

Examples of Typical Direct and FFEL Stafford Loan Repayments

Estimated Monthly Payments and Total Amounts Repaid Under Different Repayment Plans

For Direct Loans Only: Income Contingent^c Income = \$25,000

Initial Debt When You Enter Repayment	Standard <i>Not to exceed 10 years</i>		Extended ^a		Graduated ^b <i>Not to exceed 10 years</i>		Single		Married/HOH ^d	
	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid	Per Month	Total Repaid
\$3,500	\$50	\$4,471	Not Available		\$25	\$5,157	\$27	\$6,092	\$25	\$6,405
\$5,000	\$58	\$6,905			\$40	\$7,278	\$38	\$8,703	\$36	\$9,150
\$7,500	\$83	\$10,357			\$59	\$10,919	\$57	\$13,055	\$54	\$13,725
\$10,500	\$121	\$14,500			\$83	\$15,283	\$80	\$18,277	\$76	\$19,215
\$15,000	\$173	\$20,714			\$119	\$21,834	\$114	\$26,110	\$108	\$27,451
\$40,000	\$460	\$55,239	\$227	\$83,289	\$316	\$58,229	\$253	\$72,717	\$197	\$84,352

Payments are calculated using the fixed interest rate of 6.8 percent for student borrowers for loans made on or after July 1, 2006.

The amounts were rounded to the nearest dollar and were calculated based on a 25-year repayment plan.

^a For a FFEL borrower, the requirement is that the borrower (1) must have had no outstanding balance on a FFEL Program loan as of October 7, 1998, or on the date the borrower obtained a FFEL Program loan on or after that date, and (2) must have more than \$30,000 in outstanding FFEL Program loans. For a Direct Loan borrower, the requirement is that the borrower (1) must have had no outstanding balance on a Direct Loan Program loan as of October 7, 1998, or on the date the borrower obtained a Direct Loan Program loan on or after that date, and (2) must have more than \$30,000 in outstanding Direct Loan Program loans.

^b This is an estimated monthly repayment amount for the first two years of the term and total loan payment. The monthly repayment amount will generally increase every two years, based on this plan.

^c Assumes a 5 percent annual growth (Census Bureau) and amounts were calculated using the formula requirements in effect during 2006.

^d HOH is Head of Household. Assumes a family size of two.

You can also find a repayment calculator at www.FederalStudentAid.ed.gov.

Postponing Loan Repayment (Deferment and Forbearance)

Under certain circumstances, you can receive periods of deferment or forbearance that allow you to postpone loan repayment. These periods don't count toward the length of time you have to repay your loan. You can't get a deferment or forbearance for a loan that is already in default.*

What is deferment?

A deferment is a period of time during which no payments are required and interest does not accrue (accumulate), unless you have an unsubsidized Stafford Loan. In that case, you must pay the interest. To qualify for a deferment, you must meet specific eligibility requirements.

How do I qualify for a deferment?

The most common loan deferment conditions are enrollment in school at least half-time,* inability to find full-time employment (for up to three years) and economic hardship (for up to three years).

Can parents or graduate and professional degree students defer repayment of their PLUS Loan?

Yes, as long as the loan isn't in default.* Generally, the same deferment provisions that apply to Stafford Loans apply to PLUS Loans. Because PLUS Loans are unsubsidized, **parents and graduate and professional degree students will be charged interest during periods of deferment.** If they don't pay the interest as it accrues, it will be capitalized* (added to their outstanding principal* balance). A parent PLUS loan borrower may not receive a deferment based on the dependent student's half-time* enrollment, but graduate and professional PLUS borrowers may defer repayment while enrolled at least half-time.*

Is there deferment for active military service?

An active duty military deferment is available for loans first disbursed on or after July 1, 2001. The deferment may not exceed three years and is available only for periods when the borrower is serving on active duty during a war or other military operation, or national emergency or is performing qualifying National Guard duty under the same circumstances. Therefore, not all active duty military personnel are eligible for this deferment.

*See "Important Terms," page 36.

Financial aid terms frequently used in this publication will appear with an asterisk. You'll find a description of them under "Important Terms," beginning on page 36.



Documentation for this deferment may include a copy of military orders or a written statement from the commanding officer or personnel officer verifying that you are on active duty under these circumstances.

The College Cost Reduction and Access Act, enacted on Sept. 27, 2007, makes college more affordable for many students. For the latest information, and to see how the new law affects deferment options, visit www.FederalStudentAid.ed.gov, click on “Students, Parents and Counselors.” You’ll find the information you need in the “Announcements” section.

The Loan Deferment Summary Chart below shows Stafford and Perkins Loan deferments for loans disbursed on or after July 1, 1993. For information on deferments for loans received before that date, Direct Stafford and PLUS Loan borrowers should contact the Direct Loan Servicing Center at **1-800-848-0979**. TTY users should call **1-800-848-0983**. Or, go online at www.dl.ed.gov. FFEL Stafford and PLUS Loan borrowers should contact their lender.

For more information on deferments, contact your lender or the financial aid office at your school.

Loan Deferment Summary Chart			
Deferment Condition	Stafford Loans		Perkins Loans
	Direct Loans ^{a,b}	FFEL Loans ^{a,c}	
At least half-time* study at a postsecondary school	YES	YES	YES
Study in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled	YES	YES	YES ^d
Unable to find full-time employment	Up to 3 Years	Up to 3 Years	Up to 3 Years
Economic hardship (includes Peace Corps Service)	Up to 3 Years	Up to 3 Years	Up to 3 Years
Engages in service listed under discharge/cancellation conditions	NO	NO	YES ^d
Active Military Duty (for loans first disbursed on/after July 1, 2001; while borrower is on active duty during a war or other military operation, or national emergency)	Up to 3 Years	Up to 3 Years	Up to 3 Years

^a For PLUS Loans and unsubsidized Stafford Loans, only principal* is deferred. Interest continues to accrue.

^b A Direct Loan borrower who had an outstanding balance on a FFEL Loan first disbursed before July 1, 1993, when the borrower received his or her first Direct Loan, is eligible for additional deferments.

^c Applies to loans first disbursed on or after July 1, 1993, to a borrower who has no outstanding FFEL or Federal Supplemental Loans for Students (Federal SLS) loan on the date he or she signed the promissory note.* (Note that the Federal SLS Program was repealed beginning with the 1994-95 award year.) Different deferments are available for borrowers with pre-July 1, 1993 loans.

^d More information on teaching and other types of service deferments and cancellations can be found online at www.FederalStudentAid.ed.gov. At the site, click on “Students, Parents and Counselors.”

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

What is forbearance?

If you temporarily can’t meet your repayment schedule but you’re not eligible for a deferment, your lender might grant you forbearance for a limited and specific period of time. Forbearance occurs when your lender or loan-servicing agency agrees to either temporarily reduce or postpone your student loan payments. Interest continues to accrue (accumulate), however, and you are responsible for paying it, no matter what kind of loan you have.

Generally, your lender can grant forbearance for periods up to 12 months at a time, for a maximum of three years. You’ll have to provide documentation to the lender to show why you should be granted forbearance. The lender must send you a notice confirming the terms that were agreed to and record them in your file.

Applying for deferment or forbearance

Receiving deferment or forbearance is not automatic. You or your parents must apply for it.

- **Federal Perkins Loans**—Contact the school that made your loan or the school’s servicing agent.
- **Direct Loans (includes Direct PLUS Loans)**—Contact the Direct Loan Servicing Center at: **1-800-848-0979**. TTY users should call **1-800-848-0983** or go to: www.dl.ed.gov.
- **FFEL Loans (includes FFEL PLUS Loans)**—Contact the lender or agency holding your loan.

Regardless of which type of federal student loan you have, you *must* pay the interest that accrues (accumulates) during any period of forbearance.

Are there circumstances when I must be granted a mandatory forbearance?

Yes. There are certain mandatory forbearances. Examples include borrowers who:

- are in a medical or dental internship or residency;
- have student loan payments that are 20 percent or more of their monthly income;
- have payments being made for them by the Department of Defense.

Contact your lender or loan-servicing agent for more information on the mandatory forbearance benefit.