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Navient CEO delivers remarks at annual shareholder meeting

WILMINGTON, Del., May 25, 2017 (GLOBE NEWSWIRE) -- Jack Remondi, president and CEO of Navient, the nation's leading loan management, servicing and asset recovery company, delivered remarks at the company's 2017 Annual Meeting of Shareholders. Excerpts of his remarks are as follows:

Navient employees including Pioneer, GRC, Gila and Xtend—nearly 7,000 strong—are the heart of this company. They work hard every day to deliver expertise and solutions that meet our customers' unique and complex needs. Whether the client is a county court, a large federal agency, a hospital, or a college or university—or, their constituents—student loan borrowers, taxpayers, or patients—Team Navient is working to enhance their financial success. Thank you, Team Navient, for all you do every day to deliver value.

I would also like to say thank you to our clients—for selecting us to help you advance your—and your constituents'—financial success. While we work with a variety of clients in different businesses, today I'll focus on our work in the student loan space.

There is significant public discussion about student loans, much of which fails to recognize the real issues facing families—rising college costs, inadequate information to make informed choices about where to attend and how much to spend given future career choices, and, most significantly, the risk of not completing.

The focus of many media stories is on rising student loan debt, now estimated at \$1.4 trillion. College is expensive and tuition costs rose at triple the rate of inflation in the past decade. Some borrowers do accumulate large debt balances and some struggle with the monthly payment—though they are often not the same individuals. Fortunately, the federal loan program is designed to help where income or life circumstances create the need for relief.

The student loan program, however, looks very different than the picture often painted. Today, there are 44 million Americans with student loan debt. Of those, 84 percent borrowed less than \$40,000. The majority who borrowed more than \$40,000 did so to obtain a graduate degree, such as in medicine, law or business. While some who graduate do encounter financial challenges, the fact is that two-thirds of all defaults are among borrowers who borrowed less than \$10,000. This is not the result of overborrowing for a degree; it's the consequence of not graduating.

Delinquency and default have fallen steadily and significantly since the end of the recession. Recent graduates are also benefiting from the strong employment market, reducing the early delinquency rates of new-to-repayment borrowers to one-third the rate of those who graduated near the end of the recession.

What gets lost in the national conversation are the extraordinary opportunities that have been created for millions of Americans as a result of a college education. Young and old can attend an institution of their choice to pursue their own pathway or passion. This academic year, roughly 3.8 million college students will walk across the stage to receive an associate, bachelor's or advanced degree—a record number. Nationally, 1 in 3 adults has a college degree—the highest educational attainment at any time in history.

Millions of Americans are doing extraordinary things with their education. A school teacher inspiring the next generation of learners, a researcher testing new medicines, an entrepreneur whose new product idea not only fills a need but also creates jobs.

Earning a college degree provides borrowers with these career opportunities, which in turn allows them to successfully manage their student loans. In 2016 alone, more than 500,000 Navient-serviced borrowers paid off their loans in full. Congratulations are in order for about 1,400 of our customers each day who achieve this milestone. Join me to celebrate some of these successes here today.

Let's start with Sarah, who graduated from East Tennessee State University and recently paid off her loans. "Without an education, I would not be able to do what I'm doing today, which I also happen to love," she says. "I currently work in higher education, teaching and supporting students who remind me so much of myself when I started my own college journey as a first-generation college student. Grants, scholarships, loans, and my amazing mother helped me get where I am today."

Rayshawn graduated from Baldwin Wallace University and today is a successful software developer. "Once my career

began to flourish I started paying more on my loans each month to get rid of the debt. I did not buy a brand new car or a house even though I could have. Instead, I made a goal to pay the student loan off first before getting into any more debt."

Rachell, a University of Tulsa graduate, credits her student loans with giving her the opportunity to change lives by working with hearing impaired people. "Being a first-generation university graduate, utilizing Navient's financial resources were imperative to my success," she says.

Millions of other customers are on the road to successful repayment. Melissa, a Northern Kentucky University graduate, is working for an accounting firm and has dreams of advancing to partner one day. Right now she's studying for her CPA exam. "My college education has given me opportunities I may not have had without a bachelor's degree," she says. To help keep her payments affordable, Melissa enrolled in income-driven repayment.

Melissa says, "If you are experiencing difficulty making your monthly payments, there are so many options available to you. Don't hide from your lenders. Work with them to help you manage your repayment plan."

This is great advice for new college graduates. We couldn't agree more. In fact, staying in touch is one of the most important drivers of success. For the federal loans we service, we find that even if you're a borrower who has missed one or several payments, 9 times out of 10, if we can talk to you, we can help you get back on track—a 90 percent success rate.

We're continually rolling out enhancements to make the student loan process even easier. 2016 was no exception as we implemented a new telephone system to more quickly connect customers with the specialized help they need, added online features to make payments easier, simplified the process to sign up for Auto Pay, and rolled out new career development and personal finance tools.

And it's working. Across the government loan program, delinquency and default rates are falling steadily and significantly. Program-wide delinquency rate is down 18 percent and the default rate is down 27 percent in the last two years. Also, the number of borrowers entering default last year is down 5 percent even as the number of borrowers in repayment has increased by 10 percent.

I am proud of the significant role Navient has played in helping borrowers avoid default. In fact, we lead the way. Our federal loan customers are 31 percent less likely to default than borrowers at other servicers. If all other servicers achieved similar default prevention success, 300,000 fewer borrowers would have defaulted in 2015. It should be unnecessary to say, but these are clearly meaningful numbers, yet they are consistently ignored.

But we don't stop there. We also continue to advocate for enhancements to the federal student loan program, making recommendations large and small that we believe would make a meaningful, positive difference in the lives of millions of student loan borrowers. Among our recommendations are better upfront information before borrowing, a simplified repayment system, helping borrowers pay off early rather than delay and encouraging borrowers to engage with their servicers.

There are other common sense steps that could also help, including a courtesy credit bureau retraction program to help those who previously missed payments but have now gotten back on track and are looking to clear up their credit to, say, buy a home.

Clearly there are opportunities make further enhancements to the federal student loan program, but effective reform must start with a clear and accurate understanding of the facts—facts on borrowing levels, facts on who struggles and why, and facts on proven solutions that make a difference. For example, a focus on borrowers with higher than average loan balances won't help the most common borrower who defaulted—the individual who borrowed relatively little and defaulted after dropping out of school.

Our recommendations are based on the data we see from 40 years of working with tens of millions of customers. We're eager to roll up our sleeves to work with the Administration, with Congress, and others to make these improvements or other good ideas come to life. It's time to get it done.

About Navient

Navient (Nasdaq:NAVI) is a Fortune 500 company that provides asset management and business processing solutions to education, healthcare, and government clients at the federal, state, and local levels. The company helps its clients and millions of Americans achieve financial success through services and support. Headquartered in Wilmington, Del., Navient employs team members in western New York, northeastern Pennsylvania, Indiana, Tennessee, Texas, Virginia, and other locations. Learn more at navient.com.

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