

June 2005

for school administrators on issues affecting the financial aid community

# access update

## Our Mission . . .

*to provide education financing to the broadest range of eligible students, positively influence education financing practices, and provide services valued by students and schools.*

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*If you have questions regarding this or any other publication provided by Access Group, call 800-227-2151, Monday through Friday, 9 a.m. to 8 p.m. ET.*

*To subscribe to an electronic version of this newsletter, send your name and your school's name to [accessupdate@accessgroup.org](mailto:accessupdate@accessgroup.org).*

## New Place . . . New Face

Access Group is pleased to announce our move into spacious new corporate headquarters and the opening of our doors for business on Monday, May 23 at:

5500 Brandywine Parkway  
Wilmington, Delaware 19803

With the move, we have room to grow and to better serve our school and student customers. We will be dedicating our new space during an Open House on Friday, June 10.

What better time to reaffirm the Access Group brand and refresh the look of our corporate logo? And that's just what we've done. Along with renewing a company-wide commitment to the Access Group brand, we have given our logo a new look.



Although we have introduced this updated logo to coincide with our move to Brandywine Parkway, the logo will make its official debut at the 2005 NASFAA Conference in July. Thereafter, we will continue to phase in this new look both internally and externally so that it will be fully incorporated into our online and print materials for the 2006–2007 academic year.

And there's a new look for Access Update! Yes, our monthly newsletter to school customers has had a makeover, too. We hope you like what you see.

## Access Group at NASFAA 2005

Amid the sights and sounds of the Big Apple, Access Group invites you to join us at our new display booth at NASFAA 2005 in New York City. We'll be located at "island" number 805 on the second floor of America's Hall 2. Chat with our staff, who are eager to greet you, answer your questions, and show you the many ways Access Group can help your graduate and professional school students finance their education.

This year, Access Group is especially pleased to be a part of the NASFAA conference program on each of the following days:

### **Saturday, July 2: Pre-Conference Symposium**

Access Group is proud to co-sponsor the Graduate and Professional Issues Pre-Conference Symposium on Saturday, July 2.

*(continued)*

### *Also in this issue:*

- Access Group at NASFAA
- Conference 2005 Update
- Consolidation Corner
- Enhancements to eAccess



## Access Group at NASFAA, continued

The presenters will address the topic, “Financial Planning and Debt Management for Graduate/Professional Students: Helping Your Students Meet Their Financial Goals.”

To register in advance for this Symposium, go to [nasfaa.org](http://nasfaa.org), click “2005 Conference,” then click “Pre-Conference Symposium,” and download the registration form, which you can fax or mail back to NASFAA.

### Sunday, July 3:

#### National Chair's Reception (5:30 p.m. – 7 p.m.)

Access Group is a co-sponsor of this event.

### Monday, July 4:

#### Financial Aid Business Solutions Seminar

Access Group is pleased to sponsor a presentation by ELM Resources, scheduled for 8:30 a.m. – 9:45 a.m. The session will provide an overview of the ELMNet data exchange and ELM

National Disbursement Network (NDN) services. The discussion will include a panel of ELM school users who will share their experience using these services, highlighting the benefits and efficiencies they have gained by implementing ELM loan processing solutions. Please check your program book for the room location.

### Tuesday, July 5:

#### Access Group Financial Aid Business Solutions Seminar

You may want to plan your conference schedule so that you can attend a presentation by Access Group's Director of Borrower Education Services, Jeff Hanson. Jeff will discuss “Guarding Your Credit and Your Identity” from 10:45 a.m. – 12:00 p.m. Check your program book for room location.

We look forward to seeing you at NASFAA!

## Conference 2005 Update

Nationally known, thought-provoking speakers will highlight Access Group's 2005 Graduate and Professional Financial Aid Conference, scheduled for November 17 – November 20 at the Hyatt Regency Lake Las Vegas Resort in Henderson, Nevada.

This year's Planning Committee is pleased to announce these presenters:

- Keynote speaker **David Brancaccio**, host of PBS's weekly public affairs series **Now**, and former host of NPR's **Marketplace** and author of *Squandering Aimlessly: My Adventures in the American Marketplace*
- **Nancy Coolidge**, of the University of California's Office of the President, who will provide an update on the student loan industry
- **Stan Collender**, a federal budget analyst, who will speak on the federal budget and the pressure it places on student lending programs
- **Scott Cawood**, president and co-founder of ModernThink, who will present an interactive address on “The Business of Being Great”

## Designed for you

As always, conference guests will have the opportunity to learn, network, and share information through participation in insightful general sessions and targeted concurrent sessions. Some of the sessions being offered are those you've suggested, such as:

- FAA responsibilities regarding audit/program review preparedness

- Stipends, summer employment, and fellowships
- Using the IFAP Web site as a tool for compliance
- Career paths for financial aid and admissions professionals
- Conflict management in the workplace

## New for you

This year, we're scheduling more time for the popular discipline-specific discussion sessions. New this year is the Financial Aid Core Concepts track, featuring sessions that are geared toward financial aid professionals who are either new to the field or in new roles, as well as other school professionals who would like to become more familiar with financial aid.

If you've attended before, you already know that Access Group's conference is one of the premiere learning venues for industry professionals. If you're new to the conference, find out why your peers use this forum for sharing ideas, networking, and more.

## Coming to you

Watch your mail for our “save the date” postcard, which should be arriving soon.

## Consolidation Corner

### How the New Federal Stafford Loan Interest Rates Will Affect Consolidation

As you may know, the variable interest rate on Federal Stafford Loans borrowed on/after July 1, 1998, will increase by 1.93% on July 1, 2005. For the period July 1, 2005 – June 30, 2006, the interest rate for these loans will be 4.70% during the in-school period, in grace, and in deferment. The rate will be 5.30% in repayment (including loans in forbearance).

The chart on the right illustrates how the increase in Federal Stafford Loan interest rates for 2005–2006 affects the weighted-average fixed interest rate on Federal Consolidation Loans that are applied for during the July 1, 2005 – June 30, 2006 period.

Stafford Loan Status	Underlying Stafford Rate	Weighted Average	Fixed rate rounded up to nearest 0.125%	Increase over 2004-2005 fixed rate
In grace or deferment	4.70%	4.70%	4.750%	1.875%
In repayment or forbearance	5.30%	5.30%	5.375%	2.000%

New! Access Group has updated our Federal Stafford Loan interest rate poster reflecting the new 2005–2006 rates. You can order copies of this poster to display in your office from our Web site's online materials order form at [www.accessgroup.org/materials/index.htm](http://www.accessgroup.org/materials/index.htm).

### What Does It Mean in Dollars and Cents?

What will the pending 1.93% increase in Federal Stafford Loan interest rates mean to borrowers who are thinking of consolidating their eligible Federal Stafford Loans? The following chart illustrates how monthly payments and total payouts would differ based on when a borrower's Federal Consolidation Loan application is received by the lender/servicer.

As you can see, the monthly payment increase is \$64 when the amount consolidated equals \$60,000, and the borrower will pay \$23,059 more over the 30-year repayment term. This occurs simply because his or her Federal Consolidation Loan application was not received by the lender prior to July 1, 2005, when the interest rates are reset on Federal Stafford Loans. The amount represents a 26% increase in both the monthly payment and the total amount paid.

### What should your students and alumni do?

Both your in-school students and your graduates can lock in today's historically low interest rates for their Federal Stafford/Direct Loans by applying for a Federal Consolidation Loan through Access Group **before July 1, 2005**.

Direct your borrowers to [www.FederalConsolidation.Org](http://www.FederalConsolidation.Org), where they can apply online, use our consolidation calculators, and obtain answers to frequently asked questions. You also may want to visit the school administrators section of our Web site at [www.accessgroup.org/education\\_pr/fcl\\_info.htm](http://www.accessgroup.org/education_pr/fcl_info.htm) to get text you can e-mail to your borrowers about consolidation.

Total Amount Consolidated	Monthly Payment 2004–2005 Rate	Total Paid 2004–2005 Rate	Monthly Payment 2005–2006 Rate	Total Paid 2005–2006 Rate
\$60,000	\$249	\$89,617	\$313	\$112,676
\$80,000	\$332	\$119,489	\$417	\$150,234
\$100,000	\$415	\$149,961	\$522	\$187,793
\$120,000	\$498	\$179,234	\$626	\$225,352
\$140,000	\$581	\$209,106	\$730	\$262,910

It is assumed that the application is received while the loans being consolidated are still in their grace period or in a deferment status, and thus, are eligible for the lower (in-school) rate. We used a weighted average fixed interest rate of 2.875% for applications received prior to July 1, 2005 (the 2004–2005 rate) and 4.750% for applications received on or after July 1, 2005 (the 2005–2006 rate). The repayment term is the maximum 30 years, with equal monthly payments, and no payment incentives applied.

## Enhancements to eAccess Are on the Way

Along with our “new place and new face,” Access Group is enhancing the options and features of eAccess, our suite of online services designed to help you and your staff more easily complete some of the daily and necessary functions of loan processing with Access Group.

These eAccess enhancements will be coming soon to coincide with the busy processing season. Enhancements being released later this month include expanded options for loan certification through eAccess, such as deleting loans from the loan certification listing, deleting templates, and additional choices for notification.

As we ready these enhancements, we thank all of you in the financial aid community for your feedback and suggestions.

## June Meetings

Look for Access Group staff at these June events:

<b>June 8 – 10</b>	Florida Association of Student Financial Aid Administrators Spring Conference <i>(Jeff Hanson, Access Group’s Director of Borrower Education Services, will be a guest presenter at this conference.)</i>	Miami Beach, FL
<b>June 20 – 21</b>	American Student Assistance Symposium	Boston, MA
<b>June 26 – 29</b>	Michigan Student Financial Aid Association Summer Conference	Thompsonville, MI

## 3-Month LIBOR for Second Quarter 2005

The current index effective for April, May, and June 2005 is **2.920%**.

The interest rate charged on a borrower’s private loan from Access Group will equal this index rate plus the percentage spread applicable to the loan.

**Reminder:** The effective 3-month LIBOR rate is always available in the “Loan Terms” section of [accessgroup.org](http://accessgroup.org). Also on our Web site is information about LIBOR, which includes a 10-year comparative history of LIBOR, Prime, and T-bill rates. And our Interest Rate Comparison Calculator also helps students determine the lowest interest rate when comparing rates based on different indexes. Try it for yourself at [accessgroup.org/calculators/rate.htm](http://accessgroup.org/calculators/rate.htm).

## Federal Stafford Loan Interest Rates

Federal Stafford Loans borrowed on or after July 1, 1998, will have the following rates in effect from July 1, 2004 to June 30, 2005:

- In school, grace, deferment:  
91-day T-bill (1.07%)  
+ 1.7% = 2.77%
- In repayment, forbearance:  
91-day T-bill (1.07%)  
+ 2.3% = 3.37%
- Maximum rate = 8.25%