



EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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Loan Deferment

You are automatically entitled to a student loan deferment if you meet certain conditions, and if you do qualify, your normal monthly payments get suspended. The interest charges accruing on those student loans are either paid by the government or paid by you, the borrower; it just depends on the type of loan.

A deferment is generally granted up to three years for each type of deferment and there are a variety of qualifying circumstances. Most of you already know that if you continue your education, let's say by taking classes in a graduate program, you'll have in-school status, which is one way to defer your student loan payments. You can also obtain a deferment based on being unemployed. To qualify, though, you must have been registered with an employment agency and you must have made at least six attempts in six months to actually get a job. (In other words: no sitting around watching soap operas all day, and then asking for financial relief.)

There is also an economic hardship deferment for which you might qualify. If you are on public assistance – for instance, receiving food stamps or other government or state aid – you are eligible for a student loan deferment, and you meet the federal definition of truly experiencing economic hardship. Even if you are working full time, you may qualify for a student loan deferment on the basis of economic hardship. Full-time employment is considered working 30 hours a week or more, and to qualify for a hardship deferment even though you're working, your income must be below certain guidelines – essentially you can't earn above the poverty level for a family of two.

Also, if you are working full time and you have a high debt-to-income ratio, you might qualify for a hardship deferment. According to the Department of Education, their definition of having a high debt-to-income ratio means your monthly income minus your student loan debt is less than \$2,420 dollars. If you do the math, you'll see that the government is using a formula where your income works out to be about 220 percent of that poverty guideline that I mentioned before, the \$1,100 a month figure. So if you're earning less than \$13,200 annually (with two people in your household), you are going to meet the criteria and will qualify for a deferment.