

A CFO'S GUIDE TO LRAP

What is LRAP?

LRAP is a powerful response to families that question their ability to afford your college.

LRAP (loan repayment assistance program) is an enrollment and yield tool that helps colleges enroll and retain students who may feel college is unaffordable, by addressing the fear of loans and student debt. LRAP is a guarantee that if a student's income after graduation is modest (e.g. less than \$40,000/year), financial assistance will be provided to help repay their educational loans. The program covers federal, private and parent PLUS loans. Assistance is based solely on the graduate's salary.

Powerful ROI - Cash Flow Positive

LRAP is cash-flow positive because colleges pay the per-student fee after a student's revenue has been booked, and only if they're borrowing.

Typically, each incremental student you secure with LRAP generates enough net revenue to cover the program fees for an additional 10 students.

A Proven Concept

LRAP is an enrollment tool that works. LRAPs have been in existence for three decades and have proven efficacy. The unique LRAP Association model is backed by a world-class, A-rated financial institution, the Hudson Insurance Group. Every entering student with LRAP is thus assured that benefits will be available if needed, throughout the life of their loans.

"The Loan Repayment Assistance Program has proven to be a valuable resource in reducing the anxiety of parents and students when considering borrowing to finance their college education."

- TOM, CFO

Bottom Line: Why use LRAP?

LRAP more than pays for itself.

This is because you pay nothing upfront to offer LRAP, and you can offer it to students at risk of not enrolling. If they don't enroll, you pay nothing. But if they accept LRAP and enroll (and are borrowing), only then do you pay the per-student annual fee.



Problem:

Students Not Enrolling at Your College Due to Fear of Student Loans

Students and parents are often cautious about using loans to cover financial aid gaps. They will entertain other colleges' offers, even if it means not attending their first-choice college.



Solution:

Offer These Students LRAP

Gain a competitive advantage by offering LRAP, which covers all federal, private and parent PLUS loans.

Below is a sample first-year ROI from enrolling a group of 20 students with LRAP. As you can see, LRAP makes financial sense.

Sample First-Year LRAP ROI

Assumptions:

| | |
|---------------------------------|-----------|
| Average Net Tuition Revenue | \$13,500 |
| New Students in Cohort | 20 |
| New Students Attributed to LRAP | 14* |
| Annual LRAP Fee per Student | (\$1,050) |

Calculation:

| | |
|-------------------------------------|------------|
| Total Net Tuition Revenue from LRAP | \$189,000 |
| Total LRAP Fees of Entire Cohort | (\$21,000) |
| Net Revenue From LRAP, after Fees | \$168,000 |

First-Year ROI: 8x

* We understand that some students to whom you provide LRAP may have enrolled without it. To provide a conservative ROI estimate, this projection assumes 7 out of 10 students who are provided LRAP enroll because of it. This is in line with typical client results, but may vary based on your approach.

INTERESTED? LRAP.ORG 877.577.5727

