

Deferments and Forbearances

Deferments:

A deferment is a period in which repayment of the principal balance is temporarily postponed if you meet certain requirements. During a deferment, the government pays the interest on Subsidized Loans. For all Unsubsidized Loans and PLUS loans, you are responsible for paying the interest that accrues during the deferment period. You may pay the interest as it accrues during the deferment period, or allow it to be capitalized (added to the principal balance).

Deferment Conditions:

- Enrolled at least half-time at an eligible postsecondary school
- Study in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled
- Unable to find full-time employment (for up to three years)
- Economic hardship (includes Peace Corps Service), for up to three years
- A member of the National Guard or other reserve component of the U.S. Armed forces (current or retired) who is called or ordered to active duty while enrolled at least half-time at an eligible school, or within six months of having been enrolled at least half-time
- While borrower is on active duty during a war or military operation or national emergency and if the borrower was serving on or after Oct. 1, 2007 (eligible for a deferment for an additional 180-day period following the demobilization date for qualifying service)

If you do not meet the requirements for a deferment, you may still be eligible for forbearance.

Forbearance:

If you do not meet the requirements for a deferment, forbearance allows you to postpone or reduce your monthly payment for a limited and specific period if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship or illness.

You are responsible for paying the interest that accrues during the forbearance on all loan types, including subsidized loans. When you resume making payments at the end of the forbearance period, any unpaid interest will be capitalized (added to the principal balance).

Receiving a deferment or forbearance is not automatic. You must contact your loan holder or loan servicer.

Remember.....

You MUST continue making payments on your student loan until you have been notified that your request for deferment or forbearance has been granted. If you don't, and it is not approved, you will become delinquent and may default on your loan.