



H.R. 1635 – Empowering Students Through Enhanced Financial Counseling Act

H.R. 1635 provides better upfront, ongoing, and exit counseling information on financial aid and student debt so students will be able to make more informed decisions about financing their education and always know how much money they will owe. These provisions are currently included in the [Aim Higher Act](#) (H.R.6543).

The **Empowering Students Through Enhanced Financial Counseling Act** provides students with:

- **Better upfront information:** Entrance counseling for student loan borrowers will now take place before a borrower is asked to accept the loan. Colleges will provide additional financial literacy tools for Pell Grants recipients.
- **Better ongoing information:** Schools will annually update and project how much a student is expected to borrow during their education and what their monthly payment would look like under various repayment plans. Parents borrowing loans for their children will also have access to the same information.
- **Better exit counseling:** Counseling for repayment plans will be significantly streamlined to focus on standard and income-based repayment options.
- **Important private loan disclosures:** Borrowers will be counseled that private loans are not as generous as federal loans. Borrowers will be informed of their rights as a consumer when taking out a private loan.
- **Consumer tested tools:** The Secretary of Education is charged with creating a consumer tested online counseling program that schools can use to satisfy the aforementioned requirements.

In order to further build evidence around effective financial literacy strategies, the Department of Education will conduct a rigorous and longitudinal study on the effectiveness of student loan counseling requirements.