

Trouble Paying Student Loans

Options in Times of Financial Hardship

Postponing Payment

Suspension will stop your student loan payments temporarily. Although this can be a welcome relief, it is important to remember that your interest will likely continue to accrue. This will cause the amount you owe to grow.

Deferments may be available under certain conditions. Unemployment or economic hardship are two good reasons, however you must not be in default on your loans. If your loans are subsidized, you will not be charged interest during your deferment period.

Forbearance allows a temporary postponement in repayment. Unlike deferments, forbearances can be arranged if the loan is in default. Interest will continue to accrue while the payments are postponed.

Income Based Repayment (IBR)

An income based repayment plan (IBR) is available for all federal student loans except for the parent PLUS loans. Payments will be determined on a sliding scale and is based on income and family size.

Payment on your loan may be reduced and in some cases not cover the interest that has accrued. While your debt may continue to grow if your payments are low, anything that is still owed on the loan after 25 years of making payments will be forgiven.

Public Service Loan Forgiveness is a program which would forgive any remaining debt after 10 years of eligible employment and qualifying loan payments. Information is available for IBR and Public Service Forgiveness at www.ibrinfo.org.



Bankruptcy

A Chapter 13 bankruptcy may help by making payments more manageable during your plan. Speak with a bankruptcy attorney.

Special Programs for Military Personnel

Military Service Deferment is available to service members on active duty during a war or other qualifying operation. Borrower must submit a deferment form.

Active Duty Student Deferment is for borrowers who are enrolled when called into active duty and plan to re-enroll after they have completed their service.

2008 Higher Education Act includes a program that prohibits interest accrual while eligible military service members are serving on active duty in certain situations. This benefit applies only to Direct Loan borrowers and only for loans first taken after October 2008.

Service Members Civil Relief Act provides benefits to service members on active duty. Information is available at www.justice.gov/crt/spec_topics/military/scra.php

Programs are always changing, for the latest information check with the following:

www.studentloanborrowerassistance.org

This site is for people who already have student loans and want to know more about their options and rights.

www.ombudsman.ed.gov

This site helps with disputes and problems on student loans.

An Educational Message from

novadebt

A Garden State Consumer Credit Counseling Organization



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