

CFPB | UNDERSTANDING YOUR FINANCIAL AID OFFER

Accurate and comparative student loan data clears a path to informed decisions.

Role: Research and discovery, user experience, design, and content strategy

PROBLEM

For-profit college chain Bridgepoint Education, Inc. deceived students into taking out private student loans without knowing the true cost and were therefore obligated to make payments greater than what they were promised.

SOLUTION

In addition to ordering Bridgepoint to discharge all outstanding private loans and to refund loan payments already made, the Consumer Financial Protection Bureau built a loan disclosure tool that all potential students entering Bridgepoint must use. It clearly and accurately helps students review their personalized financial aid offer and provides information about graduation, loan default rates, potential salaries, and post-graduation budgeting that helps students make informed decisions about their financial futures.

**INTERVIEWS OF PAST STUDENTS
HELP US FOCUS ON THE FUTURE**

The first step in the process of creating the tool was to conduct research interviews with former students of for-profit colleges. We repeatedly heard that if they only knew what they were getting into, they would never have taken out the loan. With this in mind, we started sketching, often coming back to the question, what would their future self want to know?

“I wish someone told me what it meant for 30 year old me to take out that money.”

“At the beginning, I realized there were red flags, but I didn’t pay attention to them.”

“Made tons of promises that didn’t come true.”

“I wish I’d known up front that financial aid wasn’t going to cover everything.”

How much can you contribute without going into debt?

This section includes loans that your family has to repay, but those loans are not included in your personal debt or student loan payments summary.

PERSONAL AND FAMILY/OTHERS CONTRIBUTIONS

Cash you will pay

Includes money that you can pay now or will earn during the school year

Money your family or others will pay

Includes money given to you from family or others, private loans your parents take out, etc.

Parent PLUS loan

Federal loans your parents take out and repay; does not count toward your total student loan debt shown in this tool

Federal Work-Study

Money you earn per year from an eligible Federal Work-Study job while in school; awarded based on financial need

What does this mean for your future?

Think about how borrowing \$7,500 this year will affect your future finances. As you can see in the summary, the total cost of these loans after two years plus interest and fees equals \$20,915.

Some students find themselves struggling to repay student debt once they leave school. In Step 2, learn how factors like graduation rates and expected salary can affect your ability to repay your student debt.

Big picture

Your out-of-pocket cost	\$	12,316
Your contributions	(-) \$	4,816
Your debt	(-) \$	7,500
Remaining cost	\$	0

Debt summary

Loans for first year	\$	7,500
Loans for two years (program length)	\$	15,000
Total cost of repayment with interest and fees	\$	20,915

BIG PICTURE CAN LEAD TO BIG SAVINGS

In an effort to highlight the future financial impact of their offer we included a “big picture” take-away that changed based on edits made to the costs of the program or how students plan to pay for it. They are able to see how even a small amount saved each year could end up as a big savings later on, or the opposite.

REAL SCHOOL STATS FOR INFORMED DECISIONS

Often students attending Bridgeport were told inflated projected salaries and graduation rates, making them believe that even though tuition might be expensive, it was worth it in the end. The second step of the tool shows students actual graduation rates, average salaries, and loan default rates based on students who attended their programs, allowing prospective students the opportunity to make informed decisions based on fact rather than fiction.

Step 2: Weigh the financial impact of your offer

The information in this section will help you understand how accepting this offer could affect your ability to pay back your student debt and impact your financial future.

How many students graduate?

Remember, whether you get your diploma or not, you'll still have to repay federal and private loans (and possibly even some grants). If you don't graduate, you won't have the added benefit of your degree to help earn more money to put toward paying off student loans.

Graduation rate

Percentage of first-time, full-time students who graduate from this school



Curious about the graduation rate for the entire school? [See how this school's graduation rate compares to the national average](#)

How do I know if I'm about to take on too much debt?

The typical salary for students who started attending this school 10 years ago is \$39,100 per year. In reality, you could end up making more or less than the salary shown here.

Your salary and total student debt

A general rule of thumb is that you should avoid borrowing more for school than you'll

If your total debt is too high, it increases the chances of

It's estimated you'll owe \$20,915 to earn a degree in Liberal studies at Ashford University. Do you better understand how this may impact your future finances?

Yes

Not sure

Your response will not be shared with your school and does not affect your ability to accept or reject the actual offer from your school.

QUESTIONING THE OFFER LEADS TO BETTER UNDERSTANDING

After each step of the tool, we included a question intended to help students evaluate what they learned before proceeding to the next. Our hope was to keep people from scrolling all the way to the end without reading, as well as provide an opportunity to digest what they had learned before proceeding.

INFORMED STUDENTS EQUAL POSITIVE RESULTS

The final piece of the tool provides students with next steps and strategies to help them lower expected debt, like working while studying or considering alternative programs with better outcomes.

Students are also given the opportunity to leave feedback on whether the tool was helpful to them. As of July 19th, 2017, the tool had received feedback from 5,893 students, of which nearly all were overwhelming positive, illustrating the effectiveness of the tool.

“Yes, this was very helpful! Gives a realistic picture of the cost of education and how it will impact my finances.”

“I think that this tool is very helpful. I think that every student should read this tool to better guide them while completing their educational journey.”

“Very helpful in providing a real, tangible look at debt and how to address it going forward. Very good tool!”

“I think this made things very clear and it is something I wish I’d had access to this when I went to another school. Thank you.”