

DEFERMENT AND FOREBEARANCE

What is deferment?

A deferment is a period during which repayment of the *principal* and interest of your loan is temporarily delayed.

What happens to my loan during deferment? During a deferment, you do not need to make payments. What's more, depending on the type of loan you have, the federal government may pay the interest on your loan during a period of deferment. The government may pay the interest on your Direct *Subsidized Loan*.

The government does not pay the interest on your unsubsidized loans (or on any PLUS loans). You are responsible for paying the interest that accrues (accumulates) during the deferment period, but your payment is not due during the deferment period. If you don't pay the interest on your loan during deferment, it may be capitalized (added to your principal balance), and the amount you pay in the future will be higher.

Am I eligible for a loan deferment? The following table provides situations that may make you eligible for a deferment of your federal student loan.

Situations When You May Apply for Deferment	Deferment Available? (and for how long, if applicable)		
	Direct Loans	FFEL loans	Perkins Loans
During a period of at least half-time enrollment in college or career school	Yes	Yes	Yes
During a period of study in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled	Yes	Yes	Yes
During a period of unemployment or inability to find full-time employment	Yes (for up to 3 years)	Yes (for up to 3 years)	Yes (for up to 3 years)
During a period of economic hardship (includes Peace Corps service)	Yes (for up to 3 years)	Yes (for up to 3 years)	Yes (for up to 3 years)
During a period of service qualifying for Perkins Loan <i>discharge/cancellation</i>	No	No	Yes
During a period of active duty military service during a war, military operation, or national emergency	Yes	Yes	Yes
During the 13 months following the conclusion of qualifying active duty military service, or until you return to enrollment on at least a half-time basis, whichever is earlier, if <ul style="list-style-type: none"> • you are a member of the National Guard or other reserve component of the U.S. armed forces and • you were 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 	Yes	Yes	Yes

What is forbearance?

If you can't make your scheduled loan payments, but don't qualify for a deferment, your loan servicer may be able to **grant** you a forbearance. With forbearance, you may be able to stop making payments or reduce your monthly payment for up to 12 months. Interest will continue to accrue on your subsidized and unsubsidized loans (including all PLUS loans).

There are two types of forbearances:

Discretionary Forbearance

For discretionary forbearances, your **lender** decides whether to grant forbearance or not.

You can request a discretionary forbearance for the following reasons:

- Financial hardship
- Illness

Mandatory Forbearance

For mandatory forbearances, if you meet the eligibility criteria for the forbearance, your lender is required to grant the forbearance.

You can request a mandatory forbearance for the following reasons:

- You are serving in a medical or dental internship or residency program, and you meet specific requirements.
- The total amount you owe each month for all the student loans you received is 20 percent or more of your total monthly gross income (additional conditions apply).
- You are serving in a national service position for which you received a national service award.
- You are performing teaching service that would qualify for teacher loan forgiveness.
- You qualify for partial repayment of your loans under the U.S. Department of Defense Student Loan Repayment Program.
- You are a member of the National Guard and have been activated by a governor, but you are not eligible for a military deferment.

What happens to the interest on my loan during forbearance? Interest will continue to be charged on all loan types, including subsidized loans. You can pay the interest during forbearance or allow the interest to accrue (accumulate). If you don't pay the interest on your loan during forbearance, it may be capitalized (added to your principal balance), and the amount you pay in the future will be higher.