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Smart Solutions

Curious about what other institutions are doing in the areas of financial literacy? TG offers case studies featuring the actions that certain schools have taken to build or enhance financial literacy programs on their campuses. Learn more by visiting [Financial Literacy Case Studies](#) on *TG Online*.

TG Report

TG adds online informational resource for borrowers of Direct Loans

As schools transition from the Federal Family Education Loan Program (FFELP) to the William D. Ford Federal Direct Loan Program (FDLP), students and parents could use a single source of easy-to-navigate, easy-to-understand credible information about Federal Direct Stafford Loans and Federal Direct PLUS loans.

TG has reorganized loan information [for borrowers](#), to include:

- [About Student Loans](#), families and students should consider other financial aid, such as scholarships and grants, before taking a loan, which must be paid back;
- [FFELP Loans](#), which include [Stafford Loans](#) (subsidized and unsubsidized), [PLUS Loans](#) for parents and professional or graduate students), and Consolidation Loans.
- [FDLP Loans](#), which include [Federal Direct Stafford Loans](#) (subsidized and unsubsidized), [Federal Direct PLUS Loans](#) (for parents and professional or graduate students), and Federal Direct Consolidation Loans.
- [Alternative Loans](#), also known as "private" or "nonfederal" student loans, these loans may fill the gap between the cost of college and your savings plus financial aid; and
- [FFELP Purchased Loans](#), commonly referred to as "Put" loans, these are FFELP Stafford and PLUS loans that have been purchased by the Department of Education under the programs established by the Ensuring Continued Access to Student Loans Act of 2008.

More information

As always, schools and borrowers are encouraged to contact TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org with any questions. Alternatively, *Ask TG™*, TG's online query tool for borrowers and schools, includes a database of frequently asked questions about financial aid, student loan processing, and TG's products and services as well as Direct loans. To search the database or submit a question to *Ask TG*, visit tgslc.custhelp.com.

Also TG offers helpful information and resources to assist schools in the FDLP transition process. For transition questions, contact your [account executive](#) or TG customer assistance at (800) 845-6267 or send an e-mail message to cust.assist@tgslc.org.

TG and Council hold Second Annual Council Dialogue: New Dimensions of Default Prevention

For more than a decade, TG and the Council for the Management of Educational Finance have collaborated and led initiatives that focus on minimizing student loan delinquencies and, ultimately, preventing student loan defaults. On Wednesday, April 7, TG and members of the Council once again offered the student financial aid community the opportunity to discuss challenges that institutions face in ensuring successful student loan repayment.

During the Second Annual Council Dialogue: New Dimensions of Default Prevention, schools, lenders, and servicers discussed emerging issues, shared ideas, and explored solutions to help student borrowers avoid loan delinquency and default.

Jacob Fraire, TG's assistant vice president for educational alliances and partnerships, opened the program with some noteworthy data that pointed to the continuing need for default prevention. According to the Department of Education's FY 2011 *Budget Proposal*, approximately \$628 billion in combined Federal Family Education Loan Program (FFELP) and Federal Direct Loan Program (FDLP) loans were outstanding as of 2009.

Participants organized into small groups and focused their discussions on the following topics:

- Reframing collaboration and partnerships in the student loan community;
- Discovering promising practices in counseling student borrowers with loans under both the FFELP and FDLP;
- Exploring value-added services and resources that result in better informed borrowers and produce positive repayment behaviors; and
- Leveraging technology to communicate effectively with students and parents.

Some of the ideas and solutions that participants explored included:

- Developing a mail or e-mail campaign that offers borrowers resources for keeping track of all of their student loans.
- Designing a comprehensive student communication plan (to include e-mails, letters, Twitter feeds, and websites) about transitioning to the FDLP.
- Creating a suite of student loan counseling tools and resources which provide key information that is above and beyond the minimum federal requirements.
- Promoting campus-wide collaboration to make financial literacy a mandatory academic requirement for students.
- Encouraging participation in conferences, workshops, and forums to stay current on new regulations and processes; and, most importantly, to foster collaboration with both FFELP and FDLP participants.

At the conclusion of the program, participants learned about default prevention efforts led by the Council and TG. TG and the Council will continue to explore ideas and solutions that emerged in the dialogue at its upcoming Annual Planning meeting in June.

More information

To learn more about the initiatives and activities of the Council, please contact your [TG account executive](#). You can also contact Maria Luna-Torres, TG's director of educational finance initiatives, at (800)252-9743, ext. 4632, or send an e-mail message to maria.luna-torres@tgsllc.org.

Repayment support: Three ways that TG's default prevention counselors help borrowers

For the student loan borrower who finds herself or himself with a delinquent loan, reaching out for assistance can be intimidating. Borrowers often do not understand the differences between the players involved (lender, servicer, and guarantor), and aren't aware of the options and opportunities that they may have. Offering help in a way that doesn't overwhelm or condescend to borrowers is essential. TG's default prevention counselors work to provide just this kind of experience to borrowers every business day.

For TG's default prevention team, the goal is always to offer borrowers knowledge, help build their confidence, and instill in them the desire to reach out to their loan holders and servicers before it is too late. Given such assistance, borrowers are more likely to address issues that arise in repayment.

TG's knowledgeable and friendly counselors focus on serving borrowers in three ways to help deliver this positive experience.

Listen to the borrower

Like every form of positive communication, the first step to supporting a borrower involves an approach called "empathetic listening." This technique, which goes beyond listening to a caller's situation, helps TG's counselors to evaluate the circumstances under which a message is being delivered. TG's counselors receive training to assess a borrower's circumstances and potential challenge, in an effort to build a complete picture. Through follow-up questions and requests for clarification, TG's counselors can begin evaluating the options available to the borrower and determine potential actions to recommend. This form of active listening requires counselors to concentrate on responses, because at times borrowers may not be providing all the information needed, or they may be hesitating to disclose elements that could point to solutions.

Provide suggestions and formulate solutions

Once TG's counselors are able to understand a borrower's situation more completely, they begin to offer suggestions and provide options for resolving the delinquent loan. This time is spent building an action plan with the borrower. Depending on the borrower's eligibility, TG's counselors will discuss loan forgiveness, deferments, forbearance, income-based repayment, or other repayment options. The counselor provides an overview of each option, including the benefits and drawbacks, and the procedure the borrower needs to follow to apply. If the preferred option can be initiated by a guarantor, the counselor will begin the process for the borrower. Throughout, TG's counselors answer questions, provide clarification, or redirect the conversation based on the feedback they receive from the borrower.

Offer resources to support borrower's goals

As part of the counseling process, TG's default prevention counselors regularly refer borrowers to websites and organizations that can further assist them with their situation. If the borrower is considering different repayment options, TG's counselors may prepare a packet of information that contains brochures and booklets that provide more specific information about available repayment plans and programs. Borrowers may, for example, find benefit in accessing a summary of their outstanding loans through either the National Student Loan Data System (NSLDS), or in situations where the borrower may have all TG-guaranteed loans, myTGSM and TG's Student Loan Inquiry (SLI) online tools. Such tools may help a borrower better understand his or her accounts and current loan holders. Recognizing that the borrower may benefit from financial literacy resources based on the situation that contributed to the loan's delinquency, TG's counselors may point out specific online resources that could help the borrower enhance his or her credit, debt, and money management skills.

In short, TG's counselors not only address the borrower's short-term repayment situation, but they also guide him or her to tools and information to help the borrower manage repayment over the long term.

More information

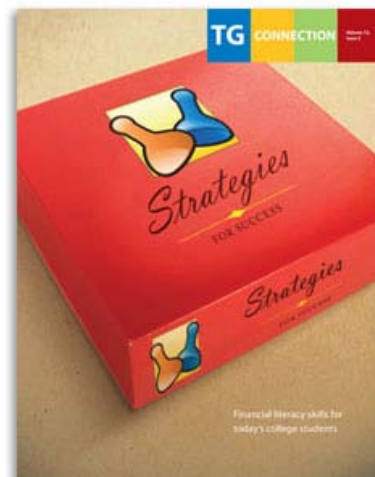
To learn more about TG's default prevention team, contact your [TG account executive](#). You can also contact Mark Brody, TG assistant manager for default prevention, at (800) 252-9743, ext. 4647, or send an e-mail message to mark.brody@tgsdc.org.

Latest *TG Connection* explores strategies for helping students enhance their financial literacy skills

Many financial aid professionals across the country have put great effort into delivering financial literacy training — often outside of regular working hours, with minimal budgets, at their own initiative. They visit classrooms, attend dorm-sponsored study sessions, and train student mentors. Doing what they can, they wish for the time and resources to do more.

The latest issue of *TG Connection*, TG's quarterly news magazine, explores today's financial literacy landscape and examines what techniques are most effective at engaging student attention. The issue includes advice from experts on which financial management concepts your students most need to understand, tips for helping students avoid identity theft, and strategies for shaping financial literacy messages for minority-student audiences. Here is a preview of the articles included:

- ***Does financial literacy matter? What works, and what doesn't, for today's students*** — As more schools move from the development of a financial literacy curriculum into implementation, the time is right to step back and gauge the value of these programs. Does financial literacy training make a difference to students? What are the most important concepts to get across? How can we cut through the noise to capture students' attention and make financial education seem relevant? The article explores these and other questions.
- ***Playing to win: Helping students understand key financial literacy concepts*** — Helping students understand key financial literacy concepts can be challenging, even for the most seasoned professional. For this article, *TG Connection* sought feedback from professionals from diverse fields such as financial planning, academia, organizational development, and motivational training as to how they would help college students grasp the most significant financial literacy concepts.
- ***Getting in the game: Answering students' most common financial literacy questions*** — When it comes to money management, many students find themselves in the situation of not understanding the rules of the game. To help you get students moving on the right track to a winning financial strategy, TG answered several familiar financial questions and addressed some common misconceptions that can easily derail students along the way.



- ***Playing it safe: Protecting against identity theft on the college campus*** — Many students are inexperienced in handling money. In making the transition to college and establishing a credit history, they can become targets for identity theft. This article explores ways to help students be aware of the dangers of identity theft and how they can protect themselves in the campus environment.
- ***Money matters: Ways to help minority students enhance their financial literacy skills*** – A number of studies show that the chief obstacle to college for many minority students is a lack of awareness about available financial aid. By the same token, lack of financial security and difficulties with handling debt can contribute to student withdrawal. This article explores ways professionals can help minority students overcome these hurdles.

Order your issue

If you would like to request one or more copies of this issue of *TG Connection*, please send an e-mail message to [TG communications](mailto:tgcommunications@tgsinc.org). Please allow one to two weeks for delivery.

TG debuts Web page on comprehensive enrollment management

To support those in postsecondary education involved in comprehensive enrollment management (CEM) and the areas of student access, finance, degree completion, and success, TG has published a Web page providing resources.

CEM is an approach to managing enrollment that begins with prekindergarten and continues through postsecondary education and degree completion. CEM includes the knowledge of student behaviors surrounding preparation, access, educational finance, and financial literacy, and involves secondary and postsecondary education, business, and the community.

Available at www.tgsinc.org/cem, TG's comprehensive enrollment management Web page offers tools and resources to help bring together the varying functions within academics working toward student and institutional success. The site is intended to inform and improve efforts to increase enrollment, persistence, retention, program completion, and graduation.

The page offers links to publications, tools, and models that could help institutions, organizations, communities, and industries move toward a comprehensive approach to enrollment management beyond the individual campus, thus facilitating student, institutional, and societal success.

More information

To learn more about TG's comprehensive enrollment management programs and initiatives, please contact your TG account executive. You can also contact Elizabeth H. Stanley, TG's director of student persistence and success, by sending an e-mail message to elizabeth.stanley@tgslc.org, or by calling her at (800) 252-9743, ext. 4914.

Industry Update

ED posts national cohort default rate as 7.2 percent

In an [electronic announcement](#) posted May 2, 2010, the Department of Education (ED) announced that the draft FY 2008 national student loan cohort default rate (CDR) is 7.2 percent, an increase over the last two fiscal years' official CDRs.

FY 2006 Official CDR	FY 2007 Official CDR	FY 2008 Draft CDR
5.2%	6.7%	7.2%

The draft FY 2008 national student loan CDR was calculated based on a "two-year window." As a reminder, a CDR is the percentage of federal student loan borrowers who enter repayment within the cohort fiscal year (denominator in the formula below) and default within the cohort default period (numerator). Currently, the cohort default period is the two-year period that begins on October 1 of the fiscal year when the borrower enters repayment and ends on September 30 of the following fiscal year. For example, the draft FY 2008 national CDR represents the percentage of borrowers in the Federal Family Education Loan Program (FFELP) and Federal Direct Loan Program (FDLP) who began repaying their loans between October 1, 2007, and September 30, 2008, and who defaulted on or before September 30, 2009.

Number of borrowers who defaulted between October 1, 2007, and September 30, 2009

Number of borrowers who entered repayment between October 1, 2007, and September 30, 2008

The Higher Education Opportunity Act (HEOA) of 2008 made changes to the timeframes for the CDR calculation. Beginning with the FY 2009 rate, the CDR will be calculated on a three-year basis. This first three-year CDR, which will be issued as a draft rate in February 2012 and as an official rate in September 2012, will be calculated as follows:

Number of borrowers who defaulted between October 1, 2008, and September 30, 2011

Number of borrowers who entered repayment between October 1, 2008, and September 30, 2009

ED will continue to calculate and publish official two-year CDRs until three sets of three-year CDRs are published. The last of these two-year CDRs will be for FY 2011 and will be released in 2013. Beginning in 2014, only three-year rates will be published, since, at that time, three three-year rates will have been calculated (FY 2009 will be published in 2012, FY 2010 in 2013, and FY 2011 in 2014).

Below is a quick comparison of draft FY 2008 national CDRs by school sector:

School Sector	FY 2006 Official CDR	FY 2007 Official CDR	FY 2008 Draft CDR
Public schools	4.7%	5.9%	6.2%
Private schools	2.5%	3.7%	4.1%
Proprietary schools	9.7%	11.0%	11.9%

ED included the following additional documents on the draft national CDR as well as aggregate draft national CDRs by type of postsecondary institution in its announcement:

- [Comparison of FY 08 Draft CDR to Prior Two Official Calculations](#)
- [Comparison of FY 08 Draft FFELP CDR to Prior Two Official FFELP Calculations](#)
- [Comparison of FY 08 Draft FDLP CDR to Prior Two Official FDLP Calculations](#)

More information

If you have questions about how you can benefit from TG's default prevention team's services, contact TG's default aversion consultants Joe Braxton at (800) 252-9743, ext. 4696; Rett Anderton at (800) 252-9743, ext. 4765; or Cindy Marrs at (800) 252-9743, ext 4860. You can also contact them by sending an e-mail message to defaultaversion@tgsdc.org.

ED releases NSLDS technical updates

ED recently announced that the National Student Loan Data System (NSLDS) has been modified to accept a new loan status code for Federal Family Education Loan Program (FFELP) and Federal Perkins Loan Program (Perkins) loans that have been discharged due to disability based on documentation provided from the Department of Veterans Affairs (VA). This type of disability discharge is effective August 14, 2008, per the Higher Education Act (HEA) of 1965 as amended by the Higher Education Opportunity Act of 2008 (HEOA). The HEOA also expanded several current cancellation categories and added categories for public service for Perkins loans. Consequently, NSLDS has been modified to accept new codes for Perkins loan cancellations.

The announcements are available on ED's Information for Financial Aid Professionals (IFAP) website under [2010 NSLDS Reference Materials](#) and include:

- [2010-04-27](#) (NSLDS Guaranty Agency (GA) Technical Updates) Subject: GA-2010-02: New Loan Status Code (Disability Discharge - Veterans)
- [2010-04-27](#) (Federal Perkins Technical Updates) Subject: PK-2010-02: Perkins New Loan Status Code
- [2010-04-27](#) (Federal Perkins Technical Updates) Subject: PK-2010-01: Perkins Loan Cancellation Codes

More information

If you have any questions, contact the NSLDS Customer Support Center at (800) 999-8219, or send an e-mail message to NSLDS@ed.gov.

Common Manual updates

Guarantor representatives who serve on the *Common Manual* Governing Board have approved several changes to the *Common Manual*. Details on these changes and a newly updated *Integrated Common Manual* incorporating the changes are available on [TG Online](#). These changes will appear in the *Manual's* next annual update.

Questions

Please note the effective date of each policy change. If you have questions about any of the changes, contact TG customer assistance at (800) 845-6267, or send an e-mail message to cust.assist@tgsic.org.

News Briefs

Despite rising college costs and dwindling job prospects after college, many students aren't necessarily abandoning the prospect of higher education. Instead, they are exhibiting a heightened awareness of the true cost of a postsecondary education, and are making practical, prudent choices about the paths they pursue in completing their degrees. The [Rockford Register Star](#) explored the decision making processes taken by students at several schools, including observations made by financial aid administrators at several local colleges and universities.



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Shoptalk is published by TG. Unless specifically noted, the policies and procedures outlined in *Shoptalk* apply only to loans made under the TG guarantee and not to loans underwritten by other guarantors.

To ask questions about *Shoptalk*, please contact Communications at (800) 252-9743, ext. 4732, or send an e-mail message to communications@tgslc.org.

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