



For Immediate Release
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TG to continue subsidizing federal default fee on behalf of students

ROUND ROCK, TEXAS – TG today announced that it will continue to subsidize the 1 percent federal default fee for federal Stafford and PLUS loans on behalf of student and parent borrowers for the 2007-08 award year (loans guaranteed through June 30, 2008). After careful consideration, TG’s board of directors approved the continuation of the subsidy that is expected to provide \$35 million to \$40 million in savings to more than 500,000 borrowers for the 2007-08 award year.

This is the second year that TG will subsidize the federal default fee. Since 1999, TG has provided more than \$185 million in savings for more than 1.7 million borrowers through the waiver and subsidization of guarantee and federal default fees.

“With the cost of a higher education on the rise, TG is committed to helping reduce expenses for students and families. Subsidizing the federal default fee provides a direct benefit to education loan borrowers,” noted TG’s President and CEO Sue McMillin. “We are pleased to have the opportunity to offer this benefit for students but, at the same time, continue to maintain the financial integrity and stability of TG.”

The Deficit Reduction Act (Public Law 109-171) requires guarantors to deposit one percent of the amount of loans guaranteed and disbursed on or after July 1, 2006, into the federal fund. The federal fund is owned by the federal government and covers its risk associated with student loan default. TG’s board of directors will evaluate the continuation of this subsidy beyond the 2007-08 award year by spring 2008.