



NEWS RELEASE

CONTACT: Jack Wilkie
(515) 273-7590
jwilkie@studentloan.org

FOR IMMEDIATE RELEASE

Avoiding Student Loan Default

WEST DES MOINES, IOWA – April 21, 2008 – In support of National Financial Literacy Month, Iowa Student Loan (ISL) is offering a “Financial Literacy Tip of the Week.” This week, ISL reminds students about the importance of avoiding student loan default.

When it comes to financing a postsecondary education, students should remember to only borrow what they need and in amounts that they can pay back once their education is completed. Borrowing wisely can help students avoid loan default down the road.

If students fail to make payments and become delinquent on their federal student loans as specified by the terms of the loan agreement, they may be in danger of defaulting on their loans. Default on a federal student loan occurs if a student becomes 270 days delinquent (if making monthly payments) or 330 days delinquent (if paying less often than monthly).

The consequences of default are serious and may affect a student’s credit rating and financial well-being for years. Steps need to be taken to meet repayment options, as avoiding loan default is in a student’s best interest. Here are some tips to help students avoid default:

- Ask the loan holder or loan servicer about repayment plan options upon entering repayment and for advice on what to do when facing financial difficulties.
- Know the amount of the monthly loan payments and when they are due.
- Send in loan payments when due each month, in the full amount.
- Minimize credit card and other high interest rate debt.

- more -

It's important that students maintain a relationship with their loan holder or loan servicer. They are there to help should students have difficulties making payment for any reason. Students should also report any changes to their name, address, telephone numbers or enrollment status. This will help keep the information up to date and avoid any confusion that may cause a student to miss payments or important notices from their holder or servicer. If a student isn't sure who their federal student loan provider or loan servicer is, they can go to the U.S. Department of Education's National Student Loan Data System at http://www.nslds.ed.gov/nslds_SA/ to find out.

ISL's "Tip of the Week" series is a continuation of its ongoing commitment to providing financial literacy education to students. ISL has also developed a Financial Literacy Series, which is designed to help students manage their finances and avoid excessive debt. Students can learn more by visiting www.studentloan.org.

About Iowa Student Loan: Iowa Student Loan is a private, nonprofit corporation founded in 1979 by a proclamation of Iowa Governor Robert D. Ray to help students and parents obtain the financial resources necessary for a postsecondary education. Based in West Des Moines, Iowa Student Loan has helped more than 265,000 students pay for college. In 2007, Iowa Student Loan reinvested \$33 million into Iowa through programs and services. This included providing students fees and cost reductions, free college planning services, financial aid processing and community services.

###