

## **ANNUAL STUDENT LOAN ACKNOWLEDGEMENT**

Beginning in the 2020-2021 school year, as part of the Master Promissory Note (MPN) confirmation process, an **Annual Student Loan Acknowledgement** may be completed by any borrower accepting:

- a federal student loan (subsidized / unsubsidized)
- a PLUS loan for graduate/professional students,
- or a Parent PLUS loan

**The Acknowledgement** must be completed each award year you accept a new federal student loan, and is intended to better assist borrowers in understanding the financial responsibility of funding their education. This process is suggested for the 2020-2021 academic year, but is required from the 2021-2022 year onward.

In addition, before a new loan can be disbursed for each new award year, borrowers are required to view and confirm their loan balance for each new award year through the Annual Student Loan Acknowledgement. Students who do not complete this step will not be able to receive their federal subsidized or unsubsidized loans, or graduate PLUS Loans for 2021-2022, and parents will not be able to receive their Parent PLUS Loans for 2021-2022.

The Acknowledgment is an online session that will allow students and parents to see how much they have borrowed, preview what their monthly payments might be, and explain concepts such as capitalization and the difference between federal and private loans. The Annual Student Loan Acknowledgement should take less than 10 minutes to complete. Starting in the 2020-2021 school year, borrowers of Federal Subsidized, Unsubsidized and PLUS loans have the ability to complete the Informed Borrowing Confirmation process once each award year before receiving disbursement of their loan. In 2021-2022, it is mandatory for federal loan recipients.

### **What will you gain from the Annual Student Loan Acknowledgement?**

- Making informed choices by showing students and their parents how much they owe in federal student debt before agreeing to borrow more money to pay for their higher education.
- Knowing the borrower's obligation by calculating the monthly payments and the median salary that students can expect to receive after graduating from a specific college.
- Understanding the balance for repayment by breaking down basic loan concepts such as interest accrual and capitalization and the difference between private and federal student loans.

### **How do I complete this?**

After April 15, 2020 log into your [MyStudentAid account](#) using your FSA ID and password to complete this Annual Student Loan Acknowledgement requirement (previously referred to as the "Informed Borrowing Confirmation" process.) A link entitled "Complete Annual Student Loan Acknowledgement" can be found under the Complete Aid Process Tab. " Parent PLUS borrowers must also complete this requirement. The Annual Student Loan Acknowledgement should take less than 10 minutes to complete.

### **What Can I Expect?**

The experience will be personalized based on the borrower's attributes, but generally:

**First-time borrowers (those who have no current loan balance) will:**

- answer a few questions about their state, school, expected degree, and field of study.
- view summary information from the College Scorecard about total estimated school costs, graduation rate, total estimated student loan debt, and estimated monthly payments..
- view general financial literacy information about borrowing student loans.
- check a box acknowledging they read and understood the information.

**Returning aid recipients (borrowers with current outstanding loan balances) will:**

- view summary information about their loans and grants from the National Student Loan Data System (NSLDS®) as of the day they complete the acknowledgement. Information includes outstanding balance, estimated 10-year standard monthly payment based on the borrower's current balance, servicer information, loan limit information, grant summary, and grant limit information.
- check a box acknowledging they read and understood the information.

**PLEASE NOTE: This new requirement is in addition to the existing Master Promissory Note (MPN) process and does not replace existing counseling requirements.** This means that in addition to completing the Annual Student Loan Acknowledgement, first-time student Direct Loan borrowers must also complete entrance counseling before receiving their first loan disbursement, and Direct PLUS Loan applicants who are determined to have an adverse credit history and qualify for a Direct PLUS Loan by obtaining an endorser or documenting extenuating circumstances must also complete PLUS credit counseling. The Annual Student Loan Acknowledgements not school-specific. If a borrower completes the process for a loan associated with a particular award year at one school, the borrower will not complete the process for another loan associated with that same award year again, even if he or she receives the other loan at a different school. For a Direct PLUS Loan made to a parent borrower, only the parent completes the Annual Student Loan Acknowledgement.