



## DEFAULT PREVENTION OUTREACH PROGRAM



A program from the Illinois Student Assistance Commission designed to reduce student loan default on Federal Family Education Loan Program (FFELP) loans.

## PROVIDING DEFAULT PREVENTION AND AVERSION SERVICES

Pursuing our goal of reducing student loan delinquencies and defaults by increasing the awareness of students, colleges and lenders, ISAC has developed a broad range of default prevention and default aversion programs.

### Default Prevention (Loans Not Yet in Repayment)

The Default Prevention Outreach Program offers tools for educating and counseling student borrowers regarding their options and obligations, while they are still in school or entering their grace period.

- **Default Prevention Early Awareness Program** — This comprehensive program provides personalized counseling on default avoidance, and debt and credit management for students who drop out of college within the first two years of study.
- **Online Entrance and Exit Counseling** — In partnership with Mapping Your Future, ISAC enables students and colleges to meet federal requirements for entrance and exit loan counseling via the Internet.



## DEFINING OUR MISSION

At its most basic level, our mission is to work with others in the student aid community as we help student loan borrowers avoid default. The Illinois Student Assistance Commission (ISAC), through its Default Prevention Outreach Program, helps educate students about how to make sound decisions regarding their finances. Staff members work closely with colleges and lenders to counsel students and parents, ensuring that borrowers are aware of their rights and responsibilities and the potential consequences of defaulting on their loans.

- **Loan Counseling Brochures** — Printed materials are available to supplement online counseling, or for colleges that conduct in-person entrance and/or exit counseling sessions.
- **Personal Finance Seminars** — A free, ready-to-use PowerPoint® presentation about personal finance education is available for download within the e-Library at [collegezone.com](http://collegezone.com). As schedules permit, ISAC staff may visit your campus and qualified instructors will provide a one hour interactive presentation on personal finance education.
- **mapping-your-future.org** — Mapping Your Future is a national collaborative public service initiative of the financial aid industry, including ISAC, which provides online counseling and other vital services that are available to students and their parents at their convenience — 24/7.
- **collegezone.com** — ISAC's Web site gives students, parents, and FAAs online access to Default Prevention Outreach information, such as loan repayment, deferment, forbearance, loan forgiveness, consolidation, and Credit Card Smarts Fact Sheets.
- **Training** — FAAs receive state and federal program updates, along with the latest strategies for loan repayment and debt management counseling.
- **Institutional Default Management Plan Guide** — Colleges can use this action guide as part of their overall strategy to reduce default populations and decrease high cohort default rates.
- **National Credit Education Week** — ISAC actively participates in this annual national awareness event to help students make smart decisions about their finances.

### Default Aversion (Loans in Repayment)

Our Default Aversion Program seeks to prevent default by providing “11th hour” intervention for student borrowers with delinquent accounts that are more than 60 days past due.

- **Default Prevention Counseling Service** — Whether via calls received from borrowers through the toll-free number [\[800.899.ISAC \(4722\)\]](tel:800.899.ISAC) or friendly courtesy calls made by ISAC counselors, delinquent borrowers receive assistance such as useful information regarding repayment, deferment, forbearance, loan forgiveness and consolidation options.
- **Default Aversion Assistance Request (DAAR) Status Report** — ISAC makes this twice-monthly report — better known as the School DAAR Report — available online to help colleges work with lenders/servicers and ISAC to encourage borrowers to repay their loans and avoid default. The School DAAR Report is accessible in a secure environment at My Zone in the FAA Zone of [collegezone.com](http://collegezone.com). Each time a new School DAAR Report is made available, an e-Message is sent to the “FFELP Participants” subscription group.
- **National Student Clearinghouse** — Colleges, lenders/servicers and ISAC obtain critical student status and enrollment information via the Clearinghouse.

## PREVENTING DEFAULT

Preventing borrowers from allowing their student loans to become delinquent or go into default benefits everyone in Illinois, including:

- the borrower, who establishes a solid credit history;
- the college, which maintains an acceptable cohort default rate;
- the state and federal governments, which avoid costly collection proceedings while reinvesting repaid loan dollars back into the student aid system; and
- the citizenry of Illinois, which can be assured that its college graduates are on their way to becoming financially-sound contributors to the state's economy.

### Promoting Awareness

Many students simply don't realize the long-term financial consequences default places on their financial future. Sometimes, they need assistance to understand that successful repayment of student debt is a key step in establishing a healthy financial future.

### Lowering Cohort Default Rates

The U.S. Department of Education calculates a cohort default rate for each college that participates in the Federal Family Education Loan Program (FFELP) or Federal Direct Loan Program. A college's official cohort default rate is the percentage of its borrowers who enter repayment during one federal fiscal year and then default on their student loan(s) prior to the end of the next fiscal year. *High default rates will threaten a college's ability to participate in federal and state financial aid programs.*

Financial aid administrators (FAAs) are in an ideal position to help at-risk student borrowers understand the important benefits they'll earn from debt repayment. By promoting the values of financial responsibility while borrowers are still on campus, FAAs can help ensure acceptable future cohort default rates at their institutions.



### Utilizing ISAC Default Prevention Outreach Resources

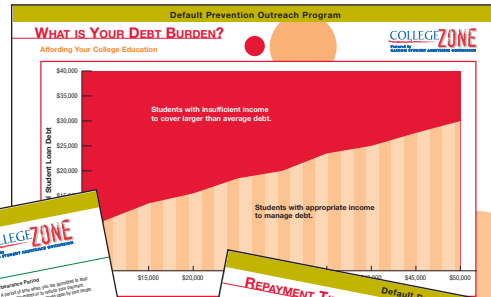
The Default Prevention Outreach Program offers FAAs programs and products to assist in their own default prevention education efforts. Assorted materials incorporate vital messages developed through student focus group research, and are available from ISAC *free of charge*. Also, ISAC provides resources and support for conducting your own on-campus personal finance and exit counseling sessions.

In addition, ISAC is very active in assisting borrowers during loan repayment after they leave campus and may no longer be in contact with college staff. Our default prevention counselors help borrowers with repayment options, deferments, forbearance, loan forgiveness and consolidation.

FAAs are encouraged to reach their at-risk student population by utilizing the resources offered by the ISAC Default Prevention Outreach Program. The more the entire financial aid community works together in this critical area, the better able we'll be to help students establish a solid financial future and realize their dreams.

# PROMOTING DEFAULT PREVENTION ON CAMPUS

The items shown below are available for order (see page 7 for ordering instructions), free of charge, to be distributed and/or displayed on campus in an effort to get students thinking about their personal finances.



LOAN TYPE	IN COLLEGE	LEAVES COLLEGE	EXIT COUNSELING	GRACE PERIOD	REPAYMENT
Scholarship Student Loans	Do not have to make payments	Do not have to make payments	Do not have to make payments	Do not have to make payments	Do not have to make payments
Unsubsidized Student Loans	Do not have to make payments	Do not have to make payments	Do not have to make payments	Do not have to make payments	Do not have to make payments
FFELP Loan (FF Loans)	Do not have to make payments	Do not have to make payments	Do not have to make payments	Do not have to make payments	Do not have to make payments

## “You, College and Beyond” Folder — 9” x 12”

Student borrowers can use this bright folder to store important loan and repayment documentation. Includes key contact information for ISAC, including Default Prevention Outreach. Inside pocket includes a card holder.



## Contact Information Card — 3-3/8” x 2-1/8”

Pocket-size plastic card that lists helpful phone numbers and Web sites, including resources to aid in successful loan repayment.

## Fact Sheets — set of four, 8-1/2” x 11” each

Four unique documents, including: a timeline that presents key dates and conditions for the repayment of FFELP loans; a listing of borrower rights and responsibilities, along with repayment information; a graph that shows median earnings and unemployment rates for various education and training levels; and, a chart that explains debt burden (income-to-debt ratios). Each document is presented in English on one side, and Spanish on the other.

## “What If I Move?” Card — 5-1/2” x 4-1/4” folded (comes with envelope)

Borrowers can conveniently inform ISAC of address or status changes using this return card and postage-paid pre-addressed envelope.

## ORDERING MATERIALS

Because ISAC is committed to helping at-risk student borrowers honor their financial obligations, we want to help colleges educate students regarding their financial responsibilities and the many benefits they will receive from being creditworthy.

All materials presented on the preceding pages are available to you free of charge. Order your supply by simply selecting the “Get the ISAC Materials You Need” graphic that appears in the top right corner of the FAA Zone front page at [collegezone.com](http://collegezone.com).

Your free ISAC Default Prevention Outreach Program materials will arrive just a few short weeks after you submit your order.



## ACHIEVING RESULTS

Financial Aid Administrators familiar with our products and services agree that the ISAC Default Prevention Outreach Program is an effective aid in helping students to understand their financial responsibilities — both today, and into the future.



“Since DeVry University transitioned

to FFELP, ISAC has been extremely supportive, especially through their Default Prevention Outreach efforts. On our DuPage campus, we try to keep our students up to date and informed by having ISAC provide both Personal Finance Seminars to all incoming freshmen, and Exit Counseling to our graduates. The students seem to appreciate this information, which is delivered in a manner that is easy for them to understand.”

**Sejal Amin**  
*Director Financial Aid*  
DeVry University DuPage Campus

“Because our school participated in one of the ISAC focus groups when the Default Prevention Outreach materials were originally developed, we have actively used many of the DPO programs and materials. In particular, our students have consistently evaluated the Personal Finance session, created and presented by ISAC, as highly relevant, informative and useful. We are pleased that our Draft Cohort Default Rate has declined almost 25% from last year. I encourage any school interested in lowering their defaults to utilize the ISAC DPO program.”

**Deborah Brody**  
*Vice President for Student Services*  
Robert Morris College



## ABOUT ISAC

In 1957, state lawmakers created the Illinois Student Assistance Commission (ISAC) to ensure that financial considerations did not prevent Illinois students from realizing their postsecondary educational goals. For over forty-five years, students have been the number one priority at ISAC. Our evolution into a one-stop, comprehensive financial aid center reflects our ongoing commitment to making postsecondary education simple and accessible for Illinois students and parents. Today, ISAC is involved in every stage of the financial aid process, providing a centralized source of information and guidance.

Few states offer as comprehensive an array of programs, products, and services. Among our programs are state and federal grants and scholarships, federal and alternative educational loans and college savings and investment options.

At every stage of the financial aid process, ISAC is present. In Illinois, we administer most of the key state and federal grant, scholarship, loan and prepaid tuition programs available to postsecondary students. Each year we award \$400 million in gift assistance and over \$1 billion in student loans, while assisting over 250,000 qualified financial aid applicants.

### REMEMBER...

**Default prevention is an important message.**

In order for our programs to work, we need your help. Please actively encourage your student loan borrowers to keep their promise of repayment. Distribute the materials provided by the Default Prevention Outreach Program, host a personal finance education workshop on your campus, and/or utilize ISAC in exit counseling of graduating students.

In addition to encouraging your students to visit [collegezone.com](http://collegezone.com), be sure to stop by yourself for a wealth of educational access solutions.

## HELPFUL FINANCIAL/CREDIT WEB SITES

- [collegezone.com](http://collegezone.com) . . . . . Loan repayment calculator, repayment options, debt management, financial planning, Credit Card Smarts Fact Sheets
- [mapping-your-future.org](http://mapping-your-future.org) . . . . . Loan counseling, loan locator, deferment information, debt/salary wizard, budget calculator, and financial fitness tools
- [studentaid.ed.gov](http://studentaid.ed.gov) . . . . . U.S. Department of Education site, repayment information
- [nfcc.org](http://nfcc.org) . . . . . Credit counseling and debt reduction services
- [equifax.com](http://equifax.com) . . . . . Credit report, credit profile
- [transunion.com](http://transunion.com) . . . . . Credit report, credit calculator (under "Consumer")
- [experian.com](http://experian.com) . . . . . All about credit, credit advice



## Default Prevention Outreach Program

### Deerfield

1755 Lake Cook Road  
Deerfield, IL 60015-5209

### Springfield

500 W. Monroe, 3rd Floor  
Springfield, IL 62704-1876

### Chicago

James R. Thompson Center  
100 W. Randolph, Suite 3-200  
Chicago, IL 60601-3219

**866.247.2172**

**[schoolservices@isac.org](mailto:schoolservices@isac.org)**  
**[collegezone.com](http://collegezone.com)**

