

Pathways to a Bright Future: Helping Students Lighten Their Debt Load

Sallie Mae's 1-2-3 approach to paying for collegeSM

Presented by:
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3/25/2008

SallieMae[®]
Champions for Higher Education.[™]

Outline

Survey results and findings

Sallie Mae's role in reducing debt

The 1-2-3 Approach

Sallie Mae's products and services supporting each step

Breaking down step 1: Free Money

- Upromise
- College Answer
- TuitionPay

The Lifeline of a borrower

Reinforce survey results

Benefits of TuitionPay

Students are graduating with heavy burden of debt

- \$19,202 – Average cumulative amount borrowed for bachelor's degree students graduating in 2003-04.
- \$27,200 – Average cumulative amount borrowed for master's degree students graduating in 2003-04.

Per NCES (National Center for Education Statistics), 2006.

Parents Regret Late Start to College Saving

There is a college-savings crisis in America.

•61% of respondents said their initial paying-for-college research began after their child entered high school.

A late start to saving for college has left families making difficult decisions about how they will pay for higher education.

•56% of parents believe that college is not affordable.

•40% will use a federal loan to pay for college.

•20% are considering private loans to help cover the cost of college.

Despite these findings...

•82% of parents still believe that college is worth the cost

(Source: 2007 Survey of Parents of College-Bound Freshmen by Aspen Media and Market Research)

Providing Access and Encouraging Smart Borrowing

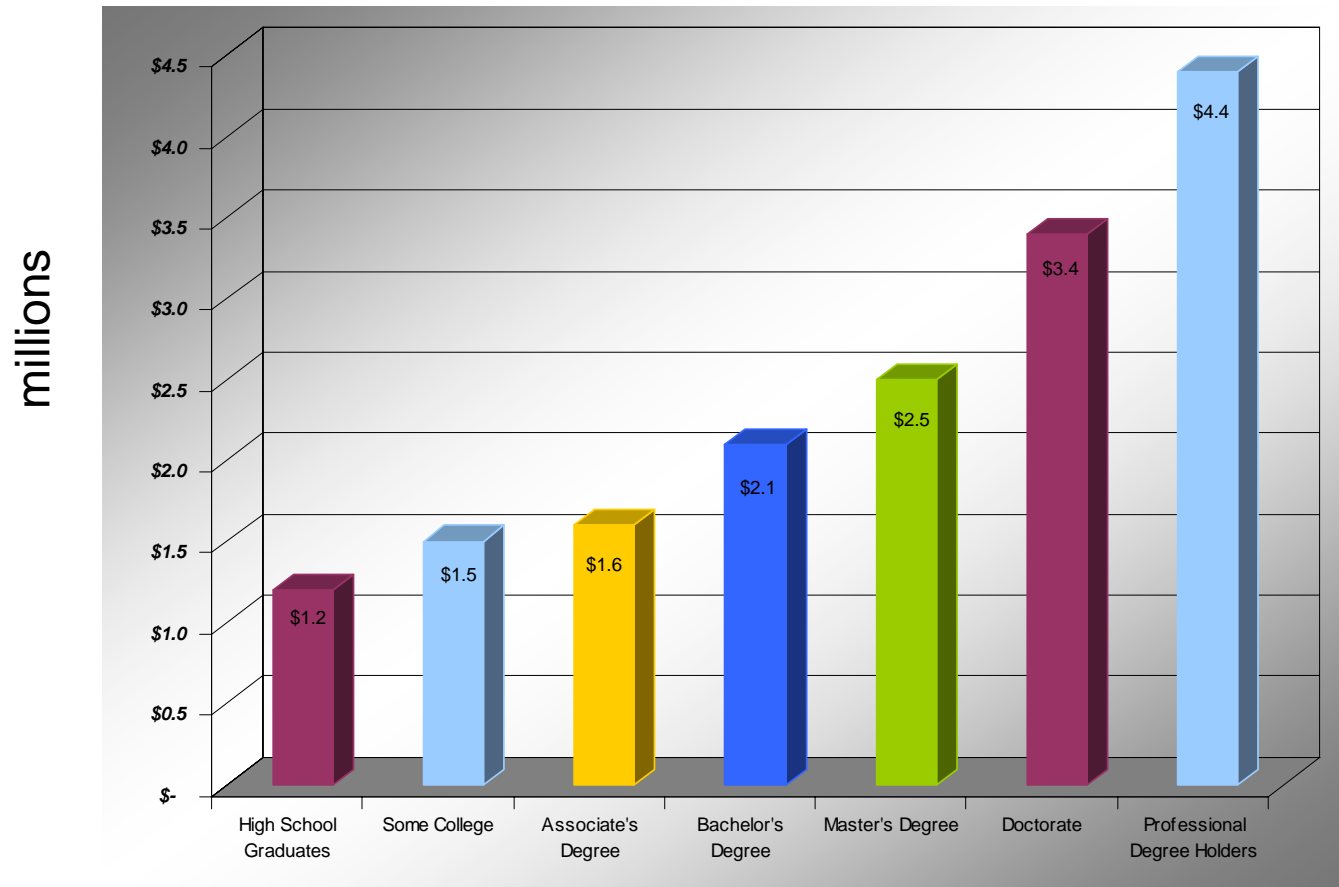
As the nation's number 1 paying and saving for college company, Sallie Mae has developed services and products to help reduce the amount of money a student or parent may need to borrow to pay for college.

PLUS: Sallie Mae has developed financial literacy materials to educate all consumers as to the keys of borrowing wisely.

WHY?: Because a responsible lender should promote responsible borrowing.

Value of Education

Studies show that college graduates with at least a bachelor's degree will, on average, earn \$1 million more over the course of their lifetime than those holding a high school diploma alone.



Sources: U.S. Census Bureau, Current Population Surveys 2000

3/25/2008

School Administrators: Vision and Goals

Vision

- Provide multiple financing options to families and students
- Control student debt by offering debt free payment options
- Lower borrowing levels
- Make it easier for student to attend college
- Counsel families and students on financial decision process

Goals

- Single point of contact for family and students
- Help families and students determine the “best” mix of financial options
- Provide complete saving and paying solutions for families and students
- Bridge the funding gap
- Encourage debt free payment options such as TuitionPay Payment Plan

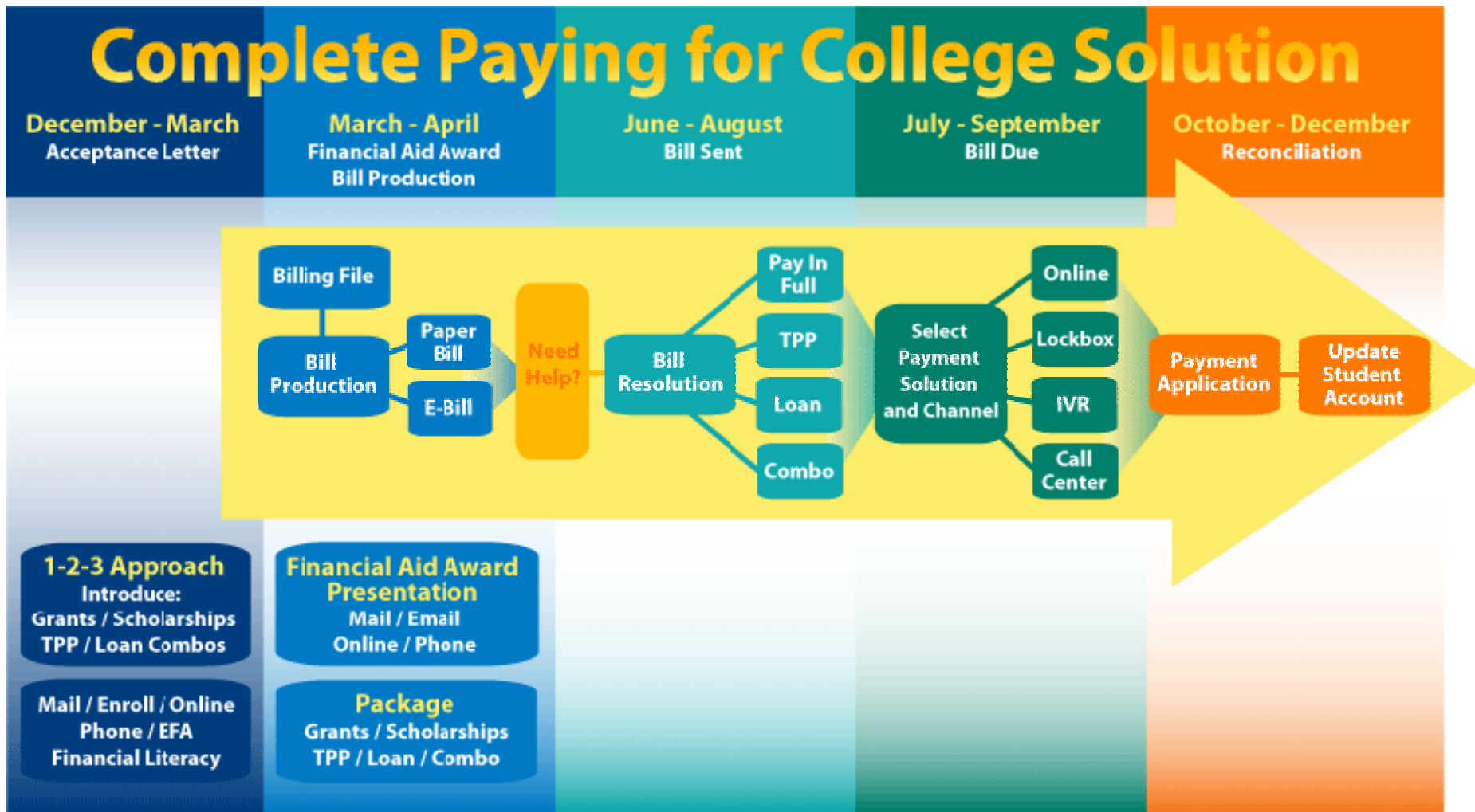
Sallie Demystifies the College Funding Process



Paying for college doesn't have to be difficult. That's why we developed Sallie Mae's 1-2-3 approach to applying for college to help students get the funds they need in the most affordable order.

How does Sallie Mae help students find free money?

Timeline of Complete Solution



Slide 9

MRN1

Not too keen on the colors of this graph - will continue to work on this.

Marie R. Neal, 12/4/2007

What is the Complete Solution?

A:

Financial Literacy Counseling & Education Finance Advisor

Educating families and students on the best ways to pay for college utilizing the **1-2-3 Approach**.

B:

Financial Aid Award

Packaging the best financing options for families and students, including grants, scholarships, work-study, Stafford loans and tuition payment plans.

C:

Tuition Bill

Providing multiple financing options (pay-in-full, installment and private loan options) to families and students to satisfy the “bill” (e-bill or paper)

D:

Bill Resolution

Advise families and students on optimal payment solutions

Sallie Mae: Reduce the Need to Borrow

Sallie Mae offers several tools to help families plan, save, and maximize free sources of money to pay for school.

Upromise®

Upromise Investments, Inc. is the nation's largest administrator of direct-to-consumer 529 college savings plans. The free Upromise service allows members (along with their families and friends) to earn cash awards on their everyday spending and to invest their rewards in savings plans.

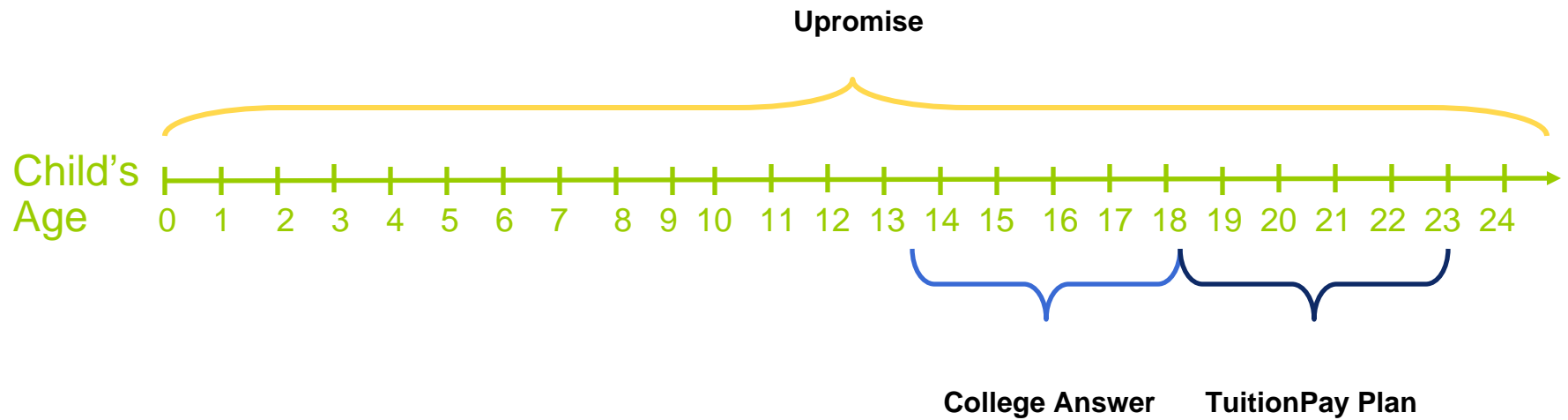
College Answer®

College Answer offers high school counselors, students and parents the most comprehensive source of free interactive college-planning tools - from preparing for entrance exams to selecting a college to paying for education. The site contains the largest, free online scholarship database, with more than 2.4 million scholarships worth more than \$15 billion in funds.

TuitionPay® Plan

TuitionPay Plan breaks tuition costs into interest-free, manageable monthly payments, so parents and students don't have to pay a large, lump sum.

The College Planning Timeline



Tuition Payment Plans

54% of families plan to use cash/savings to pay for college in 2008.*

– Increase from 52% in 2006

Families hope to be able to cover the cost of college with money they have on hand – but may not be able to cover the cost in a single lump sum.

Tuition payment plans help families reduce the amount they need to borrow, and make paying for college easier, and more affordable

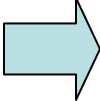
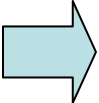
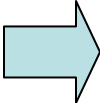
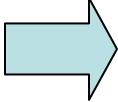
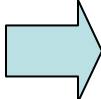
*(Source: 2007 Survey of Parents of College-Bound Freshmen by Aspen Media and Market Research)

TuitionPay Plan from Business Office Solutions

Sallie Mae's TuitionPay Plan allows for faster, easier tuition payments.

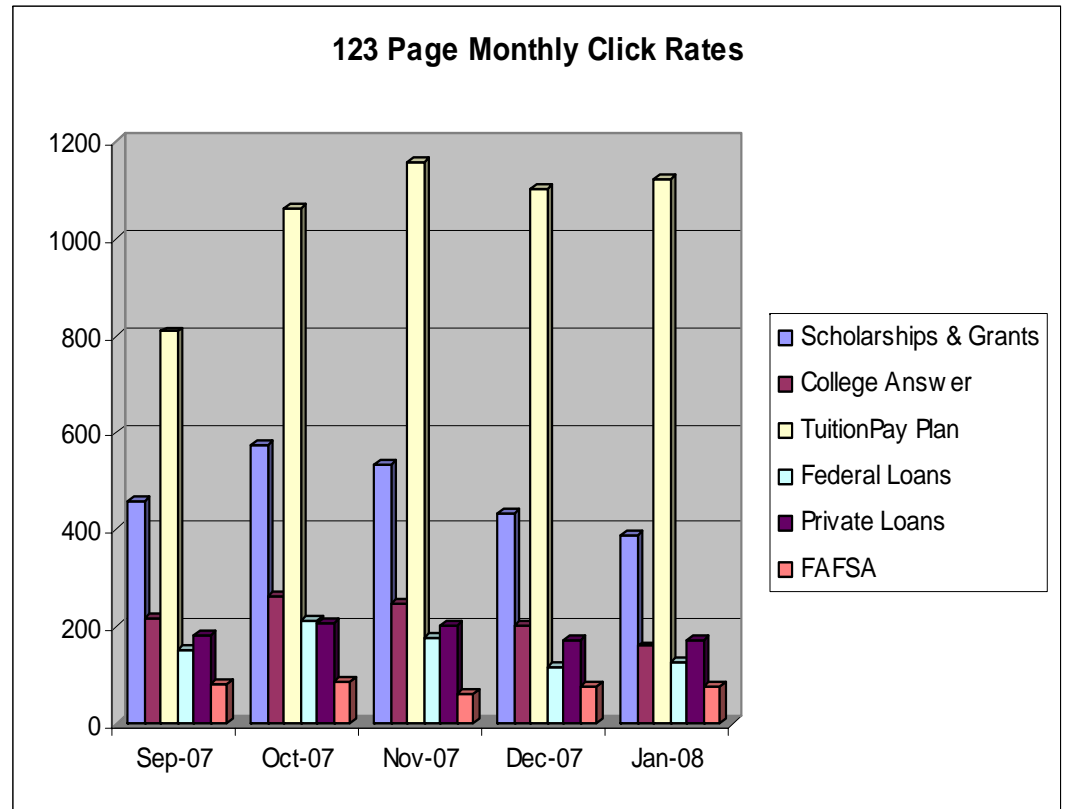
- Breaks tuition costs into manageable monthly payments
- Plan customized to fits needs of school and families
- Parents/Students can schedule automatic withdrawals, or
- Setup recurring payments

Sallie Mae TuitionPay Plan

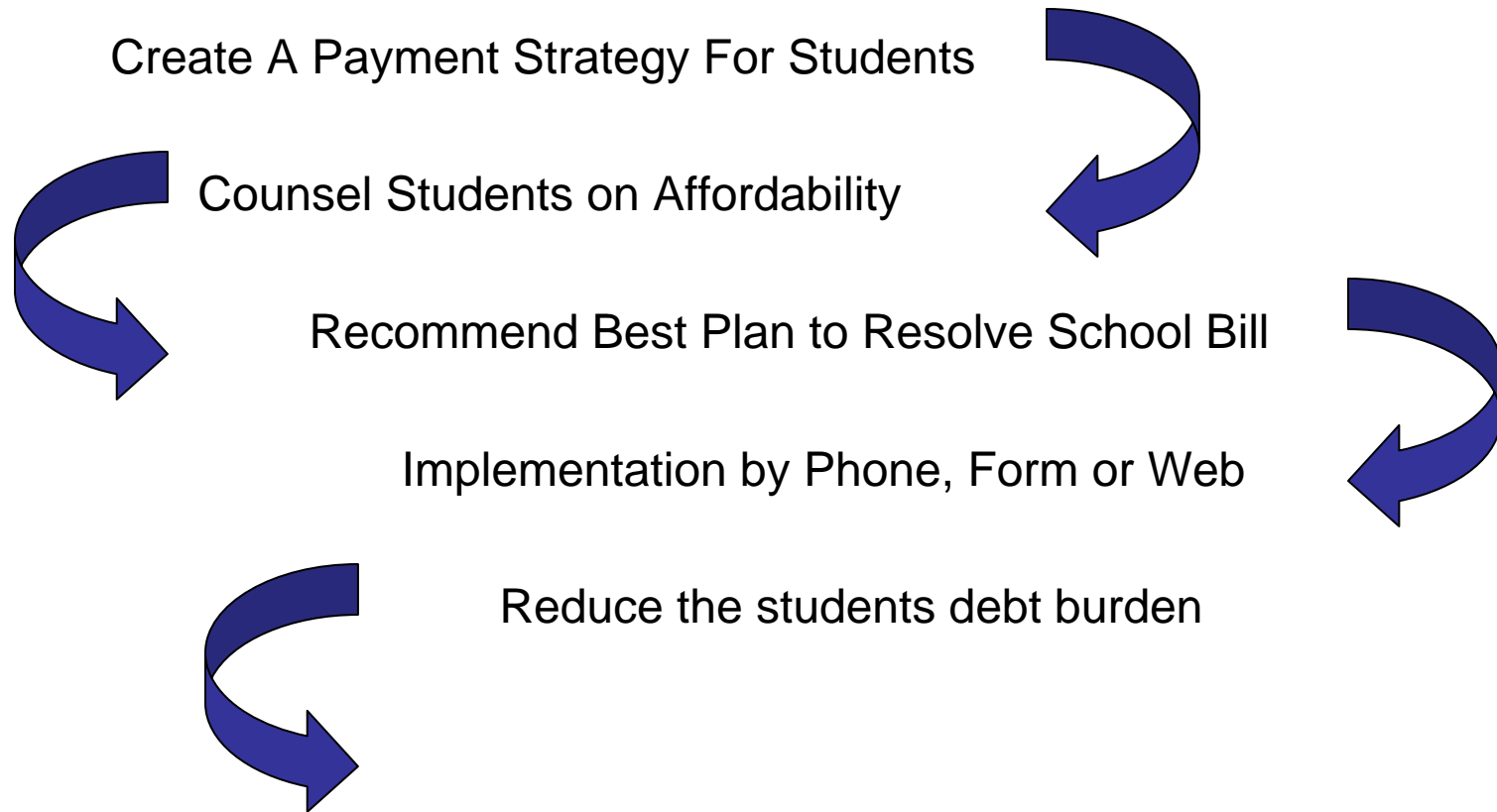
- ***Debt free financing option for families and students***
- 37 years  5 million families and students serviced
- 2007  \$2.2 billion of debt free tuition payments to 750 schools
- Annually  300,000 families and students elect this program
- Each year  600,000 calls from families
- Tuitionpay.com  1.2 million unique visits from families

1-2-3 Approach to Paying for College

- Total click-through rates:
 - 2598 Scholarships & Grants
 - 1183 College Answer
 - 5809 TuitionPay Plan
 - 872 Federal Loans
 - 1023 Private Loans
 - 401 FAFSA



A Single Resource for Complete Payment Solutions



Resources

- Sallie Mae's 1-2-3 approach to paying for college
- http://www.salliemae.com/before_college/planning-wisely/debtsavvy/before_borrow/123.htm
- Sallie Mae partners with EDU, Inc. to increase access to college for African-American youth
- http://www.salliemae.com/about/news_info/newsreleases/013008a.htm
- Parents regret late start to college saving, most consider college unaffordable
- http://www.salliemae.com/about/news_info/newsreleases/012908.htm

Business Office Solutions

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