



# Default Management Plan.

## Overview

This document contains information undertaken by LSE to assist students in understanding the responsibilities of borrowing William D. Ford Federal Direct Loan Program, commonly referred to as “Title IV”, “Financial Aid” or Federal Aid to fund their education and to reduce the number of students who default on their loan repayments.

This plan should be read in conjunction with the school’s [Federal Aid](#) guidelines

## **1. Entrance Counseling**

All students wanting to access U.S. Federal Aid either as a new or continuing student are required to undertake Entrance Counselling. During Entrance Counselling, students are advised:

1. How the Master Promissory Note (MPN) works.
2. Terms of their loan, including financial responsibility to them
3. The importance of repayment
4. The consequences of defaulting on the loan
5. Sample monthly repayment amounts.

Students are required to complete entrance counselling (this is completed through the [student.aid.gov](http://student.aid.gov) portal) as part of their application for Federal Aid. This requirement is documented in the schools [Federal Aid Guide](#).

Students wishing to borrow Federal Aid are required to submit an application through the school’s secure application portal, furthermore students are required to confirm that they have completed entrance counseling on their application for Aid.

The Financial Aid team verify all applications, if we find instances where counselling have not been submitted we will pause the origination process and remind the student borrower of the requirement, We will not proceed with origination until we have confirmation that entrance counselling has been completed. Federal Aid practitioners will validate entrance counselling via COD.

**Section 10** of the Federal Aid guide reinforced the requirement for successful completion of entrance counseling. A copy of entrance counselling is downloaded from COD and stored in the student's electronic file.

## **2. Financial Literacy for Borrowers**

The school provides students with a [Federal Aid Guide](#), this guides informs borrowers by signposting pertinent information about eligible programs, cost of attendance, allowable loans limits, including advice that students should only borrow what they need. The guide also provides helpful information about repaying and deferring loans.

The school provides also signposts students/borrowers to forms and calculators on our [Federal Loans page](#). These forms detail mandatory certification statements, this enforces key literacy information about loan borrowing.

Our consumer information webpage signposts students/borrowers to:

- Federal Student Aid guidance '[Repaying Your Loans](#)'
- NSLDS

The school also offers an optional introduction to a student awareness presentation at the start of Autumn Term.

## **3. Early Identification and Counseling for Students At-Risk**

Information on responsibilities placed on the student to maintain a satisfactory academic level, and the school's responsibilities to report this, can be found within the [Satisfactory Academic Progress \(SAP\) Policy](#).

The school has a responsibility to identify and report students who have withdrawn from their studies, including those taking a temporary leave of absence, within 45 days of the date the student is determined to have withdrawn. Further information on how the withdrawal date is calculated and how a withdrawal can affect Federal Aid eligibility can be found within the school's [Return of Federal Aid \(RT24\) Policy](#).

Once a students' change of circumstance is processed, they will receive an automatic email, this email will detail fee liability and instruction that exit counselling will need to be completed and evidence sent to the Financial Aid Office (Customer Support Team).

#### **4. Communication Across Campus**

The school's Consumer Disclosure Information is available via its website for all students to access prior to applying for US Direct Loans. A link to this consumer information is provided once a loan has been originated.

Academic Progress and enrolment status is held on the school's central student records system, SITS, finance access the central student records system to confirm satisfactory academic progress prior to each disbursement.

Up to date contact information for both the student and is obtained from the student at enrolment and held on their central student record.

#### **5. Exit Counselling**

Student borrowers are reminder of their obligation to complete exit counseling at multiple stages, students are informed:

- At the application stage, via our Federal Aid Guide
- In the final notice of disbursement email
- Where there is a change of circumstance
- When the student graduates

A link to the U.S. Departments of Education [exit counselling guidance](#) is available on the schools consumer disclosure page.

Students are required to email a copy of completed exit counselling to [fees@lse.ac.uk](mailto:fees@lse.ac.uk) a copy is stored in the students e-file.

#### **6. Timely and Accurate Enrollment Reporting**

The school will ensure that accurate information on enrolments, including updates to individual student records, is reported in a timely manner via NSLDS at two-monthly intervals.

#### **7. Analyse defaulted loan data**

The school receives regular reports on defaulted loan data available from NSLDS and this information will be analyzed to improve default prevention and enhance Best Management Practice, and will be used to pinpoint common trends amongst defaulters.

Any students identified to be defaulting on their loans will be directed to their individual loan provider in the first instance to discuss repayment options.

## 8. Tools and Activities for Schools

The school will use the recommended tools where applicable to ensure data accuracy, effective loan counselling and default prevention. These tools will be used to assist/signpost and educate students in receipt of Federal Aid and support financial aid practitioners.

## 9. Key links

### *Loan Counseling*

#### *The Student Guide and NSLDS for Students*

- <http://www.studentaid.ed.gov>

How much will it cost?

- <http://nces.ed.gov/ipeds/cool/>

How will I pay for it?

- [http://studentaid.ed.gov/students/publications/student\\_guide/index.html](http://studentaid.ed.gov/students/publications/student_guide/index.html)

Will I make enough money in my chosen occupation to repay student loans I receive?

- <http://www.bls.gov/search/ooh.asp?ct=OOH>
- <http://data.bls.gov/PDQ/outside.jsp?survey=nc>

### *Repaying Your Student Loans*

- [http://www.studentaid.ed.gov/students/publications/repaying\\_loans/index.html](http://www.studentaid.ed.gov/students/publications/repaying_loans/index.html)

### *Ombudsman Office*

- <http://www.ombudsman.ed.gov>

### *Ensuring Student Loan Repayment Best Practices for Schools*

- <http://www.ifap.ed.gov/eannouncements/0119stuhbkbestprectice.html>

### *SFA Assessments for Schools*

- <http://www.ifap.ed.gov/IFAPWebApp/qualityassurance/SFAAssessment.jsp>

Mapping Your Future

- <http://www.mapping-your-future.org>

Jump Start Coalition for Personal Financial Literacy

- <http://www.jumpstart.org>

## **10. Contact**

For enquiries about Federal Aid please contact [fees@lse.ac.uk](mailto:fees@lse.ac.uk)