Trouble Making Payments? Explore Deferment or Forbearance Options

If you find yourself falling behind on your student loan payments, and you've explored the repayment plans available to you, you may be eligible for a deferment or forbearance until you can resume making payments.

Deferment

A deferment is a period when payment on the outstanding principal balance and accrued interest of a loan is temporarily postponed. The federal government pays the interest on subsidized loans during deferment.

After the grace period (the six months after graduating or dropping below half-time enrollment status) has expired, borrowers are entitled to a deferment if they meet regulatory requirements. Borrowers should continue making payments on their loans until they're notified the deferment is approved. Eligibility for a deferment depends on when the loan was made and the deferment's requirements. Eligibility for a deferment does not mean you are required to take it – you may choose to continue making payments on your student loan. Any unpaid interest on unsubsidized loans will be capitalized (added to the principal balance) at the end of the deferment period, likely increasing the total balance and your monthly payments.

Most Common Types of Deferments:

- In-School Deferment
- Unemployment Deferment
- Economic-Hardship Deferment
- Education-Related Deferment
- Service-Related Deferments
- Other Deferments:
  Temporary Total Disability, Parental Leave, and Public Service (Visit Nelnet.com for eligibility requirements and additional available deferments)

Forbearance

A borrower who is willing but unable to make payments, and does not meet the qualifications for a deferment, may request forbearance. Forbearance allows you to temporarily postpone your payment for a specified period of time. The forbearance will eliminate any delinquency that currently exists on the account, but won't reverse any derogatory credit information previously reported.

No fees are assessed for obtaining forbearance; however, you are responsible for paying the interest that accrues on your loans during the forbearance period. You may continue making payments and or interest payments during forbearance. Any unpaid interest at the end of the forbearance period will be capitalized (added to the principal balance). Capitalization of interest will increase the amount that must be repaid and may result in an increased regular monthly payment amount.

Most Common Types of Forbearances:

- Hardship
- Reduced Payment
- Internship/Residency
- Student Loan Debt Burden
- Department of Defense (DoD) Loan Repayment Program
- Corporation for National and Community Service (CNCS) Loan Repayment Program/Hardship

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