

Forbearance vs. Deferment, Am I Eligible?

If you're having trouble making payments on your federal student loans, a deferment or forbearance may be great options to allow you to delay payment. But how do you know which to choose and whether you will be eligible? Read on to find out.



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Deferment

A deferment is a period of time where repayment of the principal and interest of a student loan is temporarily delayed. During a deferment, you don't have to make payments, and for certain loans the government may even pay the interest accrued. A deferment is usually not automatic; so if you think you're eligible, you'll have to submit a request to your loan servicer.

Eligibility Requirements - If any of the following situations apply to you, you might be eligible for a deferment:

- ▶ You are enrolled at least half-time in college or a career school.
- ▶ You are participating in a graduate fellowship, eligible internship or residency program.
- ▶ You are unemployed and/or unable to find full-time employment.
- ▶ You are experiencing an economic hardship.
- ▶ You are undergoing qualifying active duty military service or have just concluded a qualified tour of duty.

Forbearance

A forbearance is another option to delay student loan payments that you can explore if you're not eligible for a deferment. With a forbearance you may be able to stop making payments or reduce your monthly payments for up to 12 months. There are two types of forbearances: discretionary and mandatory. Discretionary forbearances may be requested for financial hardships or illnesses. For mandatory forbearances, a lender is required to grant the forbearance if you meet certain eligibility requirements. If you think you're eligible, you'll have to make a request to your loan servicer and provide necessary documentation to support your request.

Eligibility Requirements - If any of the following situations apply to you, you may be eligible for a forbearance:

- ▶ You are experiencing a financial hardship.
- ▶ You have an illness.
- ▶ You are serving in a medical or dental internship or residency program.
- ▶ The total amount you owe each month for all of your loans is 20% or more of your total monthly gross income.
- ▶ You are working in a teaching position that would qualify you 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, but are not eligible for a military deferment.

For more information on deferment & forbearance, visit <https://studentaid.ed.gov/sa/repay-loans/deferment-forbearance>.