Tackling Default Prevention One Month At A Time

With more than one million student loan borrowers defaulting each year, higher-ed administrators are being asked to implement robust financial wellness and default prevention programs. Planning to reach your borrowers and provide **consistent, timely, and relevant information**—to match their needs—is a great place to start. Since one size doesn't fit all, varied activities, frequent contact, and transparent communication all increase the probability of success. Use the marketing method that will reach YOUR students (social networks, flyers, text messages, school website, email, etc.).

Here's an example of what a 12-month plan might include.

January

It's resolution time! Send annual debt letters reminding current students of what they owe as they prepare to decide what to borrow for the upcoming academic year. Encourage them to establish or tweak spending plans, look for ways to plug spending leaks, and ensure they get their credit report on annualcreditreport.com to review for inaccuracies. Any private loans they have will also be reflected on their report. The goal is to get them in the habit of doing this each year—no one should know more about your credit than you do.

February

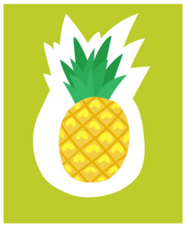
Your draft cohort default rate (CDR) is released in February so carefully review that data for any errors. Regardless of whether rates increase, decrease, or remain the same proactive prevention is the best way to ensure borrowers are successful in repayment. It ensures students aren't faced with the negative consequences of delinquency and default and helps to keep your cohort default rates low.

March

Continuous tracking of your CDR helps to determine where you stand and you'll have a better idea of the amount of time and resources you should allocate to default prevention. If you see your rate is trending upwards...meaning that you have an increase in the number of borrowers who are at risk of defaulting in the cohort period, then you can spend more time on your outreach efforts to help save them from default...and improve your rate.

April

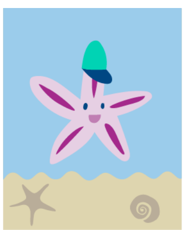
It's Financial Literacy Month! Use this theme throughout your communications with students to share important information on spending plans, credit, and borrowing less. Educating students on how to make good financial decisions will help them successfully manage their debt during and after college. Offer fun activities, seminars, podcasts, and online tools to promote financial wellness. ***For additional help, check out Financial Literacy That Sticks.***



May

Ah...we're into the month of May. Flowers blooming, warmer weather and for some, this also means graduation. Borrowers who graduate, leave school, or drop below half-time enter their grace period. Take this opportunity to make sure your borrowers' information is current with their servicers. Post information reminding borrowers:

- How to reach their servicer
- They will be placed into the Standard repayment plan if they don't choose another
- The importance of paying on-time



June

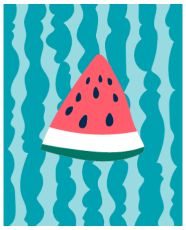
Borrowers who entered repayment in January could be halfway to default if they've never made a payment. These are your May graduates and withdrawals from the previous academic year. Consider reaching out to them through letters or emails. Post information for returning students encouraging them to **review their current debt** on NSLDS or through the use of debt letter reminders.

July

The summer heat is on! For some schools this also means orientations and summer classes are in full swing, and tuition bills are going out. It's a crazy busy time and about to get busier. Provide infographics on how to determine the loan amount needed (if any), and where/how to complete the MPN and entrance counseling for those taking loans.

August

Here they come! Students are arriving on campus, football season is upon us and it's the beginning of a new academic year for many schools. This is a great time to impart pearls of wisdom about the little things, such as ways to save money at the grocery store, the importance of rental insurance (if they reside off-campus) and the value of using their student I.D. at places that offer discounts. For some students, it might be their first time living away from home and budgeting their funds.



September

This is a time when students may be doing a bit of bingo with their schedules...trying to figure out what classes to keep, whether or not to change their major, and some can get caught in a pickle during the Add-Drop Cycle. Students may not understand the financial consequences of dropping classes below the threshold upon which their aid package was determined. This is also the end of the federal fiscal year and your official cohort default rate is released so be sure to review your LRDR and look for trends.

October

This is a good time to encourage students to complete the FAFSA for the next year since it's available October 1st. You should also consider loan rehabilitation outreach. October is a good time to conduct this type of outreach, because it's the beginning of the cohort period.

November

This is also a time to remind May graduates that their grace period will be ending soon. Provide information on how to contact their servicer(s), remind them of the various **repayment plans** and that they need to be sure to include this expense in their budget.

December

For some, the holiday season can be a great source of stress because there are meals out, gift-giving, and maybe even some travel affecting budgets. Students can make handmade items and invite friends over with each person bringing a dish to save some money. **Provide tips for managing expenses** and credit during the holidays. It's also a good time to conduct late stage delinquency outreach.

ATTIGO by Ascendium