

Student Financial Services Debt Management

What is deferment?

A deferment is a period in which repayment of the principal balance is temporarily postponed (no payments are required) if you meet certain requirements. During a deferment, if your loan is

- **Subsidized**—the government pays the interest on your loan.
- **Unsubsidized (which includes all PLUS loans)**—you are responsible for the interest that accrues during the deferment period. If you do not make any interest payments during the deferment period, the unpaid interest will be capitalized (added to the principal balance) at the end of the deferment period.

Don't let your loans be a budget buster . . . Contact your servicer to find out about borrower benefits and repayment options.

What is forbearance?

Forbearance allows you to postpone or reduce your monthly payment amount for a limited and specific period if you are willing but unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship or illness and you do not meet the eligibility requirements for deferment. You are responsible for paying the interest that accrues during forbearance on *all* loan types, including subsidized loans.

Did you know . . . ?

Your servicer is required to grant you forbearance under certain conditions. One of which is while you are serving in a medical or dental internship or residency program

TIPS

- Prepay with no penalty
- Pay highest interest first to save money
- Ask about rate discounts as a repayment incentive for automatic payments
- Enroll in Loan Forgiveness programs for Public Service Employees

Loan Repayment Options

(loan comparison calculators may be found at www.studentloans.gov)

- Standard Repayment
- Income Based Repayment (IBR) Effective July 1, 2009
- Extended Repayment
- Income Contingent Repayment (ICR) Direct Loans
- Graduated Repayment
- Income-Sensitive Repayment FFEL Loans

Loan Servicers

Direct Loans
1-800-848-0979
www.myedaccount.com

Nelnet
1-888-486-4722
www.nelnet.com

SallieMae
1-800-722-1300
www.salliemae.com

Great Lakes
1-800-236-4300
www.mygreatlakes.org

Fedloan Servicing
1-800-699-2908
www.myfedloan.org

Mohela
1-888-866-4352
www.mohela.com

Resources

www.uthouston.edu/sfs/
www.studentloans.gov
www.nslds.ed.gov (to access loan data)
www.ibrinfo.org
www.ombudsman.ed.gov (help in resolving disputes)
www.aamc.org/first

What is loan consolidation?

Student and parent borrowers can consolidate (combine) multiple federal student loans with various repayment schedules into one Direct Consolidation Loan. The result is a single monthly payment instead of multiple monthly payments.

With a consolidation loan:

- Your monthly payment might be lower.
- Your repayment period may be extended up to 30 years (depending on the amount of your consolidation loan and your other student loan debt).

Carefully review your consolidation options before you apply. Talk to your loan servicer for more information before you consolidate.

When can I consolidate my loans?

For both FFEL and Direct Loans you can consolidate:

- During your grace period.
- Once you've entered repayment (the day after the end of the six-month grace period).