



THE REFERRAL PROGRAM WITH SALLIE MAE® AND THE SMART OPTION STUDENT LOAN®

How America Pays for College

Study Objective

- ▶ Determine how American families are paying for college
 - Trend over time behaviors and attitudes related to the purchase and value of higher education

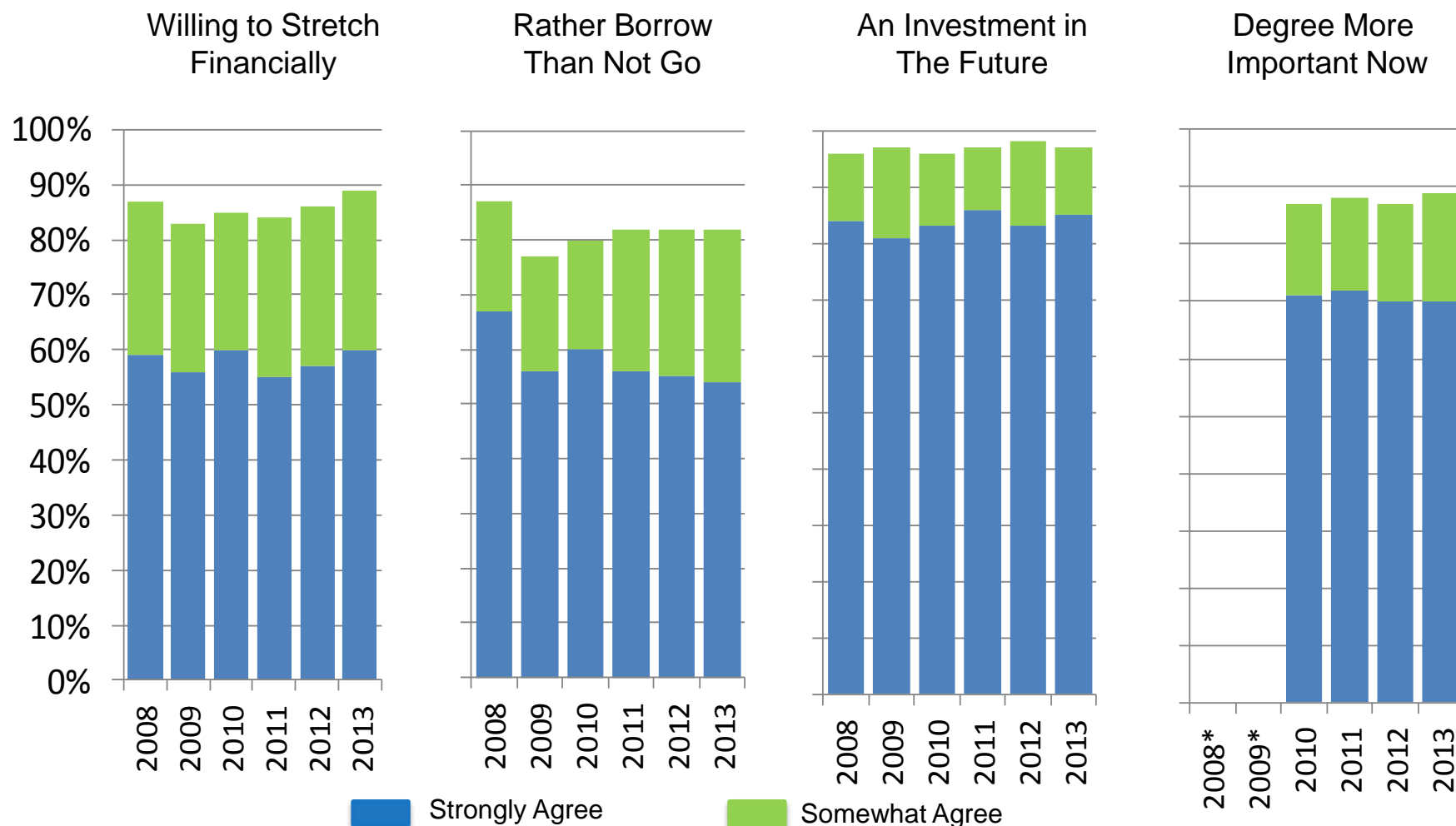
Methodology

- ▶ Sixth annual survey and report
- ▶ Quantitative telephone interviews conducted April-May 2013
 - 800 undergraduates enrolled AY 2012-13, ages 18-24
 - 802 parents of undergraduates
- ▶ Composite of how the ‘typical’ family pays for college is a mathematical representation created in 2008 and applied consistently each year.
 - The composite illustrates the proportion of funding by category that pays for all college costs across all families.

Optimism Emerging

- ▶ Belief in the value of college is unwavering
- ▶ Parents continue to worry about paying for college, but to a lesser degree
- ▶ Parents are more optimistic than they have been
- ▶ Only 9% of families considered their student not attending college at all due to cost

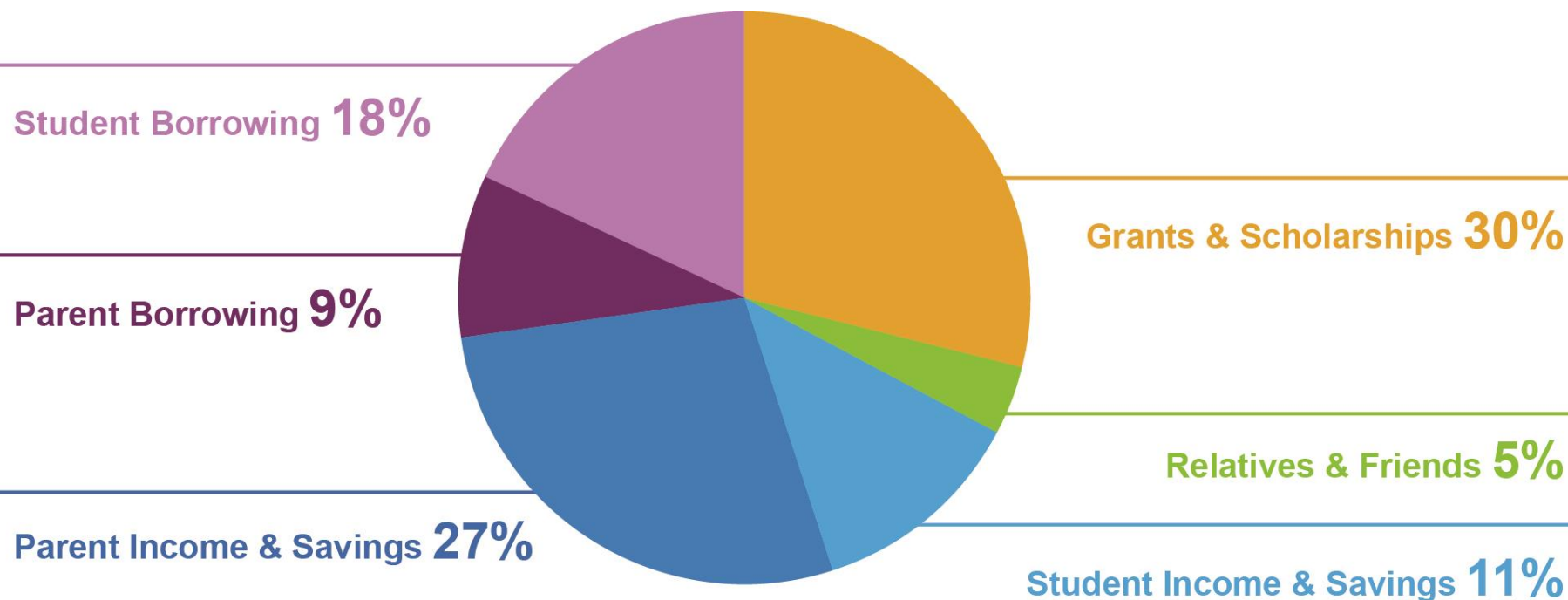
Perception on the Value of a College Education



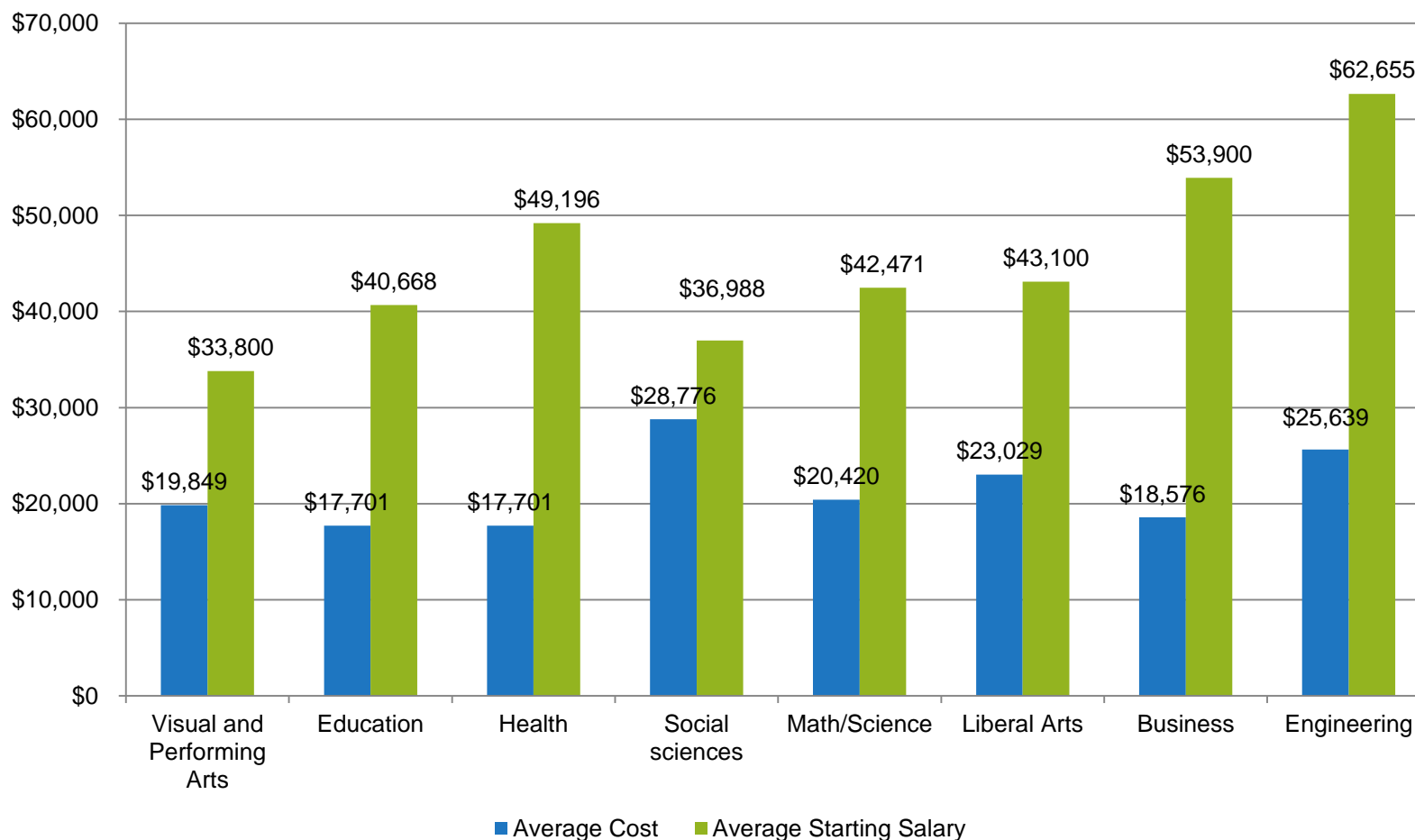
Trends in Funding

- ▶ Parent out-of-pocket contributions pay a smaller share
 - More families took advantage of dedicated college plan savings
- ▶ Grants and scholarships are filling the void left by parents
- ▶ Borrowing share has stabilized

How the typical family pays for college, funding



Comparing average cost of college and starting salary by major, overlaid with proportion of college costs paid by borrowing



Source - National Association of Colleges and Employers, Salary Survey, January 2013

Trends with the Cost of a College Education

	Tuition and Fees in 2013 Dollars					
	Private Nonprofit Four Year	Five Year % Change	Public Four Year	Five Year % Change	Public Two Year	Five Year % Change
1983-84	\$11,909	13%	\$2,684	10%	\$1,235	6%
1988-89	\$15,778	32%	\$3,111	16%	\$1,575	28%
1993-94	\$17,806	13%	\$4,101	32%	\$2,014	28%
1998-99	\$21,054	18%	\$4,648	13%	\$2,224	10%
2003-04	\$24,071	14%	\$5,900	27%	\$2,425	9%
2008-09	\$26,356	9%	\$7,008	19%	\$2,530	4%
2013-14	\$30,094	14%	\$8,893	27%	\$3,264	29%

	Tuition, Fees, Room and Board in 2013 Dollars			
	Private Nonprofit Four Year	Five Year % Change	Public Four Year	Five Year % Change
1983-84	\$18,143	11%	\$8,027	5%
1988-89	\$22,985	27%	\$8,782	9%
1993-94	\$25,552	11%	\$10,049	14%
1998-99	\$29,290	15%	\$11,120	11%
2003-04	\$33,098	13%	\$13,376	20%
2008-09	\$35,895	8%	\$15,263	14%
2013-14	\$40,917	14%	\$18,391	20%

*Source – *Trends in College Pricing 2013*, College Board



The Smart Option Student Loan[®]



Why Offer Private Student Loans?

- ▶ College costs continue to rise at a rate greater than normal inflation.
- ▶ Parents and students borrowed nearly \$9B a year in non-federal loans in 2012-2013.*
- ▶ For the typical family, students pay 29% of total college expenses, while parents cover 36% of the bill.†
- ▶ 86% of college students and 85% of parents strongly agreed that higher education is an investment in the future.†

*Source - College Board – Trends in Student Aid 2013

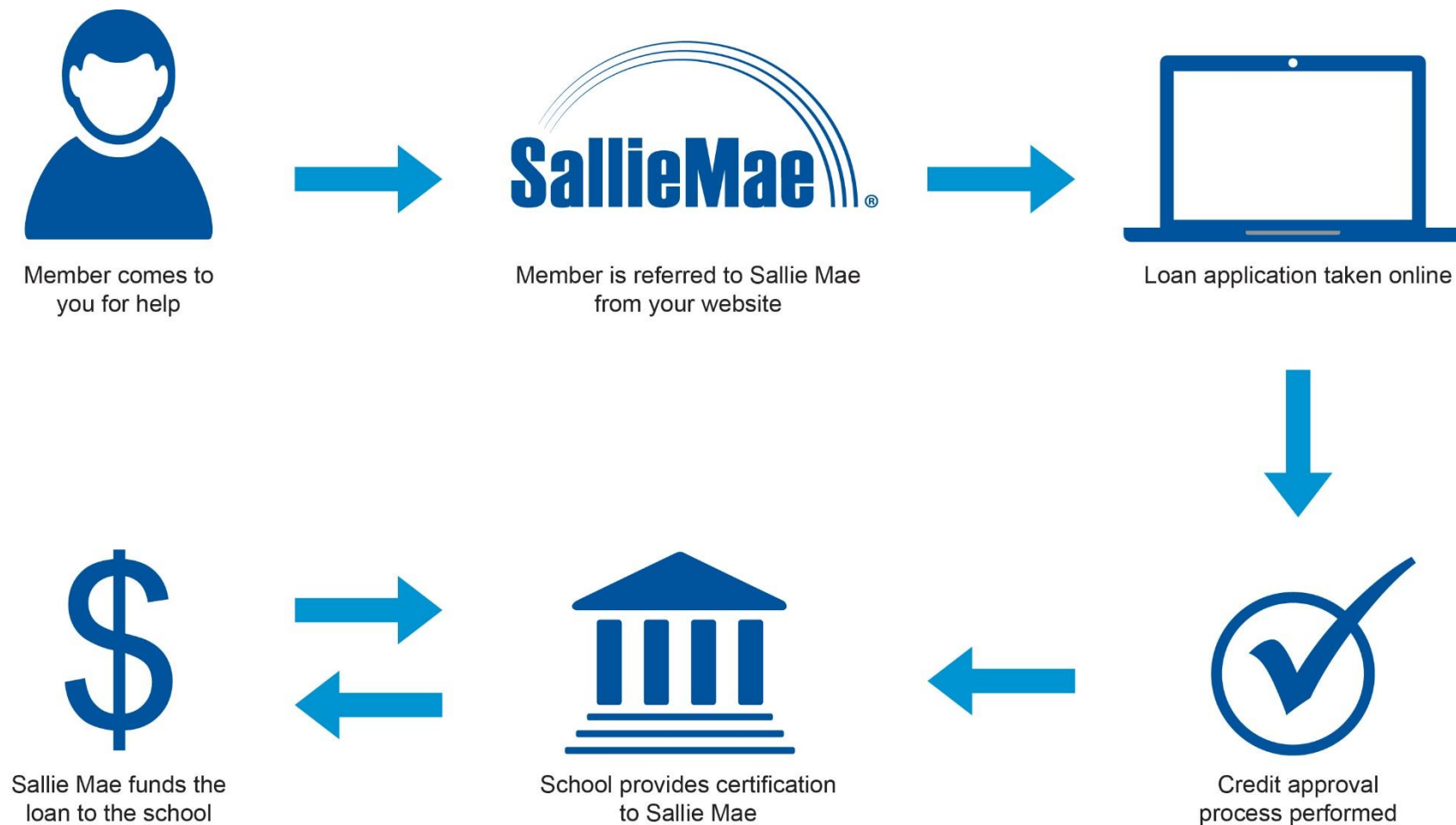
†Source - Sallie Mae – How America Pays for College 2013

Offering a Market Leading Product

The Smart Option Student Loan® will offer members market leading terms and choices including:

- ▶ **Competitive interest rate options for graduate & undergraduate students¹**
 - **Current Variable rates** for undergraduates from 2.25% APR to 9.37% APR (graduates from 2.25% APR to 7.27% APR)² depending on repayment option and credit profile.
 - **Current Fixed rates** for undergraduates from 5.74% APR to 11.85% APR (graduates from 5.74% APR to 8.56% APR) ² depending on repayment option and credit profile.
- ▶ **Payment flexibility¹**
 - **Interest Repayment Option:** Pay interest while in school and for six months after school. Borrowers who select this option may qualify for a lower interest rate.
 - **Fixed Repayment Option³:** Students pay just \$25 a month while in school and for six months after school.
 - **Deferred Repayment Option:** Allows students to defer payments while in school and for six months after school.
- ▶ **Multiple discounts, benefits & features**
 - **ACH:** Borrowers receive a 0.25 percentage point interest rate reduction for ACH payments.⁴
 - **Smart RewardSM:** Borrowers who become Upromise members (which is free to join) and choose the Interest or Fixed Repayment option can get a Smart Reward in their Upromise account of 2% of their scheduled monthly payments that are made on time while in school.⁵
 - **Cosigner Release:** Borrowers can apply to have their cosigner removed after the student has completed school and has made 12 consecutive on-time principal and interest payments immediately before applying.⁶
 - **Death and Disability Safeguard:** Waives remaining loan obligation in the event of the student borrower's death or total and permanent disability.

How the Process Works



Tools Available

We've provided the tools and resources needed to support your members:

- ▶ Simple information sheets for Credit Union staff
- ▶ Branch items such as brochures, teller line signs, and posters
- ▶ New web tiles for online use
- ▶ Easy to use web content
- ▶ A simple online application for your members
- ▶ Full reporting on all aspects of the private loan program
- ▶ Everything is available for use online through your portal access

Online Support

Welcome FI001480 ▾ |



**An efficient platform for administration
of materials**

HOME NEWS YOU CAN USE MARKETING TRAINING & SUPPORT



in partnership with **SallieMae**
**YOUR CUSTOM PORTAL FOR MANAGING YOUR
SMART OPTION STUDENT LOAN® PROGRAM**
Easy access to everything you need.

Key Dates

View key events and activities coming up in 2014.

February

Look for opportunities to help students and families pay for summer and fall tuition.

Make sure your branch personnel are aware of Smart Option Student Loan® selling opportunities.

Maintain awareness of your Smart Option Student Loan® program with high visibility presence online. Also, be sure to keep brochures displayed in your branches.

Important Announcements

Competitive Rates. Students have a choice of variable or fixed rates with no origination fees and no prepayment penalties. The variable rate range is 2.25 to 9.37% APR, based on today's Libor. The fixed rate range is 5.74 to 11.85% APR.

Sallie Mae Lender Partner Roundtable View the Power Point Presentation utilized during the webinar giving a Washington Update under News You Can Use.

Online Loan Application. Sallie Mae® recently launched its state-of-the-art Online Loan Application making the process easier for both students and cosigners to apply in about 15 minutes.

SALLIE MAE 'HOW AMERICA PAYS FOR COLLEGE 2013' Sallie Mae's National Study of College Students and Parents...See News You Can Use Tab for link to full report.

My Reports



[Desert Schools Federal Credit Union as of 02-08-14](#)

[Lender Referral Response Summary Report Guide](#)



Have Questions?

Contact Jim Knoche at:

 317-806-0350 

 Jim.Knoche@salliemae.com

 [Application Demo](#)

GET MARKETING MATERIALS

 [Download Ad Tiles](#)

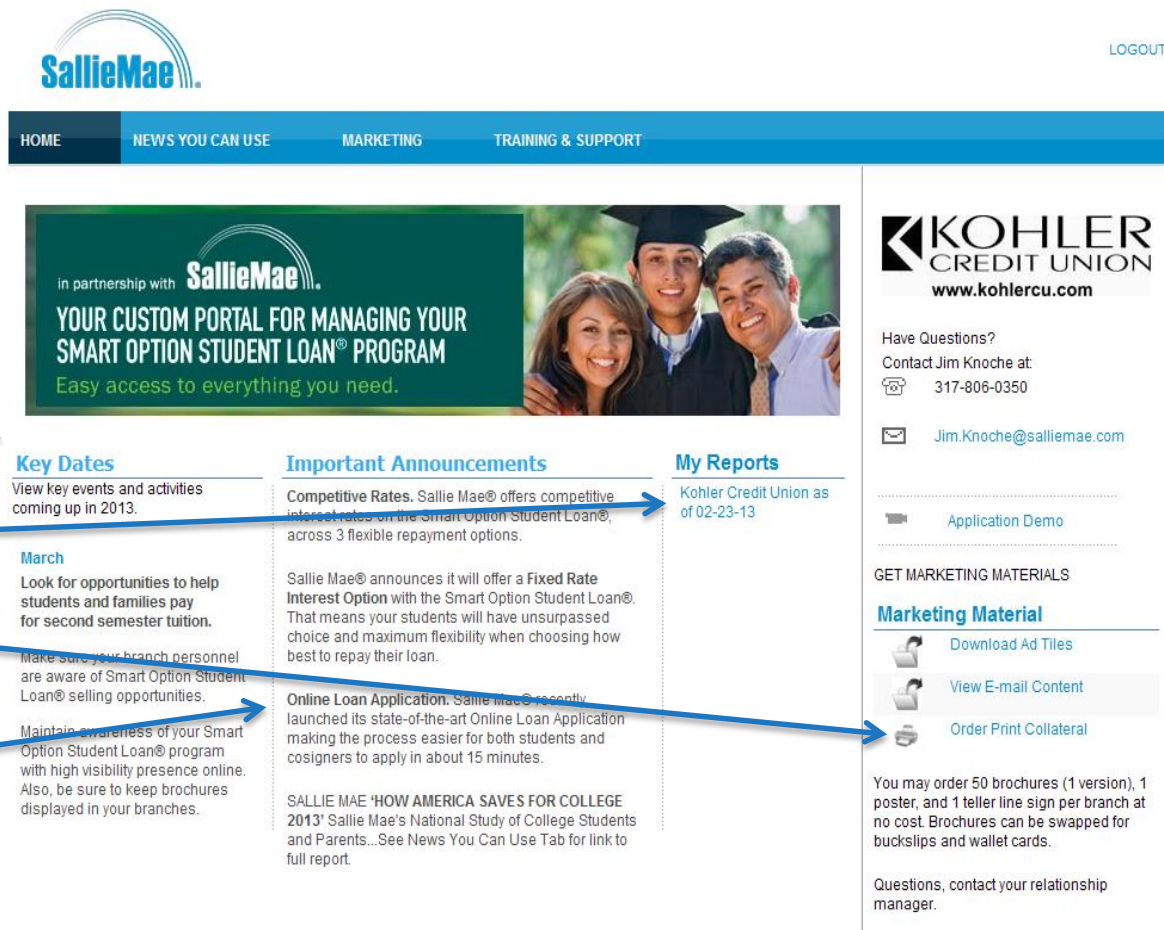
 [View E-mail Content](#)

 [Order Print Collateral](#)

You may order 50 brochures (1 version), 1 poster, and 1 teller line sign per branch at no cost. Brochures can be swapped for buckslips and wallet cards.

Questions, contact your relationship manager.

New Portal Enhancements



SallieMae

LOGOUT

HOME NEWS YOU CAN USE MARKETING TRAINING & SUPPORT

in partnership with SallieMae
YOUR CUSTOM PORTAL FOR MANAGING YOUR SMART OPTION STUDENT LOAN® PROGRAM
 Easy access to everything you need.

Key Dates
 View key events and activities coming up in 2013.

Important Announcements
Competitive Rates. Sallie Mae® offers competitive interest rates on the Smart Option Student Loan®, across 3 flexible repayment options.

My Reports
 Kohler Credit Union as of 02-23-13

March
 Look for opportunities to help students and families pay for second semester tuition.

Online Loan Application. Sallie Mae® recently launched its state-of-the-art Online Loan Application making the process easier for both students and cosigners to apply in about 15 minutes.

SALLIE MAE 'HOW AMERICA SAVES FOR COLLEGE 2013' Sallie Mae's National Study of College Students and Parents... See News You Can Use Tab for link to full report.

KOHLER CREDIT UNION
 www.kohlercu.com

Have Questions?
 Contact Jim Knoche at:
 317-806-0350

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Application Demo

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Questions, contact your relationship manager.

- Key date reminders

- Online reports

- Order collateral online

- Loan Program Updates

New Customization Options

- New QR code functionality
- Custom colors available
- Pick your own images

in partnership with 

Customize

Use QR Code? *

Apply Today or Get Started

Design Color * 

Front Image * 

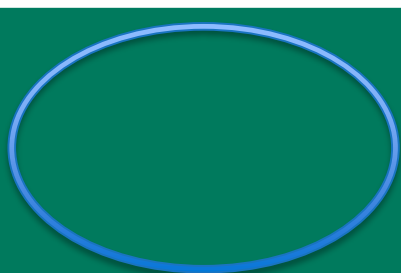
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Page 1

New Customization Options



TOGETHER WE CAN DO THIS

We are committed to helping people invest in higher education. That is why we have partnered* with Sallie Mae®. Together we offer a comprehensive suite of products and services to support your education finance needs.

Sallie Mae has helped more than 30 million Americans pay for college since 1972. They encourage students and families to borrow responsibly by recommending that borrowers supplement savings with grants, scholarships and federal loans and then consider a private education loan.

This information is for borrowers attending degree-granting institutions only. Credit criteria and eligibility requirements apply.

* We are compensated by Sallie Mae for the referral of Smart Option Student Loan customers.

¹ Savings based on a typical loan to a freshman.

² Interest rates for the Fixed and Deferred Repayment Options are higher than for loans with the Interest Repayment Option. APRs are higher for borrowers attending non-degree-granting institutions and may include origination fees. Origination fees mean application or disbursement fees. Variable rates may increase after consummation. Interest is charged while you are in school and during the 6 month separation period. Any interest that remains unpaid when you enter full repayment will be added to your loan balance.

³ Primary borrower can earn reward into his or her active Upromise account of 2% of the scheduled loan payment amount for each on-time payment during the in-school and separation periods. Loan payments must remain current to be eligible for the reward. Benefit and Upromise membership subject to the terms and conditions of the Upromise service, as may be amended from time to time. Upromise Accounts are not FDIC insured, carry no bank guarantee and may lose value.

⁴ Recurring payment must be successfully deducted from designated account for rate reduction to apply. Benefit suspended during forbearances and certain deferments.

⁵ To qualify, borrower must be a U.S. citizen or permanent resident and meet the underwriting requirements when the release request is processed.

WE RESERVE THE RIGHT TO MODIFY OR DISCONTINUE PRODUCTS, SERVICES, AND BENEFITS AT ANY TIME WITHOUT NOTICE. CHECK SallieMae.com FOR THE MOST UP-TO-DATE PRODUCT INFORMATION.

Information advertised valid as of January 25, 2013. Sallie Mae Smart Option Student Loans are made by Sallie Mae Bank or a lender partner*.

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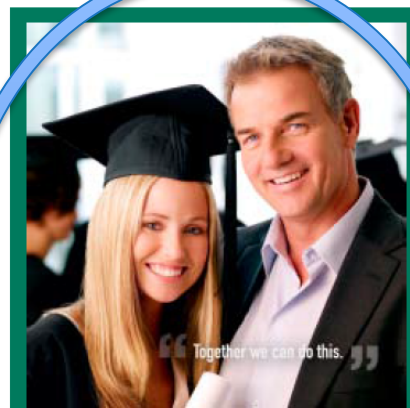
APPLY TODAY!

www.salliemae.com/smartoption/unitedone



NOW YOU CAN PAY FOR COLLEGE THE SMART WAY

Smart Option Student Loan®



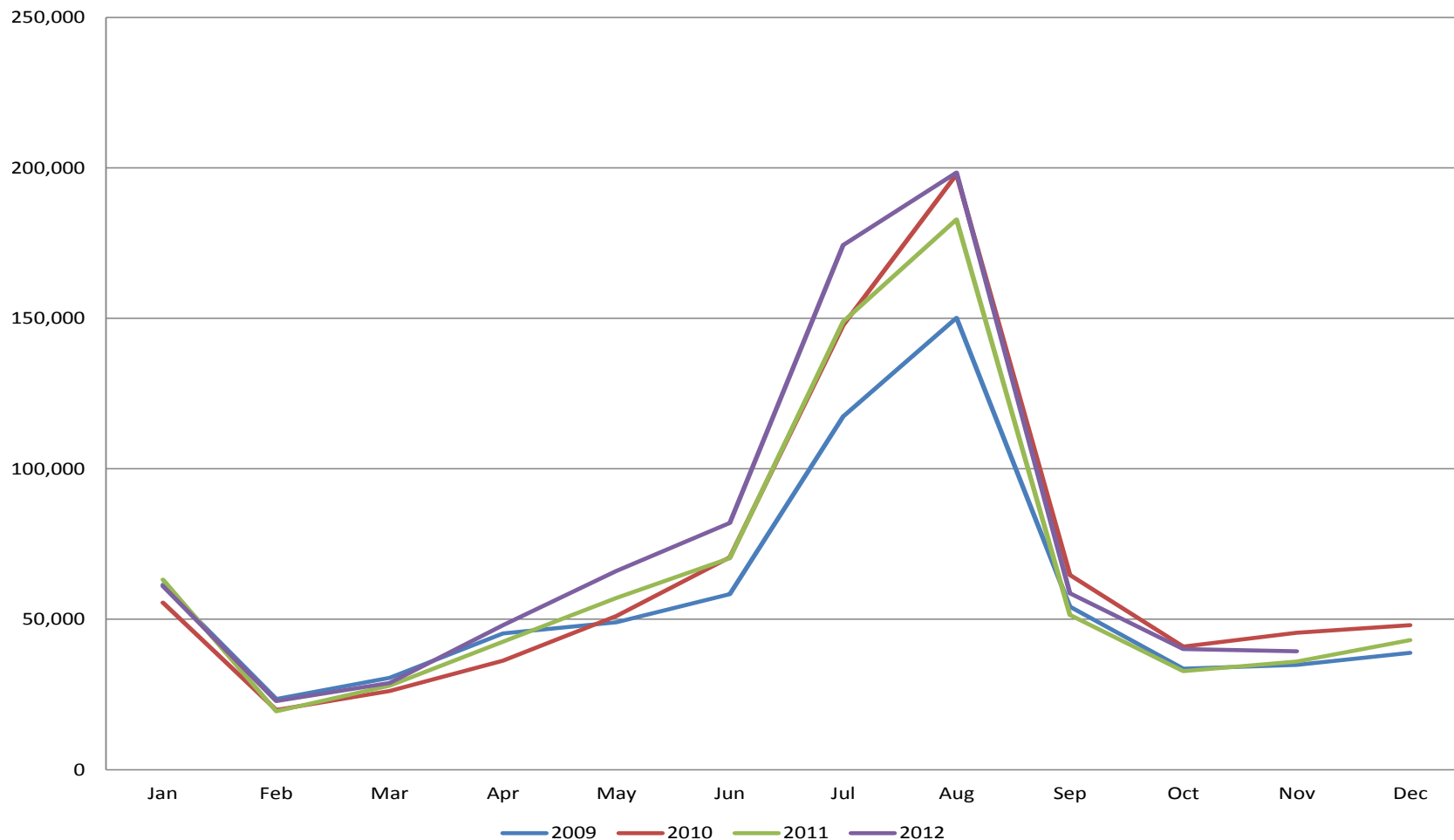
APPLY TODAY!

www.salliemae.com/smartoption/unitedone

in partnership with 

Seasonal Loan Program

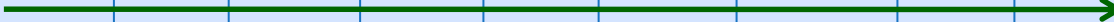
NFP 4 Year Application Volume by Month



Source – Sallie Mae originations team internal reporting data

Recommended 2014 Marketing Plan

- ▶ A fully integrated marketing campaign will drive Smart Option Student Loan awareness and application volume

2014	Jan	Feb	MAR	APR	MAY	JUN	JUL	AUG	SEP
Online									
Targeted Email					5/24	6/21	7/19	8/16	
In Branch Training & Marketing				✓					
Branch Collateral Offered					✓	✓	✓	✓	
Newsletters				✓	✓				
School Events		✓	✓	✓	✓	✓	✓	✓	

Recommended Checklist

- ✓ Educate staff and members
- ✓ Refresh product tiles
- ✓ Order collateral
- ✓ Use email campaigns



Appendix - Disclosures

This information is for borrowers attending degree-granting institutions only.

ELIGIBILITY: You must attend an eligible school and be enrolled in an eligible program. U.S. citizens enrolled in eligible study abroad programs or studying at medical schools outside the United States are also eligible. International students attending a school located in the U.S. are eligible with a creditworthy cosigner (who must be a U.S. citizen or permanent resident) and appropriate U.S. Citizenship and Immigration Service documentation. You must meet current credit and other eligibility criteria.

The Sallie Mae partner referenced is not the creditor for these loans and is compensated by Sallie Mae for the referral of Smart Option Student Loan customers.

We encourage students and families to supplement their savings by exploring grants, scholarships, federal and state student loans, and to consider the anticipated monthly payments on their total student loan debt and their expected future earnings before considering a private education loan.

1 Interest rates for the Fixed and Deferred Repayment Options are higher than for loans with the Interest Repayment Option. Variable rates may increase after consummation. Interest is charged while you are in school and during the 6 month separation period. Any interest that remains unpaid when you enter full repayment will be added to your loan balance.

2 Interest rates for the Deferred Repayment Option are higher than for loans with the Fixed and Interest Repayment Option. Graduate student pricing on the Smart Option Student Loan is limited to students enrolling in a Masters/Doctorate level degree program. Graduate Certificate/Continuing Education course work is not eligible for graduate student pricing. Variable rates may increase after consummation. Interest is charged while you are in school and during the 6 month separation period. Any interest that remains unpaid when you enter full repayment will be added to your loan balance.

3 This informational repayment example uses typical loan terms available to a freshman borrower who elects the fixed repayment option and has a \$10,000.00 loan with two disbursements and a 7.21% variable APR: 51 payments of \$25, 119 payments of \$140.28 and one payment of \$114.17, for a total paid of \$18,082.49. Variable rates may increase after consummation.

4 Borrower or Cosigner must enroll in auto debit through Sallie Mae. The rate reduction benefit applies only during active repayment for as long as the borrower's monthly payment amount is successfully deducted from the designated account and is suspended during forbearances and certain deferments. For multi-party loans, only one party may enroll in auto debit.

5 Primary borrower can earn a reward into his or her active Upromise account of 2% of the scheduled loan payment amount for each on-time payment during the in-school and separation periods. Loan payments must remain current to be eligible for the reward. The Smart Reward Benefit and Upromise membership are subject to the terms and conditions of the Upromise service, as may be amended from time to time. Terms and conditions apply to the Upromise service. Participating companies, contribution levels and terms and conditions are subject to change at any time without notice. Go to upromise.com to learn more. Upromise accounts are not FDIC insured, carry no bank guarantee and may lose value.

6 Only the borrower may apply for cosigner release. The borrower must provide proof of successful completion of school, be a U.S. citizen or permanent resident, be current and have made 12 consecutive on-time payments of principal and interest immediately before applying, provide proof of income and pass a credit check when the release request is processed.

WE RESERVE THE RIGHT TO MODIFY OR DISCONTINUE PRODUCTS, SERVICES, AND BENEFITS AT ANY TIME WITHOUT NOTICE.

Information advertised valid as of June 25, 2014.

Appendix - Disclosures

Sallie Mae Smart Option Student Loans are made by Sallie Mae Bank or a lender partner.

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