



## Managing Financial Aid Costs With Overture's Payment Planner

In today's changing financial aid environment, the cost of delivering aid to students is rising significantly. With Congress passing recent legislation that attempts to create more transparent and distant relationships between student loan lenders and institutions of higher education, the costs of providing students with services and information have shifted. In this new environment, services such as call center support, printing of financial aid materials, and conducting exit and entrance interviews formerly supplied by lenders are now the obligation of financial aid offices to provide. Unfortunately, in many cases the financial realities of taking on these crucial activities place schools under significant financial duress. Unless schools can develop or procure solutions to deliver aid in a more cost-effective manner, these new expenses will ultimately reduce the available financial aid pool and potentially diminish students' access to higher education.

The process of communicating the details of students' Awards Letters is cost-intensive: in order to complete the necessary tasks of printing, packaging, stuffing envelopes, mailing, handling phone calls, and following up with students, universities are spending upwards of \$25 per student. While lenders are no longer permitted to assist schools with these tasks, schools still have options to reduce or eliminate many of the costs of supplying Award Letters to students, including the use of technology designed to streamline the process. Cost-of-attendance management software such as Overture's Payment Planner can assist universities by increasing the efficiency with which schools communicate with students, resulting in significant cost reductions.

With a focus on thorough and customizable student education, Payment Planner proves to be an invaluable tool for financial aid officers to use in guiding students through the complex process of funding their education. By thoroughly educating students on the meaning of financial aid terms and the options that are available to them, Payment Planner helps to ensure that each will have all of the tools necessary to make the best decisions for his or her personal situation. In doing so, this solution eliminates the need for much of the time- and money-consuming repeat mailing of materials and other follow-up tasks and thus cuts the costs associated with these tasks nearly in half - all while freeing up considerable time for both students and financial aid staff.

### The Costs of Providing Financial Aid Services

Every year, millions of university students across the country receive Award Letters from their college that provide them with a wealth of valuable information: their cost of attendance, their eligibility for grants, scholarships and aid, and their options for sources of funds that they might pursue to fill any remaining gap. In order to effectively communicate this information to their students, universities send out packets that include the Award Letters and extensive supplementary information explaining how students may interpret and use it, including award letter guides, lender listings, and instructions and advice for completing the financial aid process. Financial aid officers also handle incoming phone calls and queries soliciting advice about the process, the student's awards and the proper way to proceed. When the costs of these two sets of tasks are fully accounted for, a university with an enrollment of 10,000 students can expect to spend on the order of \$250,000 per year, plus any opportunity costs of employees not being able to take on other tasks and projects. The vast majority of these costs are spent providing service to students by responding to queries via e-mail, phone and letters.



In order to effectively print and mail Award Letters and related collateral to a school of 10,000 students, the cost to schools typically exceeds \$40,000. When re-mailings of missing information are factored into the equation, that cost will often rise to greater than \$50,000 annually. Moreover, schools incur significant other costs in providing their students with aid. Universities must staff their financial aid offices with enough qualified advisors to meet the needs of their students. Data from a recent NASFAA study<sup>1</sup> indicates this will cost upwards of \$360 per student for a total of almost \$1.2 million.

In addition to these basic up-front costs, the financial commitment by schools increases greatly as even higher costs are incurred in handling the calls and letters of students and parents attempting to make sense of the often-baffling financial aid process, particularly freshmen and others in need of aid for the first time. Estimates vary widely on the extent of this traffic, as well as on how many students could benefit from the advice of aid counselors but go un-seen since they, expecting little by way of a response, fail to contact the financial aid office. However, using a reasonable estimate that allows for between 10,000 and 20,000 calls and letters, a school will spend between \$100,000 and \$200,000 responding to questions that it had previously attempted to answer clearly in its Award Letter package.

Unfortunately, the bulk of Financial Aid automation only exaggerates the problem of confusion for students. Studies by NASFAA indicate that the majority of Financial Aid automation is aimed at simply and effectively completing the required tasks: collecting and verifying data, performing calculations, packaging, and determining and presenting grants and awards. Unfortunately, less than 20% of traditional automation is aimed at providing guidance to the student through the process of understanding the award and deciding on the best course of action for his or her particular situation. The current situation is analogous to a factory employing cutting-edge robotics to make their products faster and more efficient, but failing to upgrade its distribution methods, resulting in ever-increasing piles of product languishing idle on its shipping docks.

### **Overture's Solution: Payment Planner**

In an environment where the challenges of controlling costs and improving efficiency in financial aid processing are growing in prominence, Overture's Payment Planner provides its users with a best-in-class solution by automating many time-consuming tasks, including printing, mailing, and handling queries from students. Not only does it provide a more efficient solution for schools, but it is able to do so without straining the budget - it completes all of these tasks for a cost that would currently only pay for a university's printing and mailing.

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<sup>1</sup> 2006 Staffing Model Survey

**Overture UNIVERSITY** Payment Planner

Tab 1 Site Overview | Tab 2 Award Letter | Tab 3 Financial Aid Worksheet Complete | Tab 4 Payment Options | Tab 5 Financial Plan Summary | Tab 6 Task List | Tab 7 Choosing a Lender

2007-2008 Academic Year Worksheet for IMA STUDENT

Recalculate | Continue | Post Message

Academic Year Expense	Overture University	Yours
<b>Academic Year Direct Expense</b>		
Tuition and Fees	\$15,000	\$ 15,000
Room and Board	\$10,000	\$ 10,000
<b>Academic Year Indirect Expense</b>		
Books and Supplies	\$1,000	\$ 1,000
Loan Fees	\$400	\$ 400
Travel	\$3,000	\$ 3,000
Add Your Own Expense   Remove Selected Expense		
<b>Total Expenses</b>	<b>\$29,400</b>	<b>\$29,400</b>

**Worksheet Help**  
The expenses shown to the left make up your total Cost of Attendance for 2007-2008 Academic Year. you may add additional expenses, keeping in mind that the financial aid office must approve any additional funding.  
The next section is where you may add additional financial aid you will receive such as an outside scholarship.  
The last section is where you may add additional resources such as savings, work, etc.

Payment Planner delivers Award Letters through a secure web-based system that includes actual payment information, can be extended by the student to calculate ancillary costs, and provides worksheets and guidance to calculate the best methods to fill any gaps between the award letter and the cost of attendance.

Payment Planner has been implemented at a diverse group of schools across the nation, including Syracuse University, the University of Pennsylvania, the University of Southern California, Park University, and Texas Tech University. Students at these and many other institutions receive their Award Letters electronically - which is the format with which many millennial students are most familiar and comfortable. Universities are not required to print and package extensive materials, and may simply upload all of the help that students might need directly into Payment Planner. By utilizing this online portal, the students will always have the most accurate and up-to-date information available to them when it is convenient for them - even if they, like the majority of college students, only use the system late at night.

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**Options Comparison Help**  
The Payment Options are provided to help you make the best decision for financing your remaining need. Alternative Loans, also known as Private Loans, are offered by private lenders, with terms set by the lender, not the government. The loans, which are based on a borrower's credit history, can be used to fill the gap when federal loans, scholarships, grants, etc. don't provide enough funding or when borrowers need more flexible repayment options.  
**What to look for:**  
• Private loans are more expensive than federal loans, with annual percentage rates that can range from 8% to 20%, including fees. Applying for a private loan with a credit-worthy cosigner can help lower your rate.  
• The fees charged by some private loan lenders can significantly increase the cost. Look for a loan with the best interest rate and the lowest fees.  
• Interest rates on most private loans are variable and can be a good bet if you expect rates to drop for the next couple of years and if you plan to pay off the loans if the rates go up.

**Overture University Loan Comparisons**

Estimated Total Amount to be Funded by Family	\$15,900
Less Identified Resources	\$0
<b>Amount Remaining</b>	<b>\$15,900</b>

Payment Option	Amount	Term (months)	Interest Rate	Fees	Estimated Monthly Payment
<input checked="" type="checkbox"/> Alternative Loan	\$ 15,900	120	9%	\$0	\$201
<input type="checkbox"/> Overture University Payment Plan	\$ 0	12	0%	\$100	\$0

Amount Financed: \$15,900  
Estimated Total Monthly Payment: \$201

Recalculate | Continue

Remember to click "Recalculate" when you make changes

\* Interest rates for Private Alternative Education Loans are variable based on your credit score

Beyond the presentation of the aid award, Payment Planner provides calculations and worksheets that describe the student's options, offers advice as to which aid options to accept

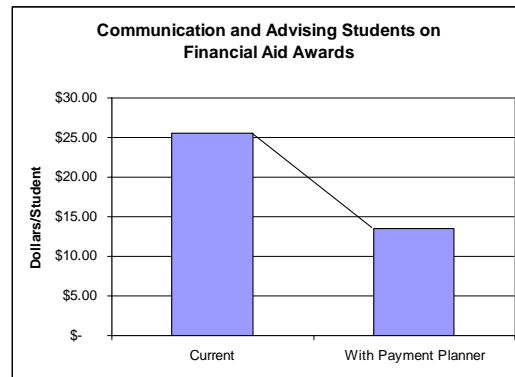
and under which conditions, informs the student of the amount remaining to be covered, and educates them on how to address that need.

For universities, Payment Planner delivers more than just significant cost savings. In many cases, even after a student is accepted to a university and begins their college education, they can be knocked off track by the financial aid process. As a result of being unable to receive or understand the help they desperately need, some students never make it to campus or drop out before completing their degree. Payment Planner combats this problem by offering students easy-to-comprehend, school-provided help and the option to interact with school counselors in private and secure emails (if the school elects to make them available). Since these methods for student interaction are direct and secure, they prove to be more effective and less expensive than traditional e-mails or phone calls.

Additionally, Payment Planner's sophisticated modeling and help functions are utilized by universities to bind prospective students to a school and support the retention of students already in attendance.

Despite its many benefits to students and schools alike, Payment Planner is still able to provide its users with remarkable cost savings when compared to the alternatives. In current implementations of the product, Payment Planner institutions consistently have experienced great reductions in their financial aid operating costs.

In fact, schools that have implemented Payment Planner have been shown to reduce their cost of communication and advising students on financial aid awards by more than half, all while experiencing significant upgrades in their ability to serve their students and elevate their image as a progressive institution. Thanks to Payment Planner's ability to provide students with the information they require in a format that they appreciate and understand, Overture's clients have not only saved time and money, but also enjoyed a noticeable improvement in student satisfaction.



To find out more, please visit [www.overturecorp.com/paymentplanner](http://www.overturecorp.com/paymentplanner) or call Overture at 301-492-2155.