

The Yin and Yang of Default Prevention



*Smart
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Agenda

Working together to prevent default

Contact former students, help prevent default

Supplement your efforts, help your students get a great start

Agenda

Develop a plan

Make a difference

Working Together to Prevent Default



Working Together to Prevent Default

Understanding how your default prevention efforts can work together with the efforts made by your partners, helps you make the most of your time

Schools Have an Advantage

- You have a unique relationship with the student as a borrower
- With puts, loan transfers, and split servicing, the only entity the borrowers may recognize is you
- You have access to the student earlier than your partners



Time Available for Default Prevention

Your Partners:

- Have teams of counselors:
 - Dedicated exclusively to default prevention
 - Receive weeks of specialized training
- Have extensive technology and infrastructure

Your School:

- Can launch effective default prevention efforts, even while balancing all other FAO duties
- Can prevent default, even without specialized training

Tools

Your Partners:

- Have access to comprehensive information about:
 - Balances
 - Deferment/forbearance history
 - Prior conversations
 - Tools that help identify the best solution

Your School:

- Has access to a variety of helpful tools from different partners, including Great Lakes

Have a Plan

Your Partners:

- Set plans for entire portfolio—not for individual schools
- Set goals and have the ability to report on progress toward each goal

Your School:

- Can plan efforts based on your school's needs and resources

Select Borrowers to Contact

Your Partners:

- Contact delinquent borrowers:
 - At multiple telephone numbers and email addresses
 - At various times of day
 - At various stages of delinquency
 - From every school

Your School:

- Can maximize efforts by focusing on small, targeted groups of borrowers

Contact Borrowers

Your Partners:

- Automatically generate and send mass mailings and emails to targeted groups of borrowers
- Offer web resources
- Call borrowers using automated phone campaigns

Your School:

- Can target efforts to borrowers most at risk using:
 - Letters and emails, sent/generated manually
 - Online counseling
 - Manual calls to borrowers

Phone Strategies

Your Partners:

- Use automated dialing systems to manage incoming and outgoing calls
- Make thousands of calls every day
- Make calls during the evenings and on weekends

Your School:

- Can see real results, even if you:
 - Do not call every day
 - Have low contact rates with manual dialing
 - Are constrained by business hours

Know What to Say

Your Partners:

- Use a structured call model
- Negotiate first for payments
- Use technology to see prior call history and eligibility

Your School:

- Uses partner resources to help guide your calls
- Encourages borrower to contact FFELP, ED, or TIVAS servicer

Contact Former Students, Help Prevent Default



Establish Contact with Delinquent Borrowers

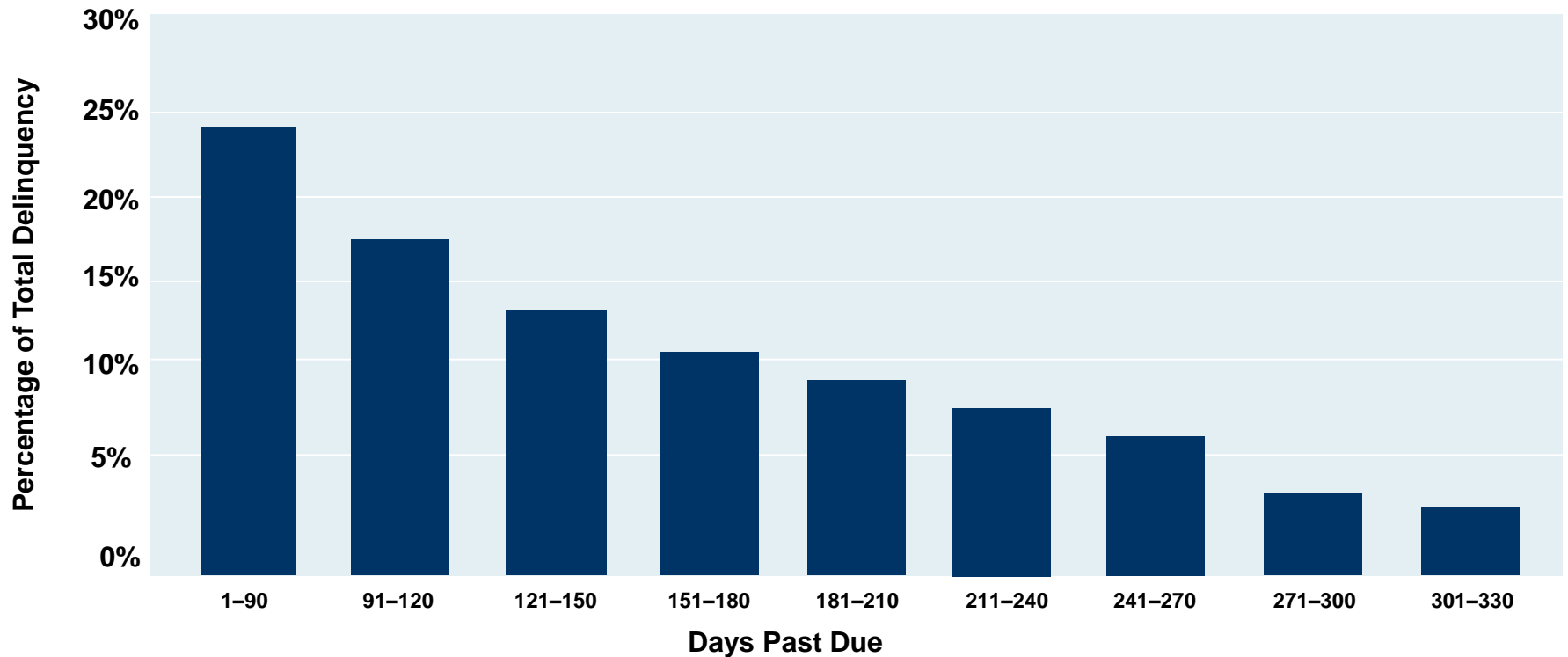
- By combining your efforts with those made by Great Lakes and other servicers, you can help your former students avoid default

Know Which Borrowers to Target

- Focus on borrowers in late-stage delinquency:
 - The borrowers your partners could not reach may respond to you
 - Make the biggest impact on your current cohort default rate for the smallest investment of time

Narrow Your Focus, Maximize Your Results

Borrower Delinquency Pattern



Source: Great Lakes Higher Education Guaranty Corporation, FFY 2011 through May 2011

Resources for Schools

Resource/Tool	Loan Data
NSLDS Delinquent Borrower Report	Direct and put
TIVAS reports	Direct, put, and sometimes FFELP
Guarantor reports	FFELP, sometimes Direct and put
Your school's alumni and registrar offices	Borrower contact information

Sending Letters to Borrowers

- Sending letters on your letterhead is a quick, easy, and effective way to get the attention of delinquent borrowers

Great Lakes Can Help: Delinquency Letter Tool

- Quickly create letters that detail what borrowers need to do to resolve their delinquency
 - Create letters in PDF format
 - Use with window envelopes or create labels
- Choose different letters based on the stage of delinquency
- The tone of the letters becomes more urgent as the loans come closer to default

Great Lakes Can Help: Delinquency Letter Tool

- Customize letters
 - Print on school letterhead
 - Add school contact information
 - Add closing text

Great Lakes Can Help: Webinar

Users' Guide to Default Prevention Tools

Date: Friday, November 18, 2011

Time: 1 p.m. - 2 p.m. CDT

Date: Friday, December 16, 2011

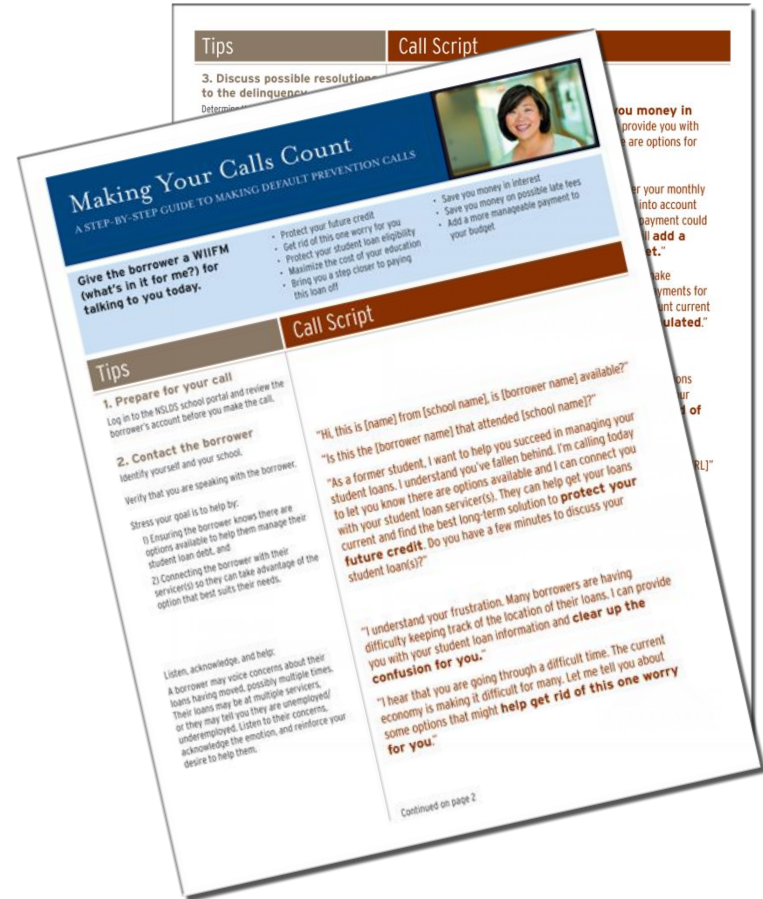
Time: 1 p.m. - 2 p.m. CDT

Launch a Phone Campaign

- Taking time to call borrowers is the most effective way to help them prevent the default of their loan

Great Lakes Can Help: Our Call Guide

- Making Your Calls Count
 - Download our step-by-step guide at www.mygreatlakes.org



Be Aware of Collections Laws

- Protect borrower privacy
- Contact borrowers only within the hours of 8 a.m. to 9 p.m. (borrower's time zone)
- Consult your legal counsel

Supplement Your Efforts, Help Your Students Get a Great Start



Access to Students

Your Partners:

- Have low visibility to students until their student loans enter grace

Your School:

- Has much greater visibility to students
- Has the opportunity to make an impact from the day they enroll

Provide Financial Literacy Training

- Every student can benefit from greater financial knowledge
- Reach them through:
 - Presentations at new student orientation
 - Incorporating information into college success classes
 - Financial literacy classes on your campus
 - Free seminars on campus
 - Online resources via your school's website

Great Lakes Can Help: Financial IQ®

www.mygreatlakes.org/borrower/fiq/home.html

Helps students make smarter financial choices

- Covers:**
- Student loan repayment
 - Money
 - Credit
 - Credit rating
 - Taxes
 - Identity theft
 - Banking basics

Expand Your Exit Counseling

- Reach large numbers of students with efficient, convenient online exit counseling
- Supplement online with in-person counseling – or –
- Target at-risk students with in-person counseling
 - Gauge their understanding
 - Answer their questions

Know Which Students to Target

- Provide in-person counseling to students most at risk of defaulting, including those who:
 - Withdraw prematurely
 - Do not meet satisfactory academic progress
 - Are not continuously enrolled
 - Have lower grade point averages

Develop a Plan



Decide Which Strategies to Use

Phone campaign

Letter/email campaigns

Financial literacy training

Exit counseling expansion

Set Goals

- Future CDR
- Number of letters, emails, or calls

Justify Default Prevention Efforts

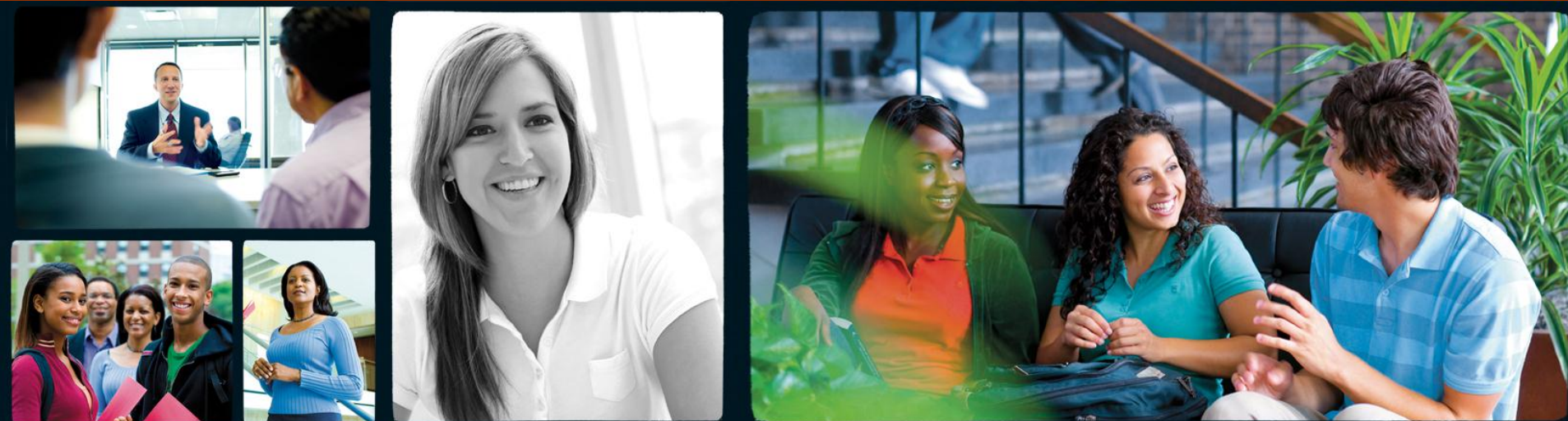
- Help each student that you reach
- Help delinquent borrowers get in contact with their servicer
- Minimize your school's default rate
- Eliminate risk of sanctions associated with high cohort default rate
- Exemption from 30-day delay rule and multiple disbursement requirement

What Is Success?

One successful connection:

- Can mean the difference between delinquency and/or default and successful repayment for that borrower
- May improve your school's default rate

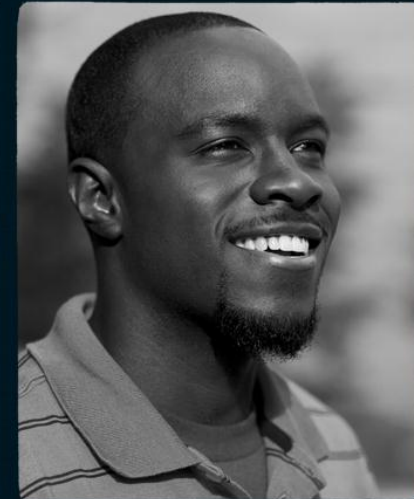
Make a Difference



Schools and Default Prevention

- Use strategies that make the most impact with the least effort:
 - Understanding your partners' role
 - Targeting at-risk borrowers—in school, entering repayment, and in delinquency
 - Developing a plan
- Default prevention efforts are worth it!

Thanks for Attending!



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