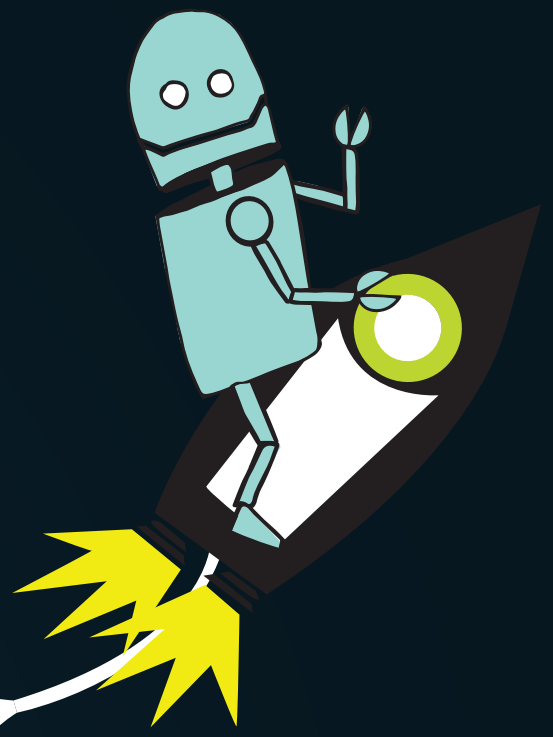

OUT LOAN

Simplifying Student Loan Repayment

Laura Kadamus
Rhea Rakshit
May 2015

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In 2014, in the United States:

7 million

borrowers defaulted on their federal student loans.

0

should.

Out Loan simplifies repayment strategies for federal student loans, enabling borrowers to take ownership over the repayment process and successfully pay off their loans.

"Every borrower has the right to an affordable repayment plan. Every borrower has the right to quality customer service, reliable information, and fair treatment, even if they struggle to repay their loans."

President Obama

Atlanta, Georgia | March 10, 2015

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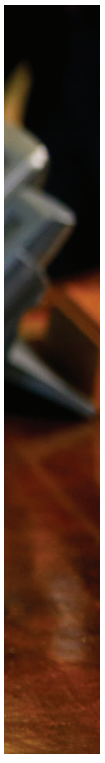

CONTEXT

The Right to Affordable Repayment

Total outstanding student debt in the United States currently stands at a staggering $1.3 trillion, $1.1 trillion of which is owned and guaranteed by the federal government. What that translates to is an average debt burden of $27,800 per borrower - up 50% from 2007.

These numbers are hugely problematic, but what's worse is that as of early 2014, **nearly 7 million borrowers defaulted on their federal student loans**. Since student debt is almost impossible to discharge under bankruptcy, the government extracts as much as they can out of defaulting borrowers by garnishing their wages and / or taking money out of their tax returns and Social Security income.

However, in a 2009 effort to make repayment easier and more affordable, the government introduced the option of **income-based repayment**, which capped borrowers' repayments at 15% (now 10%) of their discretionary income. Discretionary income is defined as the amount borrowers have left over after accounting for what the government decides are basic living expenses. It is generally the difference between their gross income and 150% of the federal poverty line (which currently stands approximately $17,000 p.a. for a family size of 1).

What this means is that for borrowers who earn less than 150% of the poverty line, their monthly loan payment should be $0. So if all struggling borrowers can sign up for income-based repayment and have their monthly repayment amount be determined by their income - **the default rate on student loans should, in theory, be 0**. But it isn't, it's 13%.

We spent the this past year understanding what the challenges are that prevent borrowers from successfully paying off their loans, with the goal of designing a product or service that improves their repayment experience, and allows them to stay clear of default.

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PROCESS > Research

Searching for Barriers

Armed with the design research methods we learned in our first year at DSI, we began to investigate why so few struggling borrowers take advantage of the repayment options available to them.

Our process included a mix of primary interviews with different kinds of borrowers, and secondary research from news articles, papers and blogs online. The more people we spoke with, the easier it became to understand the structure of the student lending universe. We mapped the system, and started reaching out to other stakeholders - from debt advisors like **Lynn Sabulski** (Assistant Director of Debt Management at SVA, and one of our earliest champions and advisors) to personal finance management companies like LearnVest.com.

We started noticing a few things, especially as we talked to struggling borrowers:

- The primary reason borrowers don't make their repayments is that they **cannot afford** them. Life got in the way; we heard stories of unemployment, illness, injury and family tragedies. Some had stopped repaying entirely and were delinquent or in default; all of them felt frustrated, stressed and **generally overwhelmed** by their loans.
- The majority of tools and resources available for borrowers with student loans are targeted mainly at **those who can pay more** - with strategies that emphasize paying as aggressively as possible to minimize total interest collected.
- All the information bout repayment and student loans made available by government agencies (ex: studentloans.gov, nslds.ed.gov) is **poorly designed**, difficult to read, with lots of text, complicated definitions and financial jargon. Even private companies (ex: Student Loan Hero, Tuition.io) and blogs (ex: The Empowered Dollar) who fare better on design, end up explaining concepts in words, rather than by using visuals, rarely taking into consideration users who **do not have a basic understanding of finance** and credit.
- Very few borrowers had a solid **understanding** of how their loans were structured, and were too **intimidated** by the math involved to follow. For example, they had a limited knowledge of the way interest is calculated, or how much of their principal balance was being paid off over time.

We found that the two main reasons why struggling borrowers were not taking advantage of the repayment options available to them were:

1. **they were are *unaware* that the options even existed, and**
2. **of the few who were - they *didn't understand* them enough to choose the best plan.**

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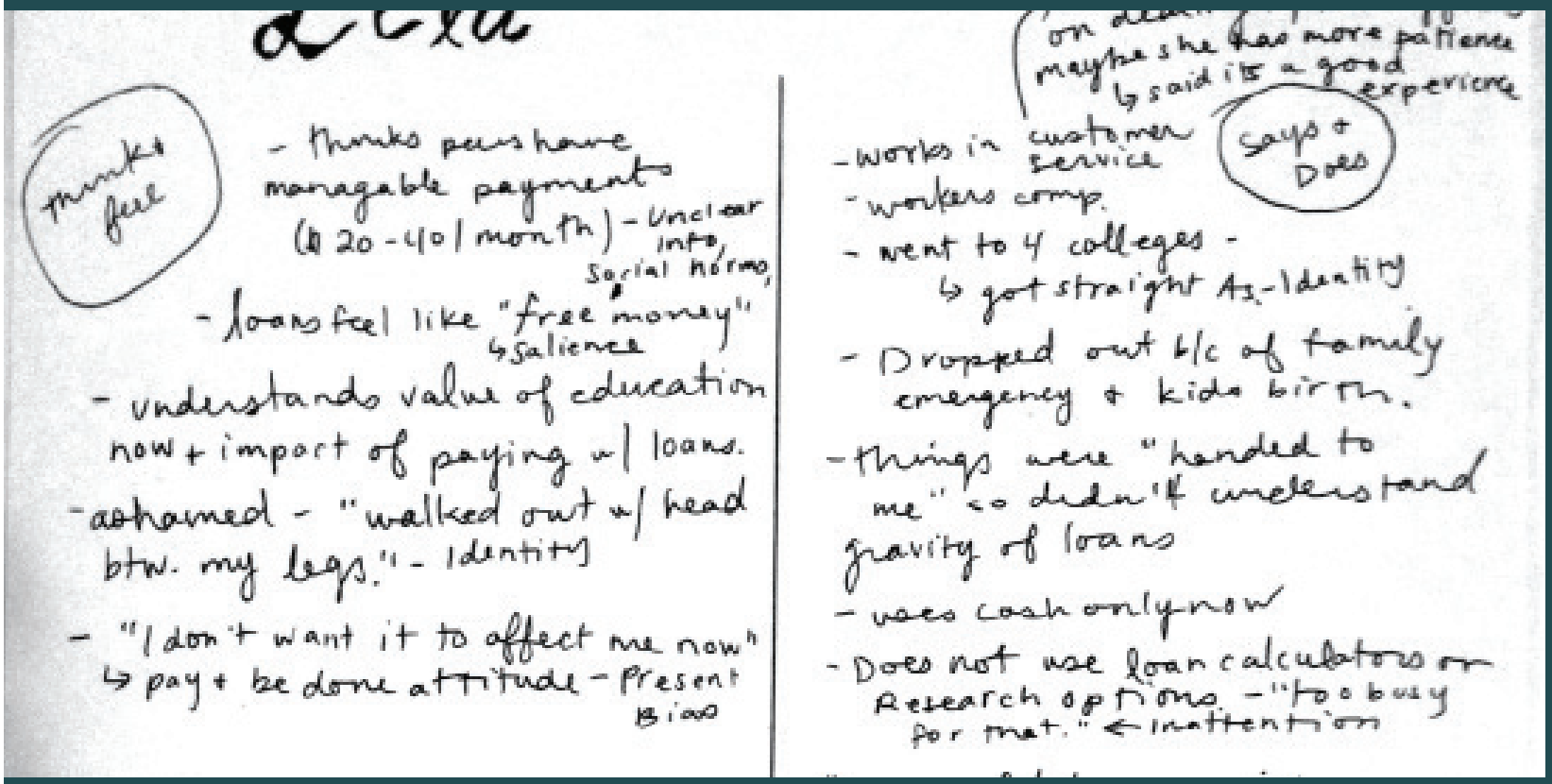


Photo: Notes from interviewing Lela, a borrower who defaulted on her student loans

"When he told me I defaulted, I walked out with my tail between my legs... I had no idea."

- L, borrower in default

"I don't have a plan. I have no clue how loans are structured."

- R, delinquent borrower

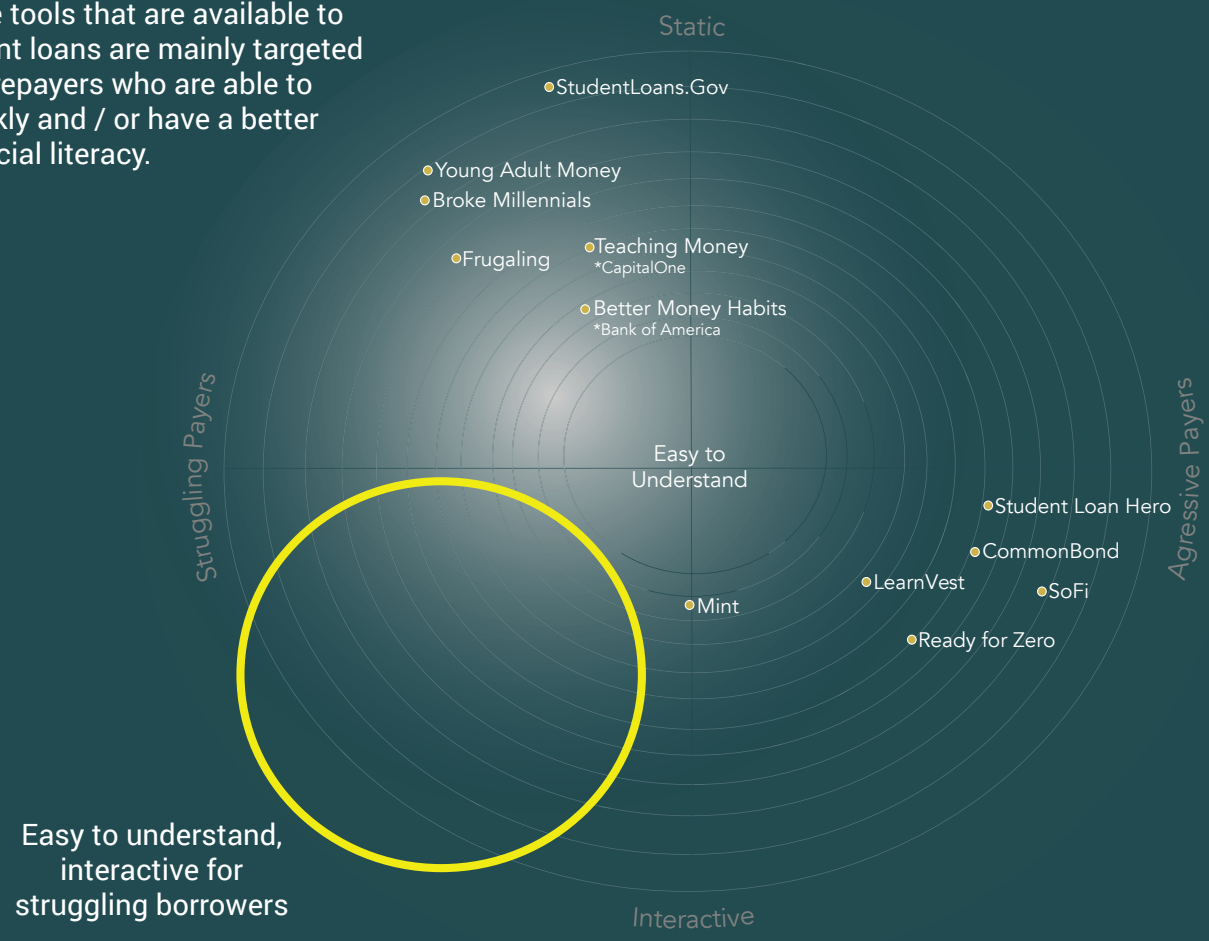
"There is no communication. They don't make the process easy. I learned everything on my own."

- F, borrower in repayment

The Student Lending Universe : A Competitive Analysis

Most of the resources available for struggling borrowers are really difficult to understand and/or static (vs. interactive), i.e. lots of descriptive text, advice and instructions but nothing to contextualize their loans.

The interactive tools that are available to manage student loans are mainly targeted at aggressive repayers who are able to pay more quickly and / or have a better grasp on financial literacy.



Easy to understand, interactive for struggling borrowers

This is what the current system looks like: government resources that are meant to help students are heavy, intimidating, jargon-filled and confusing.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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Home » How to Repay Your Loans » Forgiveness, Cancellation, and Discharge » Public Service Loan Forgiveness

If you work full-time in a public service job, you may qualify for Public Service Loan Forgiveness.

Learn more and see if you qualify.

The information below describes the Public Service **Loan Forgiveness** (PSLF) Program. It includes the eligibility requirements and the process for tracking your progress toward qualifying for PSLF Fact Sheet. This information can also be found in the PSLF Fact Sheet.

- What is the Public Service Loan Forgiveness Program?
- What must I do to have any remaining balances on my Direct Loans forgiven under the PSLF Program?
- What loans are eligible for forgiveness?
- What are on-time, full, scheduled, monthly payments?
- What is a qualifying repayment plan?
- What kinds of employment qualify?
- What is full-time employment?
- What does it mean that my 120 Direct Loan payments must be made while I am working full-time at certain public service organizations?
- How can I keep track of my eligibility?

Income-Driven Repayment Plan	Payment Amount
IBR Plan for those who are not new borrowers* on or after July 1, 2014	Generally 15 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount
IBR Plan for those who are new borrowers* on or after July 1, 2014	Generally 10 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount
Pay As You Earn Plan	Generally 10 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount
ICR Plan	The lesser of the following: • 20 percent of your discretionary income or • what you would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to your income

Glossary

Loan Forgiveness

The cancellation of all or some portion of your remaining federal student loan balance. If your loan is forgiven, you are no longer responsible for repaying that remaining portion of the loan. ...

William D. Ford Federal Direct Loan (Direct Loan) Program

The federal program that provides loans to eligible

New Borrower

Someone who has no outstanding balance on a Direct Loan or Federal Family Education Loan (FFEL) Program loan when he or she receives a Direct Loan or FFEL Program loan on or after a specific date.<...

William D. Ford Federal Direct Loan (Direct Loan) Program

The federal program that provides loans to eligible student and parent borrowers under Title IV of the Higher Education Act. Funds are provided by the federal government to eligible borrowers...

Direct Loan

A federal student loan, made through the William D. Ford Federal Direct Loan Program, for which eligible students and parents borrow directly from the U.S. Department of

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PROCESS > Research

Turning Barriers to Leverage Points

Surprised that very few borrowers were aware that they had more than one repayment option, we began to explore how the government promoted income driven repayment. In the words of Shahein Nasiripour, Chief Financial and Regulatory Correspondent for the Huffington Post:

> **It sometimes appears that the White House has done a better job promoting Obama's role in expanding access to income plans than the Education Department has done informing eligible borrowers that the plans exist.**
>
> *Obama Administration Exaggerates Enrollment In Critical Student Loan Plan As Borrowers Suffer*, Huffington Post, April 7 2015

To make matters worse, loan servicing companies have failed to deliver the kind of support and protection that should be made available to federal student loan borrowers.

According to Nasiripour, a direct result of this is that many borrowers who could be signing up for income based repayment (IBR) don't. They end up paying hundreds more than they have to every month. Additionally, 3 out of 5 borrowers who sign up for IBR fall behind on their loans one year later because they don't realize they have to reapply for income based repayment anually.

By identifying that a **lack of awareness and understanding** of repayment options were the two major **barriers** preventing borrowers from choosing the most appropriate plans for themselves, we were able to **reframe** this issue as an **information and communication design challenge**. So we asked ourselves:

How might we redesign the repayment process for borrowers with federal student loans, so that they can quickly and easily identify the best repayment plans for themselves?

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""There should be no reason that a borrower goes into default. We have too many tools available."

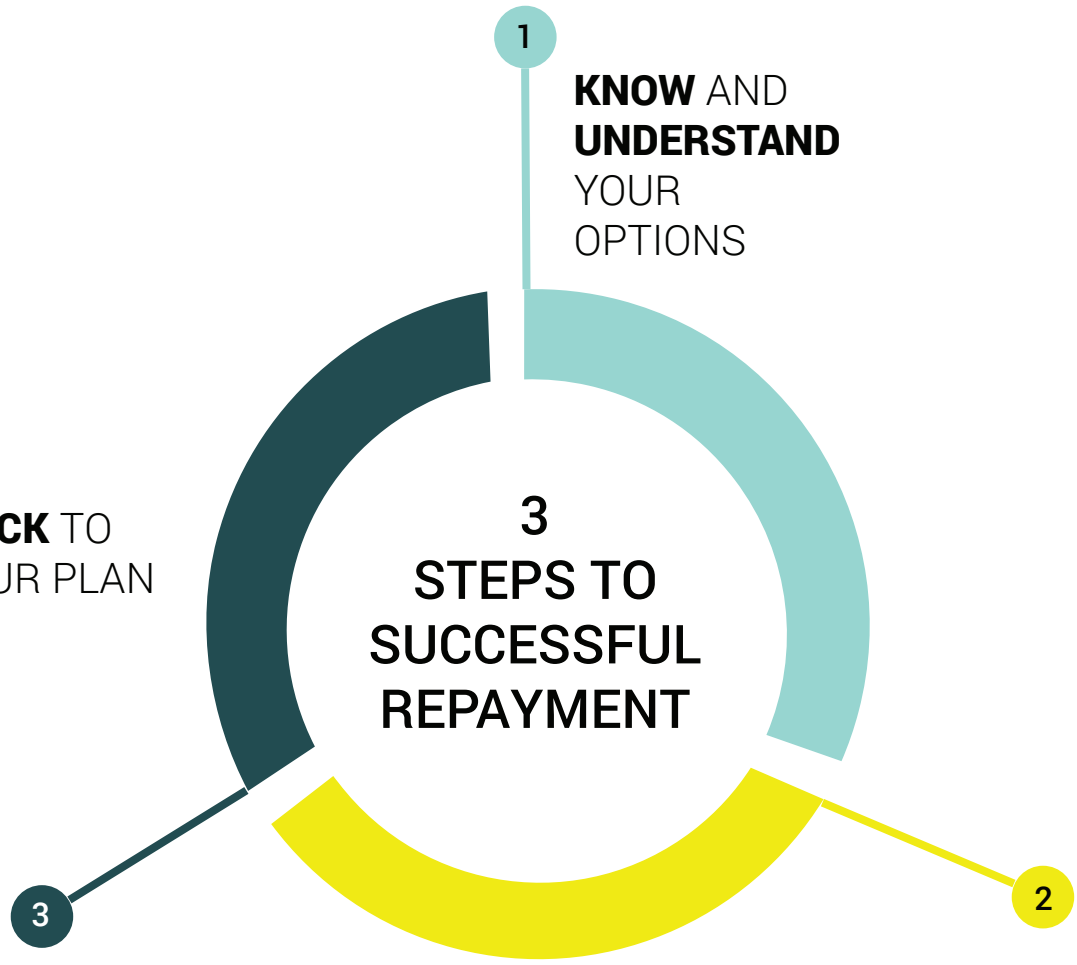
Cynthia Battle, Department of Education

Atlanta, Georgia | December 2 2014

"Servicers have provided inadequate information on repayment options and failed to enroll [borrowers] in an income-driven repayment plan."

Sarah Bloom Raskin, Deputy Secretary of the Treasury

Tampa, Florida | November 6, 2014



We started off by thinking through the steps that a borrower needs to take in order to successfully pay off their student loans. First, they would have to understand what options were available to them, second they would have to actually take the action of signing up for the right plan through StudentLoans.gov and finally, they would have to learn and develop strategies by which they can easily stay on top of their repayment.

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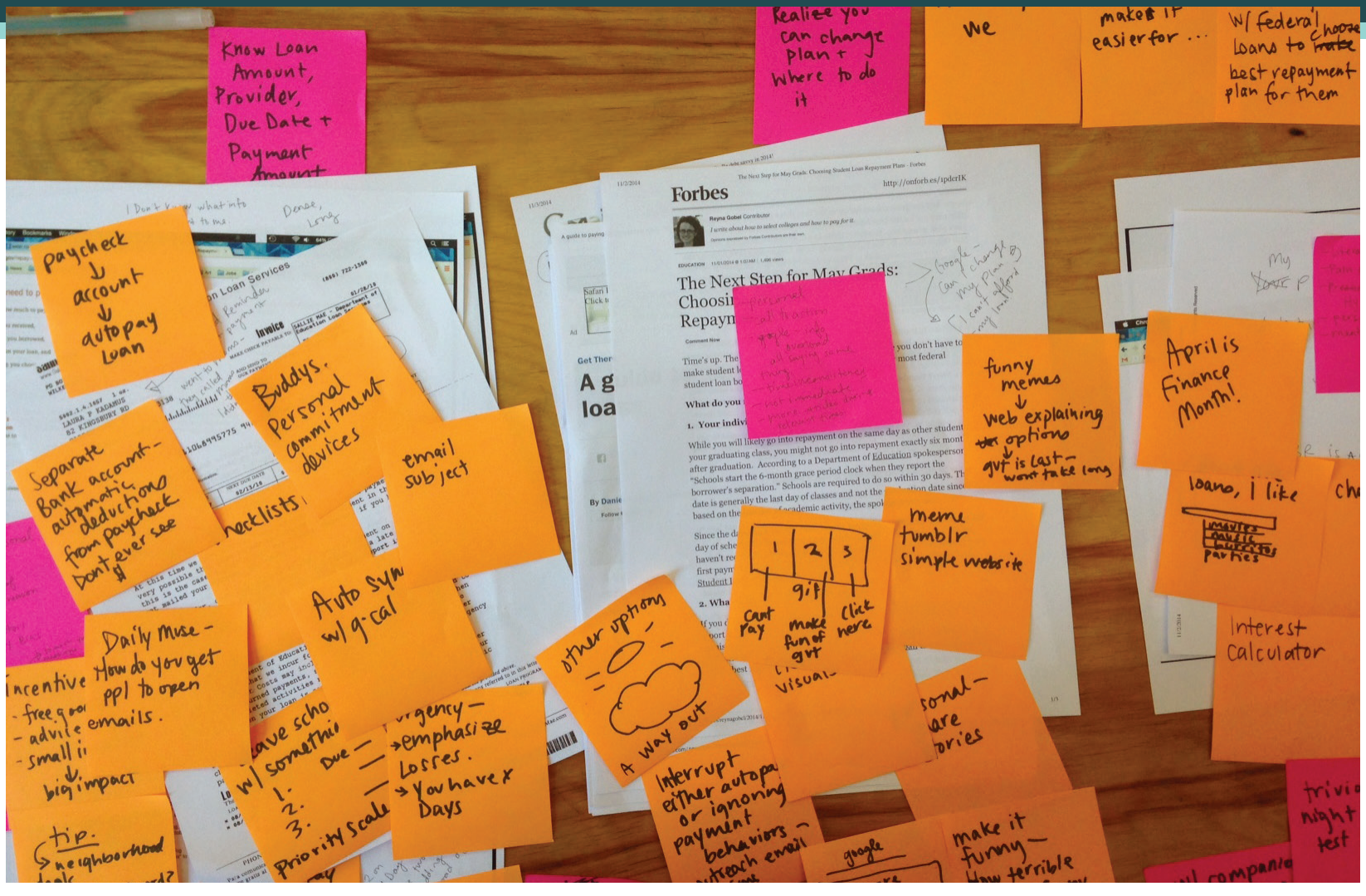

PROCESS > Prototyping

Going Wide, Going Deep

After spending many weeks researching and identifying our leverage points, we began the difficult but exciting ideation process. We were encouraged to first go really wide: 100 ideas on 100 post-its seemed like an impossible task. But once we got into it, it became easier and we got much more creative - tossing out some blue sky ideas, many of which in one way or another shaped our final product.

Keeping the circle of repayment in mind, we presented our ideas to our thesis team, who helped us weed out the best ones. We then began to test out our ideas in the form of small scale, low fidelity prototypes.

Our process has always been to make, test, iterate, test, iterate, etc. as a continuous loop. Although the research process formally ended at the end of the Fall semester, it has been our practice to consistently refer back to the insights that framed the initial ideas we were testing – and continue to inform Out Loan today.

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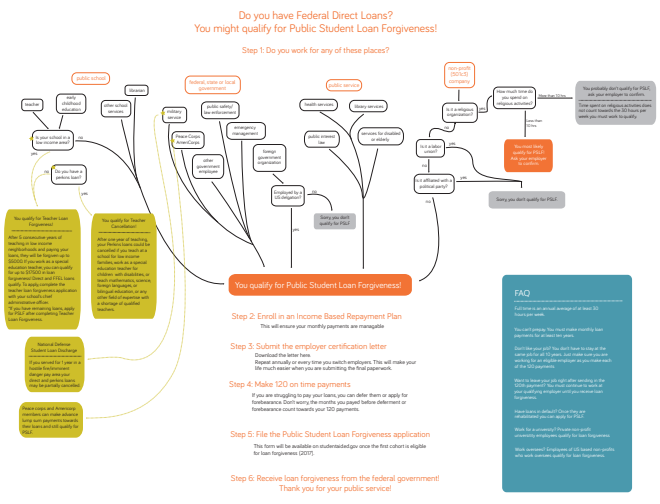
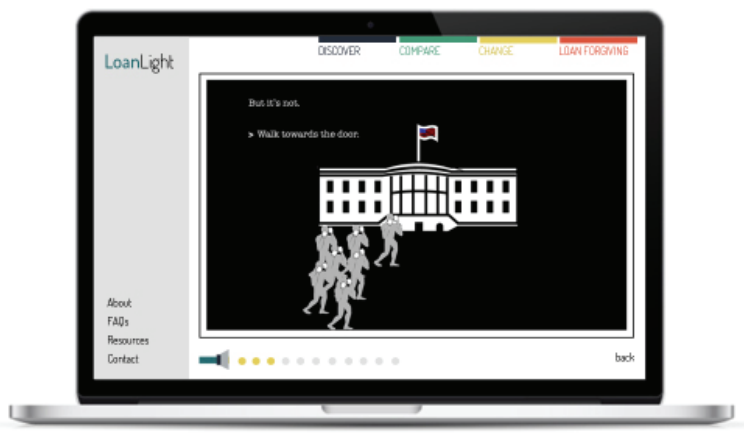
Early Prototypes:



Representing Public Student Loan Forgiveness through a Choose Your Own Adventure Style decision tree / map

Testing out a comics to break income based repayment down for borrowers using simple, relatable language.

Developing a game around a character, Sherlock Loans, who helps you uncover the best repayment option for yourself.



Trying out an early 90s computer game format to help borrowers go through the process of understanding their repayment options.

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PROCESS > Prototyping

Step 1: Understanding Options | Accounting for Behavioral Biases

Once we understood how complex and confusing public service loan forgiveness and income based repayment options actually are, we began to test out ways in which to explain some of their concepts to people without completely overwhelming them.

We started by creating flow charts of all of the options for forgiveness and repayment - it took us a while! Next, we converted the charts to a clickable prototype (using InVision) to test with users and get their feedback. We also tried to make it into a game – a build your own adventure style game and Sherlock Loans (a game styled format with Sherlock Loans as the main character) - to see if a more playful approach worked better.

It was always our intention to use an approach that combined design principles with behavioral science - since behavioral biases can be extremely useful in understanding what influences our choices and decision making. In the context of student loans, some of the behavioral biases most apparent were:

Time Inconsistency: The inability to recognize or understand gains in the future by committing to short term "pains" in the present.

Choice Overload: Triggering an automatic threat response and causing people switch off by presenting too much information to them (especially complex information) at one time.

Salience: Our attention is drawn to what feels relevant to us, so it is important to keep information as personal as possible.

LEARNING / FEEDBACK:

After testing mini prototypes of these different formats, we found that although users thought the games were fun, they preferred a Turbo Tax like format of simple questions and a clean, friendly interface - so that they could **quickly and easily get to the information they needed**. We also heard that gamifying the process took away from our "legitimacy" as information providers, undermining some of the credibility and trust we were trying to build.

This was a key lesson learned in the beginning, which hugely guided our design choices for building the final version of Out Loan later.

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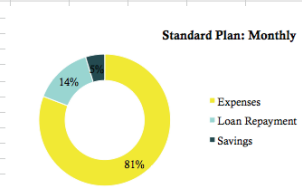
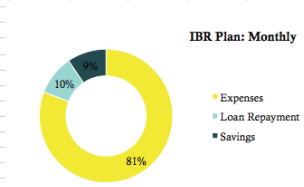
Income & Expenses Calc.	*Monthly*	*Yearly*				
Current Income (Gross)	$3,166.67	$38,000.00			**<Input yearly income (gross)>**	
Estimated Adjusted Gross Income	$2,650.00	$31,800.00				
Current Income (Net)	$1,855.00	$22,260.00				
Current Expenses	$1,500.00	$18,000.00			**<Input monthly spending>**	
Loan Information						
Principal	$25,000.00				**<Input loan information>**	
Loan Term (years)	10					
Interest Rate	5.25%					
Payments per year	12					
Standard Monthly Payment	**$268.23**					
Savings Calc.	*Monthly*	*Yearly*				
Savings without repayment	$355.00	$4,260.00				
Savings with Standard Pmt	$86.77	$1,041.25				
Savings with IBR Pmt	$176.31	$2,115.75				
Savings Goal (Monthly)	$0.00				**<Input savings goal to determine whether they can be accommodated in either of the plans>**	
Max Repayment	$355.00					
Repayment Options:	*Possibile?*					
Standard	Yes					
IBR	Yes					
Standard Plan	*Yearly*	*Monthly*	*Weekly*	*Daily*		
Income (Net)	$22,260.00	$1,855.00	$428.08	$60.94		
Expenses	$18,000.00	$1,500.00	$346.15	$49.28		
Loan Repayment	$3,218.75	$268.23	$61.90	$8.81		
Savings	$1,041.25	$86.77	$20.02	$2.85		
IBR Plan	*Yearly*	*Monthly*	*Weekly*	*Daily*		
Income (Net)	$22,260.00	$1,855.00	$428.08	$60.94		
Expenses	$18,000.00	$1,500.00	$346.15	$49.28		
Loan Repayment	$2,144.25	$178.69	$41.24	$5.87		
Savings	$2,115.75	$176.31	$40.69	$5.79		
Repayment Plan	*Total Interest*	*Total Paid*	*Tenor (months)*			
Standard	$7,187.51	$32,187.51	120			
IBR	$9,739.64	$34,739.64	150			
Extra Paid every month	$30.00					
Number of months to payoff	105					
Interest Paid	$6,212.69					
Interest Saved	$974.82					





Ammortization Schedule: Standard vs. IBR

Income & Expenses Calc.	*Monthly*	*Yearly*									
Gross Adjusted Income	$2,650.00	$31,800.00									
Current Income (Net)	$1,855.00	$22,260.00									
Current Expenses	$1,500.00	$18,000.00									
Discretionery Income Calc.	*State*	*Family Size*	*Poverty GL*	*150% of PG*		*Discret. Income*	*IBR Cap*		**IBR Cap Mth**	**Mth**	
	NY	1	$11,670.00	$17,505.00		**$14,295.00**	**$2,144.25**		$178.69	1	
									$187.62	2	
Projected Income Growth	~~0.0042~~	0.0500	**0.004074124**						$197.00	3	
									$206.85	4	
Loan Information									$217.20	5	
Principal	$25,000.00								$228.06	6	
Loan Term (years)	10								$239.46	7	
Interest Rate	5.25%	**0.004273128**							$251.43	8	
Payments per year	12								$264.00	9	
Standard Monthly Payment	**$268.23**								$277.20	10	
Month			***Standard Pmt***	***IBR Pmt***	***Actual Mthly***	***Mthly Int***	***Mthly Prncpl***	***Principal Bal***	$291.06	11	
0								$25,000.00	$305.62	12	
1			$268.23	$178.69	$178.69	$106.83	$71.86	$24,928.14	$320.90	13	
2			$268.23	$178.69	$178.69	$106.52	$72.17	$24,855.97	$336.94	14	
3			$268.23	$178.69	$178.69	$106.21	$72.47	$24,783.50	$353.79	15	
4			$268.23	$178.69	$178.69	$105.90	$72.78	$24,710.72	$371.48	16	
5			$268.23	$178.69	$178.69	$105.59	$73.10	$24,637.62	$390.05	17	
6			$268.23	$178.69	$178.69	$105.28	$73.41	$24,564.21	$409.56	18	
7			$268.23	$178.69	$178.69	$104.97	$73.72	$24,490.49	$430.03	19	
8			$268.23	$178.69	$178.69	$104.65	$74.04	$24,416.45	$451.53	20	
9			$268.23	$178.69	$178.69	$104.33	$74.35	$24,342.10			
10			$268.23	$178.69	$178.69	$104.02	$74.67	$24,267.43			
11			$268.23	$178.69	$178.69	$103.70	$74.99	$24,192.44			
12			$268.23	$178.69	$178.69	$103.38	$75.31	$24,117.13			
13			$268.23	$187.62	$187.62	$103.06	$84.57	$24,032.56			
14			$268.23	$187.62	$187.62	$102.69	$84.93	$23,947.64			
15			$268.23	$187.62	$187.62	$102.33	$85.29	$23,862.35			
16			$268.23	$187.62	$187.62	$101.97	$85.66	$23,776.69			
17			$268.23	$187.62	$187.62	$101.60	$86.02	$23,690.67			
18			$268.23	$187.62	$187.62	$101.23	$86.39	$23,604.28			
19			$268.23	$187.62	$187.62	$100.86	$86.76	$23,517.52			
20			$268.23	$187.62	$187.62	$100.49	$87.13	$23,430.40			
21			$268.23	$187.62	$187.62	$100.12	$87.50	$23,342.89			
22			$268.23	$187.62	$187.62	$99.75	$87.87	$23,255.02			
23			$268.23	$187.62	$187.62	$99.37	$88.25	$23,166.77			
24			$268.23	$187.62	$187.62	$98.99	$88.63	$23,078.14			
25			$268.23	$197.00	$197.00	$98.62	$98.39	$22,979.76			
26			$268.23	$197.00	$197.00	$98.20	$98.81	$22,880.95			
27			$268.23	$197.00	$197.00	$97.77	$99.23	$22,781.72			
28			$268.23	$197.00	$197.00	$97.35	$99.65	$22,682.06			
29			$268.23	$197.00	$197.00	$96.92	$100.08	$22,581.98			
30			$268.23	$197.00	$197.00	$96.50	$100.51	$22,481.48			
31			$268.23	$197.00	$197.00	$96.07	$100.94	$22,380.54			
32			$268.23	$197.00	$197.00	$95.63	$101.37	$22,279.17			
33			$268.23	$197.00	$197.00	$95.20	$101.80	$22,177.37			
34			$268.23	$197.00	$197.00	$94.77	$102.24	$22,075.13			
35			$268.23	$197.00	$197.00	$94.33	$102.67	$21,972.46			
36			$268.23	$197.00	$197.00	$93.89	$103.11	$21,869.35			
37			$268.23	$206.85	$206.85	$93.45	$113.40	$21,755.95			
38			$268.23	$206.85	$206.85	$92.97	$113.89	$21,642.06			
39			$268.23	$206.85	$206.85	$92.48	$114.37	$21,527.69			
40			$268.23	$206.85	$206.85	$91.99	$114.86	$21,412.82			
41			$268.23	$206.85	$206.85	$91.50	$115.35	$21,297.47			

PROCESS > Research

Step 2: Choosing the Right Option | Learning from Positive Deviants

As we started to get a clearer picture of what needed to be designed to help users better understand their forgiveness and repayment options, we realized that awareness alone wasn't enough to trigger action and switch to a better repayment plan. They needed an extra push.

So we turned to the positive deviants in our system - **aggressive repayers** who were fully in control of their loans and on track to successfully and quickly pay them off.

What we found was that many of these borrowers had created their own tools to help them with repayment - complex looking **excel sheets** with advanced **algorithms** and formulas that allowed them to model outcomes in different future scenarios. So, for example, if their priority was to pay off their loans as quickly as possible, they were able to figure out a repayment schedule with a shorter tenor than the standard repayment plan; however if their priority was to both make payments as well as save towards a specific goal, they were able to figure out a strategy that allowed for both of these outcomes.

In a nutshell, they were able to understand their options in the larger context of their budget and lifestyle choices, which made it easier for them to choose the right repayment strategies for themselves.

However, not everyone has a background in math or economics, or works in financial services. It seemed unfair that the only resources that actually allowed borrowers to contextualize their loans required them to also have a high level of financial literacy and / or proficiency in Excel (!).

So we asked ourselves, **how might we visualize these spreadsheets so that *all* borrowers can quickly understand their loans in the context of their lifestyles?**

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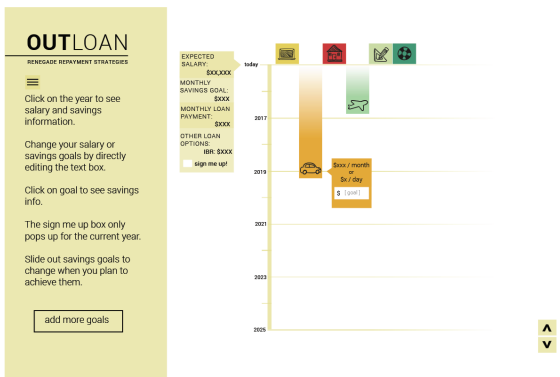
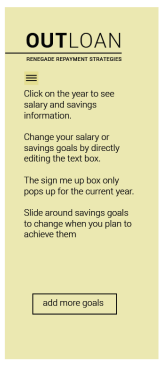
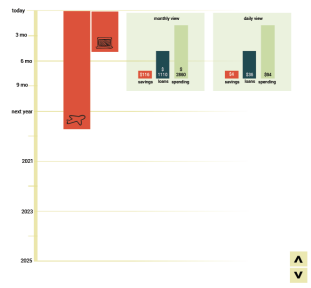
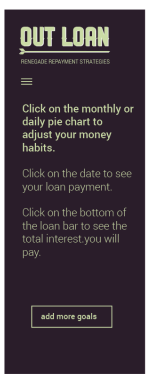
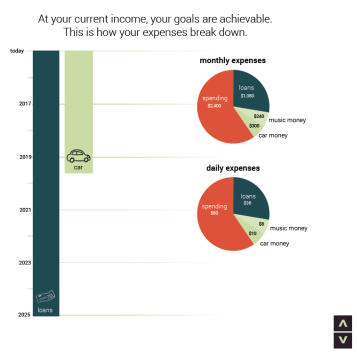
Evolution of the Out Loan Dashboard:

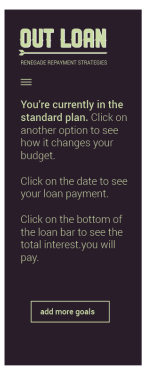


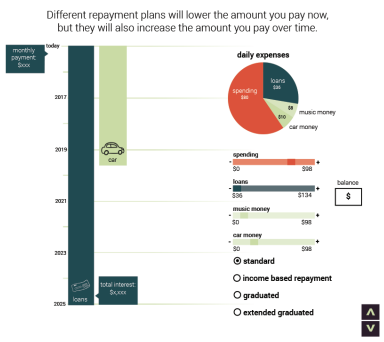


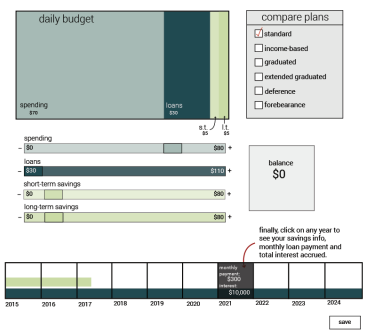


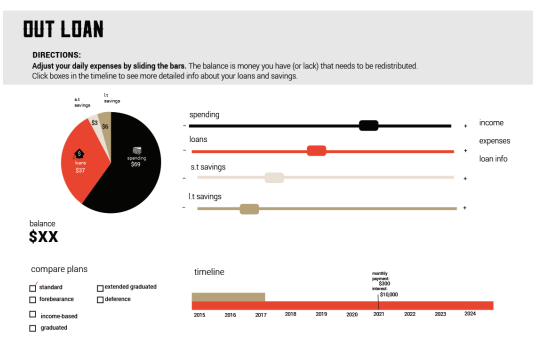


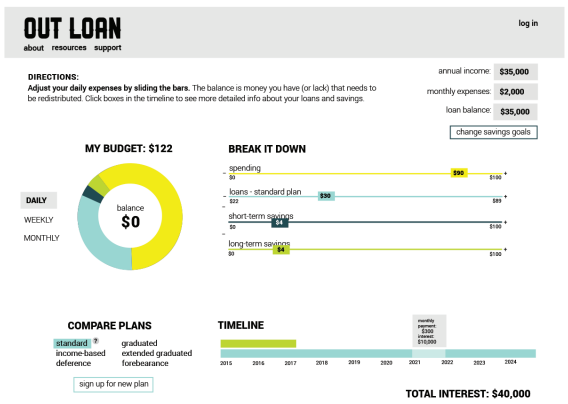


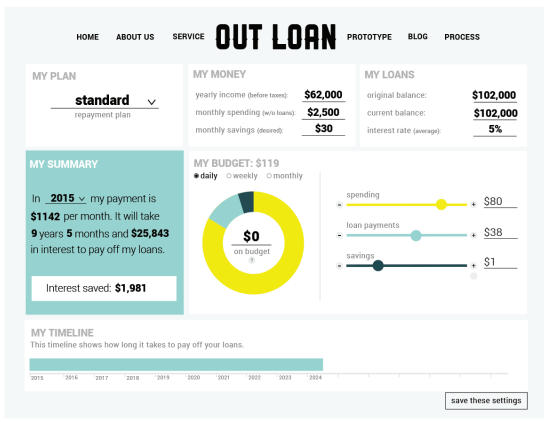












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PROCESS > Prototyping

Iterations Upon Iterations

Converting an Excel spreadsheet into an elegant, easy to use interface was much harder than we anticipated. After thinking through the kind of interactions we wanted to include, we developed a spreadsheet that calculated different repayment scenarios for each user depending on their loan and financial information. It also allowed them to play with the numbers and see in real time how their decisions would affect both their budget and their repayment amounts in the short and long term.

We made a few versions of it based on user feedback, and confirmed the final calculations with experts and advisors from the financial aid office, among others.

Since we didn't have a developer in the beginning, our prototyping process was to walk users through the same questions they would see on the final web app, but using Excel. As they did, we showed them what the online process would look like by using **wireframes** we mocked up on Illustrator.

After each individual prototype, we asked for immediate feedback on the design and process, and then followed up later with a list of five questions:

- What was the most beneficial piece of information you learned? What felt most important?
- Did any part of the process feel overwhelming?
- Would you use the calculator again as your expenses and income change? If so, would you pay a small fee for it? Would you donate a small percentage of the amount of money Out Loan helps you save to keep the service running?
- How would you best describe the service?
- Can you think of any information we haven't covered?

Each design was progressively better than the last based on really useful and honest feedback from a mix of borrowers, web and interaction designers and our team of advisors.

The spreadsheet was a really useful **low fidelity prototyping tool** that allowed us to quickly get feedback from users without having to build an elaborate product, and eventually proved to be even more useful to manage all the calculations and the logic systems required when we finally found a developer to help us code the dashboard online.

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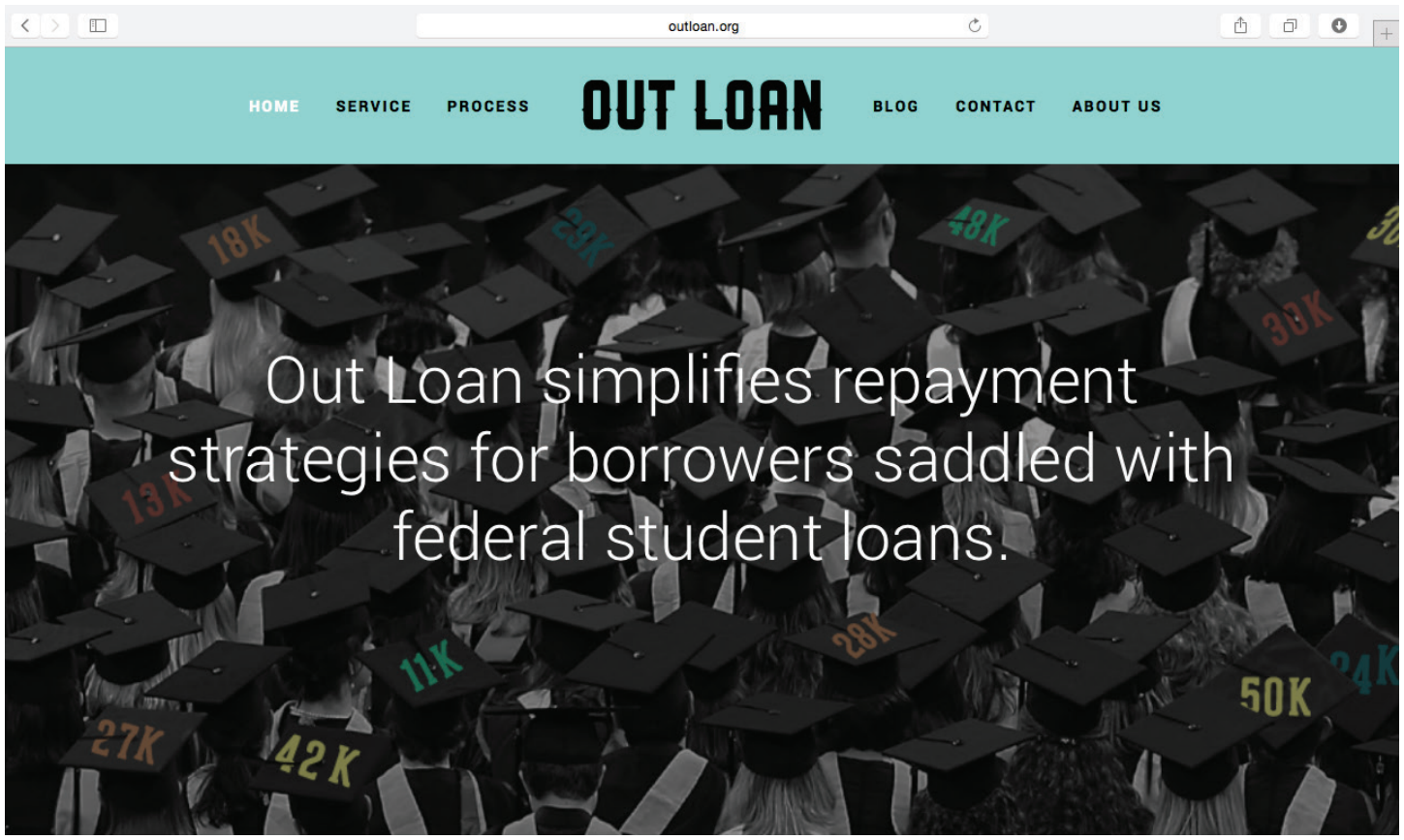
OutLoan.org



We're changing the user experience for borrowers with federal student loans in two ways:

1. Simple Q & A to determine your eligibility for loan forgiveness.

2. Budgeting dashboard that visualizes your repayment options.

Try out a beta version of the Out Loan Calculator!

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PRODUCT > Out Loan

Simplifying Repayment for Federal Student Loans

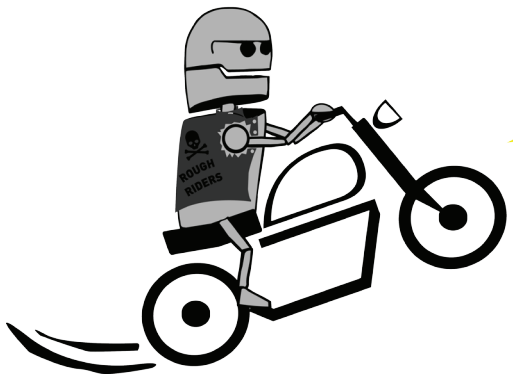
With the lessons learned from our prototypes in mind, we began to design our final product - **Out Loan** - a web app that simplifies repayment strategies for borrowers with federal loans.

Out Loan offers two main services:

First, it leads users through a simple set of questions and answers (think Turbo-Tax or Oscar Health) to determine their **eligibility for income based repayment and loan forgiveness**. Users are then given simple and clear instructions on how to sign up for any of these plans, if they decide to opt in.

Second, users are asked a few basic questions about their income, expenses and goals (if applicable), after which they are directed to a dashboard that helps them **visualize their loans in the context of their budget and their spending**. The dashboard enables them to see how these short-term decisions play out in the long-term through a timeline that recalculates interest and tenor as users decide to put more money towards their loans. Importantly, they can toggle between different repayment plans to see how they affect their budget and payments, both today and in the future.

Outloan.org is now live. We built the first part of our service using Squarespace's developer platform, and worked with a developer, **Alexandra Ackerman**, to build the beta version of part 2: the Out Loan dashboard.



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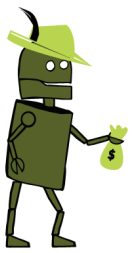
Part I: Eligibility for Loan Forgiveness & Income Based Repayment

HOME SERVICE PROCESS **OUT LOAN** BLOG CONTACT ABOUT US



Find out which forgiveness plans you're eligible for!

In just a few questions, it will help you figure out if you qualify for income based repayment or any of the public service loan forgiveness programs.

TRY IT OUT!

We're making sure your money stays in your hands.

HOME SERVICE PROCESS **OUT LOAN** BLOG CONTACT ABOUT US

Loan forgiveness and repayment plans are really confusing.

It's hard to figure out what information applies to what situations. In the next few steps, we'll cut through some of the particulars to get you what you need to know.

NEXT

All of the information in this section comes from studentaid.ed.gov.

HOME SERVICE PROCESS **OUT LOAN** BLOG CONTACT ABOUT US

Which best describes your work?

- ○ AmeriCorps / PeaceCorps
- ○ Elderly Care / Disability Services
- ○ Emergency Management
- ○ Foreign Service / International Org.
- ○ Military Service
- ○ Non-Profit
- ○ Other State/Local/Federal Employee
- ○ Public Interest Law

HOME SERVICE PROCESS **OUT LOAN** BLOG CONTACT ABOUT US

Do you have a Perkins Loan?

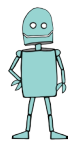
YES NO NOT SURE

HOME SERVICE PROCESS **OUT LOAN** BLOG CONTACT ABOUT US

Great! You qualify for Perkins Loan Cancellation

70% of your Perkins Loan will be cancelled over 4 years:
15% in year 1, 15% in year 2, 20% in year 3 and 20% in year 4.

In the mean time, you'll want to defer your loans so you get the most savings.



SHOW ME HOW TO SIGN UP

HOME SERVICE PROCESS **OUT LOAN** BLOG CONTACT ABOUT US

The process is a little annoying, but signing up for Perkins Loan Forgiveness is totally worth it.

To sign up for Perkins Loan Forgiveness you need to contact your school's financial aid office. They will send you this form to fill out.

Since you are eligible for Perkins Loan forgiveness you are also eligible to defer your loan payments until they are forgiven – that means you won't have to make any payments on these loans. You have to defer your Perkins Loans through your school's financial aid office as well.

Click through for some questions to keep in mind when you're talking to the financial aid advisor at your school.

NEXT

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PRODUCT > Out Loan

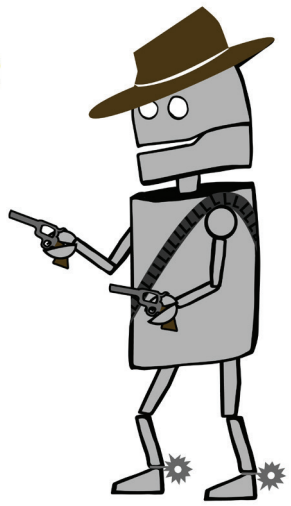
Loan Forgiveness and Repayment

The first part of Out Loan helps users easily and quickly identify the repayment and forgiveness plans they're eligible for.

The intricacies of each option, as well as the number of specific details borrowers need to know about their loans and jobs in order to qualify and apply for income based repayment and loan forgiveness are tremendous and hard to find. Out Loan breaks down a lot of this information into simple yes / no and multiple choice questions, which makes it really easy for borrowers to navigate through this process.

DESIGN CHOICES AND FEEDBACK

- In an effort to keep the design clean and account for "choice overload", we chose to keep the text minimal and incorporate as much "white space" into each frame as possible.
- We played with different type sizes to draw the user's eye towards the most important information first.
- We incorporated "breadcrumbs" at the bottom of each page to help users keep track of where they are in the process, and how much they have left to go.
- Finding the right balance between too much and too little information was really challenging - we decided to include "learn more" options in certain places where we got feedback that users wanted more information, without overwhelming users who don't want to know any more than they have to.
- Finally, we created a robot as the Out Loan mascot, who has different avatars and appears on a few screens like Microsoft's Clippy did, offering helpful tips and hints to users throughout the process.



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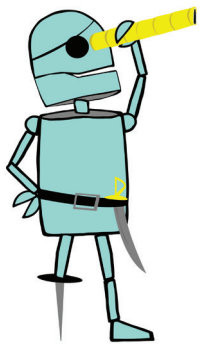
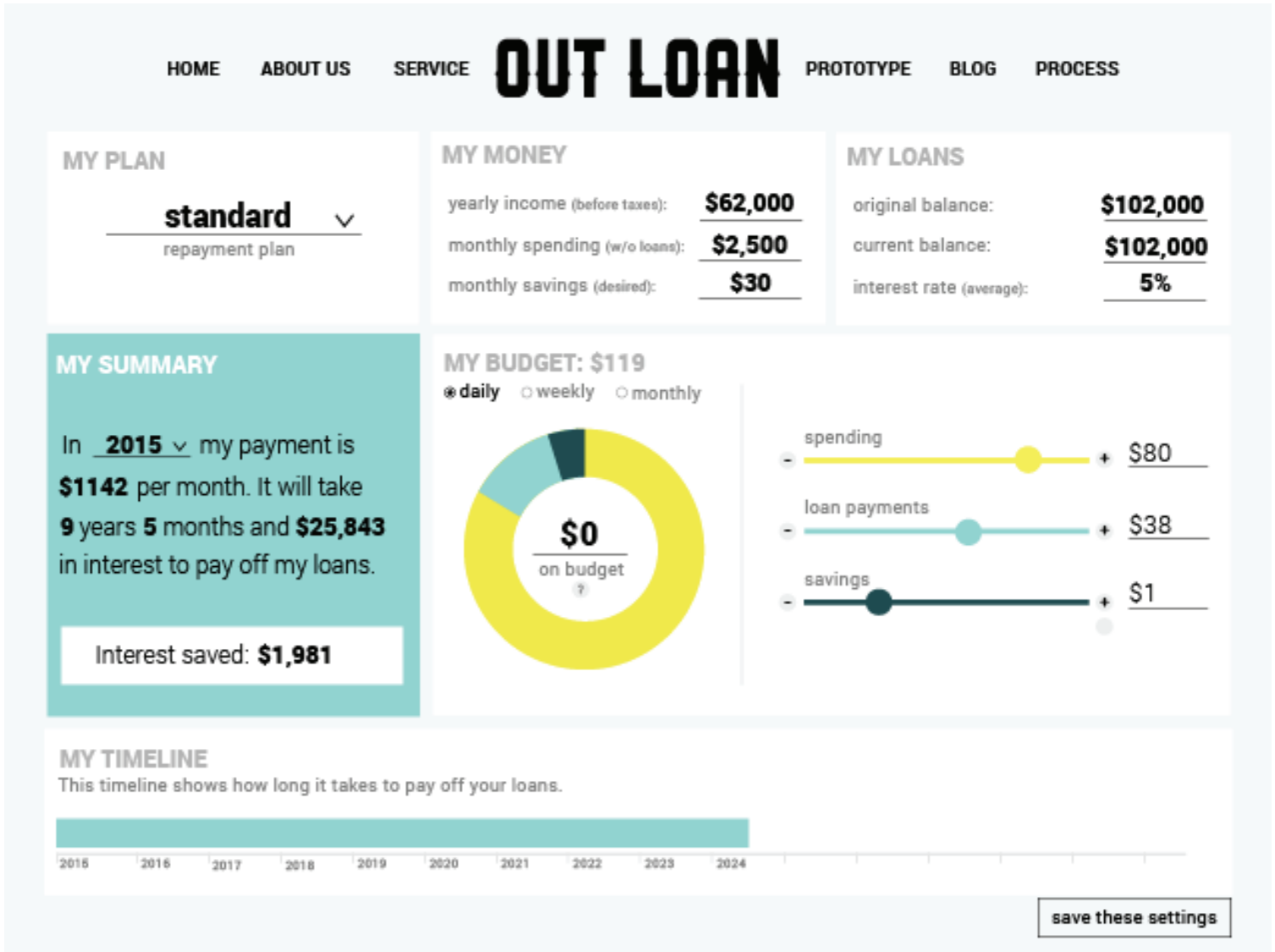


Part II: Out Loan Dashboard



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PRODUCT > Out Loan

Simplifying Repayment for Federal Student Loans

The Out Loan dashboard is preceded by a series of questions that ask the user to input their loan information as well their income, expenses and savings goals (if they have any). This information is presented back to them through an interactive dashboard, which allows users to play with their budgets and see the effects of their loan repayments visualized over time.

DESIGN CHOICES AND FEEDBACK

- Accounting for time inconsistency biases, we introduced a timeline that allows users to quickly see how much less time it takes to pay off their loans if they pay more now, and vice versa.
- The sliders give users a sense of control and play - and see the immediate effects of adding a few dollars to their loans, or reducing their expenses by a certain amount on their budgets.
- The idea of introducing a separate savings slider, as well as including the money left over or under helps users understand that it is possible to save for things despite having student loans.
- We made sure it was easy to flip between daily, monthly and yearly balances because we realized that not everyone thinks through their budgets and expenses the same way.
- Introducing the daily option was particularly powerful, as we heard from users that it's much easier to grasp the effects of saving $5 a day than $150 a month on their loans.
- Simply showing a user the amount of interest saved or added on by flipping between different plans was also really effective - and helped borrowers understand how their decisions affected their loans in the present as well as the future.

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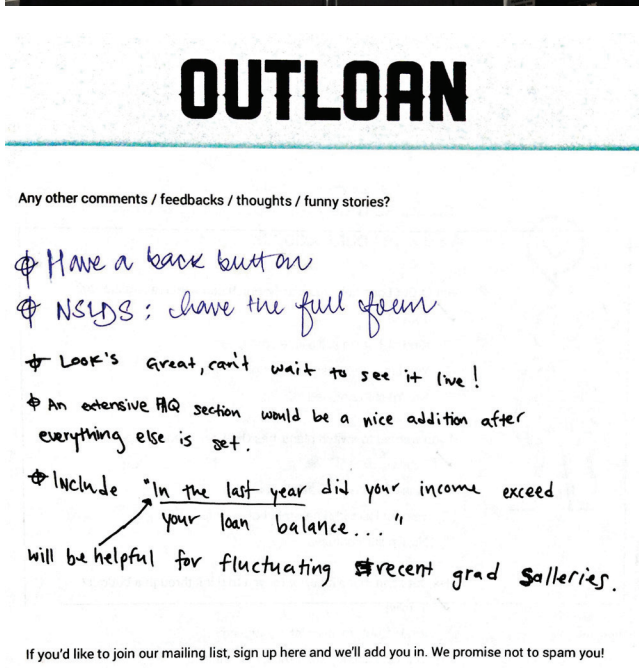

OUTLOAN

Any other comments / feedbacks / thoughts / funny stories?

- Have a back button
- NSLDS: have the full form
- Look's Great, can't wait to see it live!
- An extensive FAQ section would be a nice addition after everything else is set.
- Include "In the last year did your income exceed your loan balance..." will be helpful for fluctuating recent grad salleries.

If you'd like to join our mailing list, sign up here and we'll add you in. We promise not to spam you!

"A tool like this should be on every financial aid website, because it's so hard to visualize this when explaining to students."

Celeste Orangers

Assistant Dean, Academic Policy and Institutional Research, NYU

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PROCESS > Testing

Taking the Plunge and Going Live

NYU Gallatin

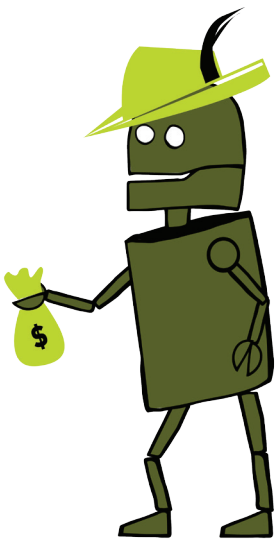
Although we had been individually prototyping both parts of our service as soon as we started building pieces of it - we had a wonderful opportunity to present to a group of NYU students from the Gallatin School in early April - our first experience of prototyping Out Loan with a group.

In general, the feedback was really encouraging and very positive - most students said that they found it useful, and that they were interested in trying out our dashboard once it went live. The Assistant Dean of Academic Policy and Institutional Research at NYU was particularly impressed, validating our hunch that the service would also be really useful for college student aid offices and financial counsellors.

It was a really interesting experience to see how a group setting changed the kinds of questions users asked, the ways in which they understood the service, and the advantages of learning from their peers. We found that many of their questions were specific to their individual contexts - some of which we weren't qualified enough (being students, not financial advisors) to answer. We thought it could therefore be interesting to do workshops in the future in conjunction with the college or university's financial aid advisor or counsellor.

Out Loan Beta

Towards the end of April, we were also able to launch a beta version of the Out Loan dashboard, thanks to our incredibly talented developer, Alexandra Ackerman. We are really excited by the response it has received - we've had almost 500 unique visitors on our website over the past two months, a number of whom have given us really positive feedback on its design and usefulness, as well as suggestions on what could be improved.



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PROCESS > Presenting

Reaching Out to Stakeholders

We've also had the opportunity to present our service to at least one representative from each stakeholder in the student lending universe:

- Educational Institutions: **NYU, SVA**
- Financial Institutions: **American Express**, **Capital One**
- Loan Providers: **Navient**, **ECMC**
- Government: **US Digital Service**, **White House Social and Behavioral Sciences Team**, **Consumer Financial Protection Bureau**

It has been incredible to see how these organizations have responded to our service, each offering their own perspective on how Out Loan can find a place to live beyond our thesis.

For example, the American Express design team suggested that we could pitch our product to banks as an additional value added service that they can offer millennial customers, who many financial institutions are now looking to target. Banks could create a special account centered around student loans, which would include our dashboard and help customers make repayments quickly and easily.

Wendy Kincaid, the Vice President of Web Strategy at Navient, offered to forward our project to the Department of Education, because they are working on redesigning the student loan repayment process in a more "user-centered" way.

What we were most excited about were our meetings with the three government agencies that we connected with - USDS, SBST and CFPB. All three were extremely impressed with our project, from a User Experience, Behavioral Science and Financial Literacy angle respectively. Erie Meyer, from USDS, told us that they are currently working on putting together a team to specifically work on redesigning the student lending user experience with the Department of Education. In this context, she said that we were "miles ahead" along the process - a huge compliment and a major win for us.

We're thrilled that we've been able to have these conversations, which have been both tremendous validation for our process and design, as well as helped us think through what could be in store for Out Loan in the future.

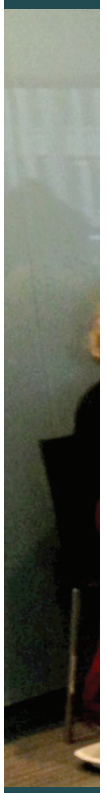

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Photo: Presenting Out Loan to the Design Team at American Express

"That we've spent the last hour talking about this as if it were a product, not a project, is a huge testament to your design."

Miles Begin, American Express

"You're miles ahead in doing exactly what we're trying to do."

Erie Meyer, US Digital Services

LEARNING

The 6 most important lessons we learned

It is hard to summarize the breadth of what we've learned over the course of thesis in a single paragraph, or even a page – but here are a few of our most important learnings:

1. How to have a difficult conversation

People do not want to talk about their finances, especially when they are overwhelmed by them. We found that by approaching the topic from the user's perspective they almost instantly feel more comfortable – talking with them, rather than at them. We found that a major part of the discomfort people experience when talking or even thinking about finances stems from a lack of confidence in dealing with them, because without formal financial education, the complex language feels foreign. However, given the right tools and approach, it is possible to make users overcome their fear of finances, and make smarter and more informed decisions about their financial future.

2. The user knows best

All of our biggest insights and design iterations have been driven by conversations with our users. When we initially thought that understanding loans in the context of a user's lifestyle was the last stage of the repayment process, we started picking up from users early on that context played a key role in the kinds of repayment strategies they choose. Similarly, when we tested the idea of gamifying the repayment options process to keep it light and playful, we heard that users cared more about getting through the information quickly, than they did about a fun learning experience.

3. Simplicity is clarity is kindness

Sha Hwang, a designer who was a guest lecturer at our Dataviz class this semester, introduced us to the concept of "simplicity is clarity is kindness". When the information is heavy and dense as in the case of student loans, but equally applicable in so many other contexts, the act of simplifying and clarifying is tremendously valuable to a user. Organizing complex pieces of information into thoughtfully designed formats is a skill that we've both learned over the course of the semester, and will probably find hugely useful going forward.

4. Invite feedback

Because thesis is intentionally meant to be a project that is close to our hearts, it is frequently useful to invite feedback not only from users, but other designers, advisors and experts as well – a fresh pair of eyes can pick up little details (and sometimes even obvious errors!) that we might have missed, given how closely involved we are with the project. Inviting feedback required us to develop a thick skin – not everyone found the name "LoanBro" as funny as we did (!) – and a stronger spine – learning to defend the premise of our project has only made our value proposition stronger.

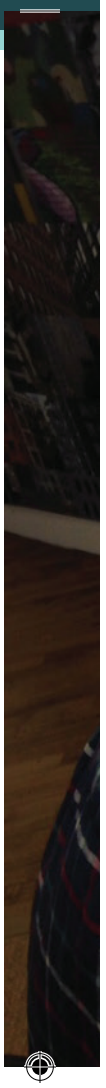

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Photo: Testing our prototype using Excel and Illustrator with Jeff

5. 2 > 1

We've also learned a lot from working together. Design is itself a collaborative process – and it has been so helpful to have someone to talk every aspect of the project out with: to bounce ideas off of, to challenge ideas, to build ideas and to work towards building something together to challenge the status quo. Working together has also helped us recognize our core competencies – making us much more efficient as a team that's able to play off each other's strengths, and broaden the scope of what's possible.

6. Don't be afraid to reach out

We never expected to come as far with thesis as we have, and we feel very fortunate and grateful that we have been able to connect with many organizations and individuals that have been incredibly generous with their advice, feedback and time. A major lesson learned here, however, is not to feel afraid of reaching out to people - the worst that can happen is that they won't respond, however we've been pleasantly surprised to learn how open people have been to speaking with us and hearing about our project. We would have never imagined that we'd be talking to two different teams at the White House, a federal government agency, and a number of major financial companies and lenders about Out Loan when we started the project - but if we hadn't decided to contact them in the first place, we would have never had the opportunity to present our ideas to them!

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WHAT'S NEXT?

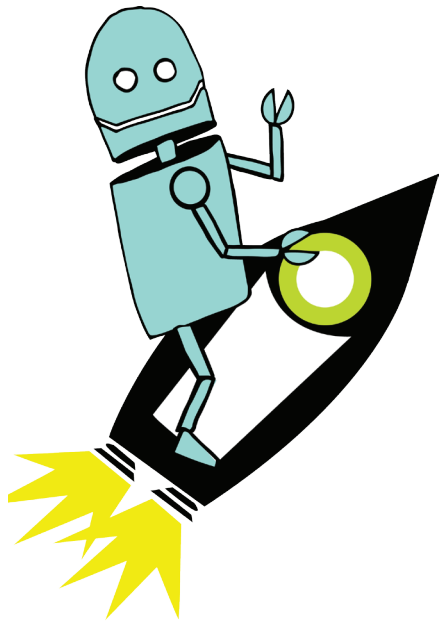
From Thesis to Beyond

Out Loan has received some really incredible feedback, perhaps the most rewarding of which is to hear that it has been really *useful* for borrowers with student loans. Some of our favourite responses include: *How has no one else thought about making this?* and *Where was this when I was trying to pay off my loans?!*

To know that we've made a direct impact on a few of our users - from choosing a better repayment plan that saves them a significant amount of money, to choosing a job moving forward that could put them on track to public service loan forgiveness - is one of the most fulfilling experiences we've ever had. It also begs the question: **how much of an impact could we possibly make if we managed to actually build Out Loan to scale?**

Our conversations with stakeholders have helped us think through how Out Loan could live beyond just being a thesis project. We've been delighted to see the interest that some banks have shown in potentially offering Out Loan's dashboard, in particular, as a value added service to them. However, we believe that its greatest impact, and most natural home, would be with the US government.

We were therefore extremely excited to learn that the government is moving in the same direction as Out Loan, and are hopeful to be able to contribute towards the redesign of their system. Although we aren't sure if Out Loan will exist as Out Loan in the future, we do know for sure that it will be an inspiration for the government, and even for financial institutions, for thoughtful, delightful user centered design in the future.



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HUGE THANKS

Out Loan Champions

Out Loan would not have been possible without the support our incredible team of advisors, our DSI cohort, our friends and families, and most importantly - the users and stakeholders we tested and retested our ideas with.

Huge, huge thanks especially to:

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