, and student loans communicated regularly to students while in college can encourage them to borrow responsibly, finish a degree, and transition to a meaningful career; and

WHEREAS, several Kentucky universities have introduced or are exploring the use of annual loan letters to help provide clear information to students and families about cumulative debt, potential total payout, and potential monthly payments; and

WHEREAS, in recent years all of Kentucky's colleges and universities, in partnership with the federal government, state, and private organizations, have expanded financial literacy programs and introduced tools to provide students and families with clearer information about college costs and student debt;

NOW, THEREFORE, BE IT RESOLVED, that the Council on Postsecondary Education commends the campuses for the work that has been done to improve the financial literacy levels of Kentucky's college students; however, the Council urges campus leaders to implement a financial literacy program at their campus that provides a concise snapshot of students' cumulative debt, potential total payout, and potential monthly payments. The attached template may be used to communicate this information so that this can be in place for the term beginning in January of 2019.



Sherrill Zimmerman, Chair



Robert L. King, President

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<sup>1</sup> Busted, Brandon and Stephanie Kafka, “Most Americans Say Higher Education Not Affordable,” Gallup News, April 16, 2015. [http://news.gallup.com/poll/182441/americans-say-higher-education-not-affordable.aspx?g\\_source=affordable%20for%20all&g\\_medium=search&g\\_campaign=tiles](http://news.gallup.com/poll/182441/americans-say-higher-education-not-affordable.aspx?g_source=affordable%20for%20all&g_medium=search&g_campaign=tiles)

xx/xx/xxxx

XXXXXXXXXX  
XXXXXXXXXX  
XXXXXXXXXX

Dear xxxxxx:

This is a summary of your estimated current student loan indebtedness. This information is being provided to you *before* you take on additional debt. We encourage you to make use of the academic and financial planning resources suggested here (see other side) to minimize future borrowing while you complete your degree at xxxxx.

### **Estimate of Your Total Education Loans: \$12,000**

\*See the "Important Information" section on the other side of this letter regarding all loan estimates.

### **Interest Rates**

Student loan interest rates vary based on when you borrowed and the loan type. Calculations in this letter are estimated at 4.45%

### **Estimated Monthly Payment – All Loans**

Total Education Loans: \$12,000  
Standard Repayment Term: 10 years  
Assumed Interest Rate: 4.45%

Monthly Payment: \$124

Cumulative Payments: \$14,889  
Projected Interest Paid: \$ 2,889

### **Federal Direct Loans**

The Federal Direct Loan program provides the majority of loan funds for xxxx students. The total you have borrowed from this program, including both subsidized and unsubsidized loans, is \$xxxxxx

The maximum you may borrow as a Dependent student and degree objective is \$31,000 and \$57,500 as an Independent student not to exceed \$23,000 total in Subsidized loan.

### **Other Education Loans**

The estimated total of your education loans includes amounts below, based on xxxx's records about your borrowing history:

Federal Perkins Loans: \$xxxxxxx

Private Alternative Loans Certified at xxxx: \$0

Other Loans Certified at xxxx: \$0

## Academic & Financial Planning Resources

Loans offered for the upcoming academic year are included in the figures provided in this letter. There is still time for you to reduce future debt by planning your expenses carefully and borrowing only what you really need. Meet with your academic advisor and set a plan to expedite completing your degree, if possible. We encourage you to make use of these resources to find ways to balance your budget:

Salt: <https://www.saltmoney.org>

You are also invited to make an appointment or drop by the Financial Aid Office to review your loan debt figures, talk about future borrowing and discuss repayment options with a counselor.

The standard 10-year repayment plan for Federal Direct Loans is one of many options. To find out about alternatives, visit this site: <https://studentaid.ed.gov/repay-loans/understand/plans>

To calculate payments on loans of all types; or to estimate your monthly obligation for your cumulative debt under various repayment options, visit this website: <https://studentaid.gov>

Loan Terms Glossary - <https://studentloans.gov/myDirectLoan/glossary.action>

## Important Information about These Loan Estimates

**\*IMPORTANT: Figures provided in this notice are NOT a complete and official record of your student loan debt.**

The most accurate information about your Federal student loans is available in the National Student Loan Data System (NSLDS). <https://www.nsls.ed.gov>

Log in using your personal information and the FSA Id you used to sign your FAFSA.

**Please read this important information about why loan totals in this letter may be incomplete or inaccurate.**

- Students who have borrowed at multiple institutions, who have consolidated loans, had loan debt discharged or forgiven, or who have repaid a portion of their debt may find that these estimates are inaccurate.
- State or institutional loans and private Alternative loans from other institutions are not included in these estimates.
- Interest that accrues while you are enrolled, which must be paid first or capitalized (added to your debt), has not been projected here and therefore has not been included in these estimates.
- The Federal Direct and Perkins Loan figures in this letter are based on the most recent information sent to The University of Louisville by NSLDS and should include loans from any institution. However, if you recently received Direct or Perkins loans at another institution, these may not have been included in the information provided by NSLDS.
- State Teaching scholarships and Federal TEACH grants, which may be converted to loans if scholarship terms and conditions are not met by the recipient, are not included in these estimates.
- Education loans your parent took out on your behalf, and parent loans you may have taken for your children, are not included in these estimates.
- Loans included in this letter may have been discharged or forgiven.