



## Module 4 - Path to Deferment and Forbearance



### COURSE INTRODUCTION

In your attempt to live with the best intentions, there are times when life throws you for a loop. These moments can impact your finances and may require a temporary pause in your student loan repayment cycle. Knowing your student loan repayment options can help alleviate any added stress to your present financial concerns. It is also always encouraged to speak with your service loan provider.

A *Deferment* or *Forbearance* are two types of student loan options that your loan servicer may be able to offer as a temporary pause in repayment when needed. A Borrower may inquire about a loan deferment if they experience extenuating circumstances that require a need to stop their loan repayment for more than a 12-month period. It is important to know your request is not a guarantee, and, if granted, the interest will continue to accrue monthly during this pause.

It is always encouraged to consider an Income-Driven Repayment Plan that may offer the financial relief desired. However, if a pause in payment is needed, a *Deferment* may offer a viable temporary solution should a Borrower experience:

- Cancer Treatment
- Economic Hardship
- Graduate Fellowship

- Military Service and Post-Active Duty
- In School Deferment
- Parent PLUS Borrower
- Rehabilitation Training
- Unemployment

Similarly, a Borrower may also inquire about a *Forbearance* if they experience a need to stop their loan repayment for up to 12 months. It is important to note that your request is not a guarantee and if granted, the interest will continue to accrue monthly during this pause.

Again, it is always encouraged to consider an Income-Driven Repayment Plan that offers the financial relief desired. However, if a pause in repayment is needed, there is a *General Forbearance* and a *Mandatory Forbearance* that can be of consideration. A Borrower may request a Forbearance if they experience the following or other reasons acceptable to your loan servicer:

- **General Forbearance**
  - Financial Difficulties
  - Medical Expenses
  - Change In Employment
- **Mandatory Forbearance**
  - Department of Defense
  - Ameri-Corps
  - Medical or Dental Internship

Each of these student loan repayment options may provide the temporary relief needed to meet the financial obligations you presently face.

In Module 4: "Path to Deferment and Forbearance," Borrowers will begin their path by learning the difference between a Deferment and a Forbearance. Borrowers will have an opportunity to

assess their understanding of the different types of Deferment and Forbearance options.

To ensure a successful continuation on your *DISB P.A.T.H*, Borrowers are encouraged to commit 45 minutes to focus on completing Module 4: “Path to Deferment and Forbearance”.

≡ ARRIVE

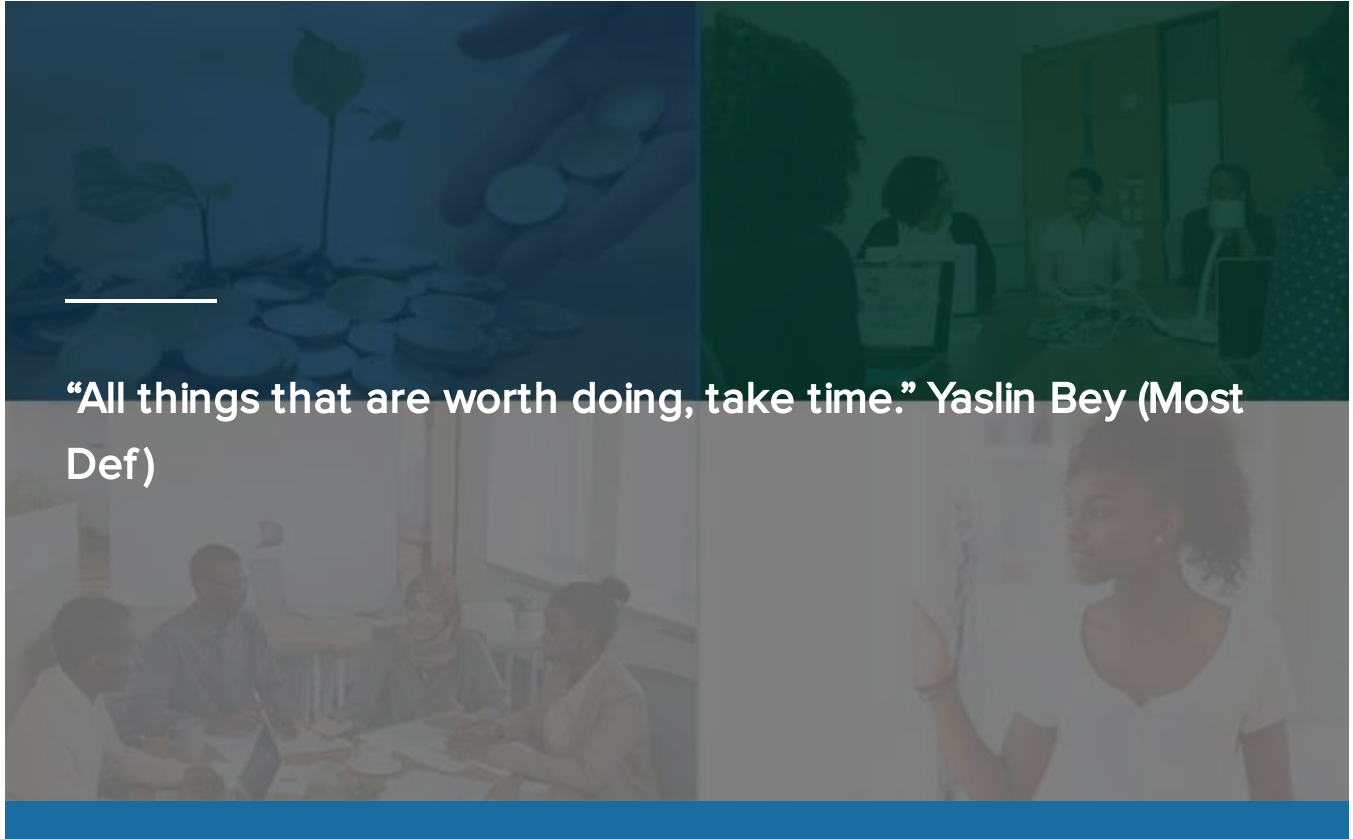
≡ START YOUR PATH

≡ DEFERMENT AND FORBEARANCE LITERACY CHECKPOINT

≡ FINAL DESTINATION

# ARRIVE

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“All things that are worth doing, take time.” Yaslin Bey (Most Def)

Start Your Path 1

Welcome



## Start Your Path 2

### Learning Objectives



**DISB**

**PATH TO DEFERMENT  
AND FORBEARANCE**

**IN THIS MODULE, YOU WILL**

- Learn the difference between a Deferment and a Forbearance
- Identify the different types of Deferment and Forbearance options
- Determine the type of Deferment or Forbearance Request form needed for approval

## Essential Questions



**DISB**

**PATH TO DEFERMENT  
AND FORBEARANCE**



**QUESTIONS TO CONSIDER**

- Are there loan repayment options I can request when circumstances prevent the continuation of monthly payments?
- How do I determine if a Deferment or Forbearance is the option needed to pause my loan repayment?

The graphic includes a photo of a young man in a grey sweater thinking, with three green question marks above his head. A green dotted line and a blue arrow point from the text area towards the man's photo.

Start Your Path 4

## Affirmation



**PATH TO DEFERMENT  
AND FORBEARANCE**

**MONEY MINDSET AFFIRMATION**

“MONEY EXPANDS MY LIFE’S  
OPPORTUNITIES AND EXPERIENCES.”

The graphic features a collage of elements: the DISB logo in the top left, a photograph of a woman in a red suit celebrating with money falling around her, and a dark blue banner with white text. The background is a light blue and white pattern with a paper airplane icon at the bottom center and a stack of blue arrows on the right side.



# START YOUR PATH

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“Life takes new meaning when you become motivated, set goals and charge after them in an unstoppable manner.” Les Brown



## Glossary


As you navigate your Deferment and Forbearance Path, there are key terms to know. Take a moment to review.

### DEFERMENT

A temporary pause on a Federal Student Aid loan that can be granted *for six months, up to three years* with servicer permission.

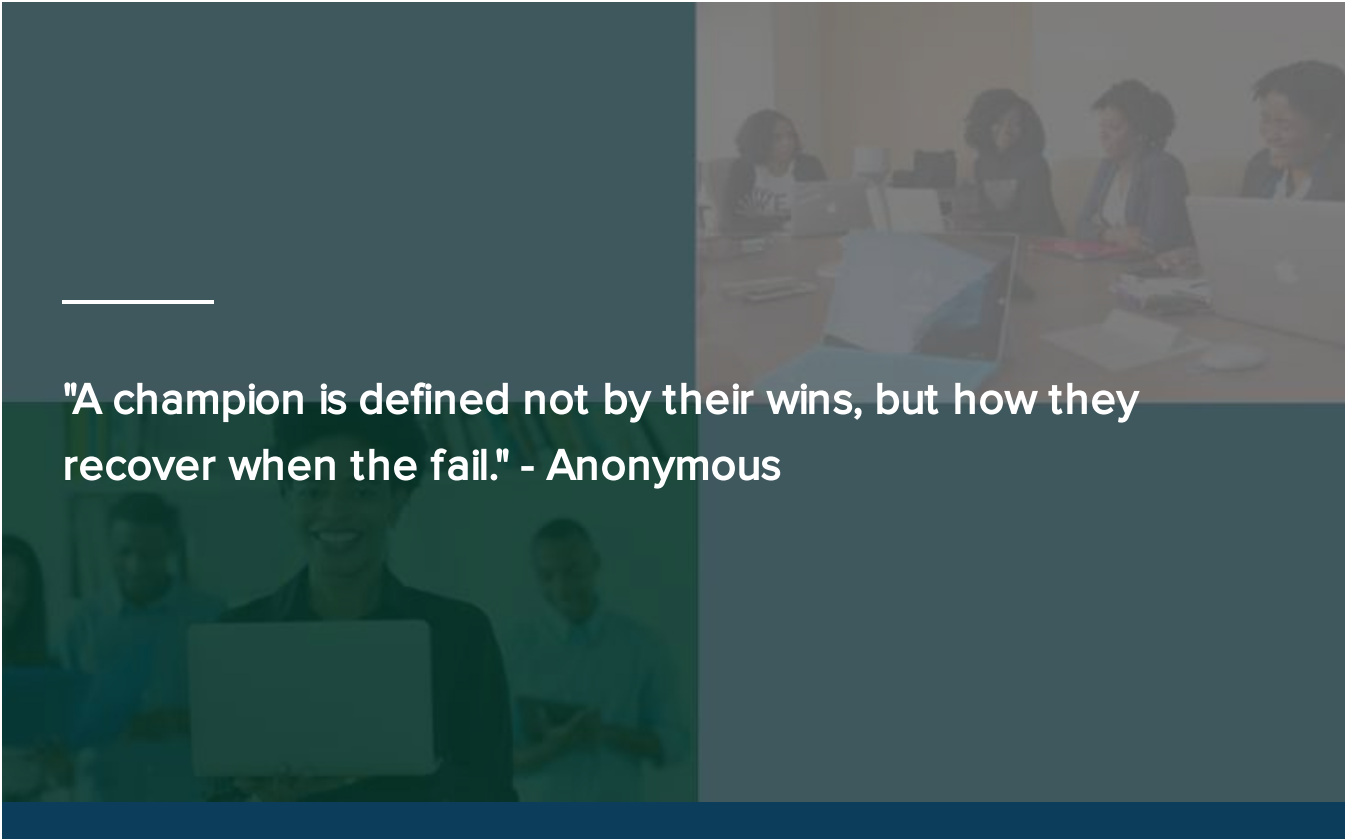
FORBEARANCE	A temporary pause on your student loan that is generally, no more than 12 months. Interest may continue to incur although repayment has temporarily stopped. Payments made at this time will not count toward the forgiveness program.
CANCER TREATMENT	A Borrower is undergoing cancer treatment, loans may be deferred during the treatment and up to six months after.
ECONOMIC HARDSHIP	<p>Borrowers who are experiencing hardship and are:</p> <ul style="list-style-type: none"> <li>• Receiving a means-tested benefit like <i>Temporary Assistance for Needy Families (TANF)</i></li> <li>• Work full time but have earnings that are below 150% of the poverty threshold for their city and state</li> <li>• Are serving in the Peace Corps</li> </ul> <p>Economic hardship deferment can only be granted for up to 3 years.</p>
GRADUATE FELLOWSHIP	Borrowers must be enrolled in an approved program of study and research. Most doctoral programs qualify, and some master's programs also qualify.
MILITARY SERVICE & POST ACTIVE DUTY	Borrowers may be eligible if they are on active duty that's associated with a war, military operation, or national emergency and they've completed active duty and grace period.
PARENT PLUS BORROWER	Available for parents who borrow the PLUS loan. Child/Student must be enrolled at least half time to request a deferment for consideration.

REHABILITATION TRAINING DEFERMENT	Borrower is enrolled in an approved rehabilitation training (drug abuse, mental health, or alcohol abuse) may qualify.
UNEMPLOYMENT	Borrowers may be eligible if they are receiving unemployment benefits.
GENERAL FORBEARANCE	A temporary pause on your student loan for financial difficulties, medical expenses, or a change in employment generally, no more than 12 months.
MANDATORY FORBEARANCE	A temporary pause on student loans available for borrowers who meet certain qualifications such as Department of Defense, Americorps, Medical/Dental Internship or Residency, or National Guard.
AMERICORPS	Borrower served in a position and received a national service award.
DEPARTMENT OF DEFENSE	Borrower that is in combat or on active duty related to a war.
MEDICAL & DENTAL INTERNSHIP OR RESIDENCY	Borrowers are in a rigorous healthcare program.
NATIONAL GUARD	Borrowers in Governor activated duty.
INTEREST CAPITALIZATION	Lender capitalizes the unpaid interest of your federal student loans and adds it to the principal balance.

 Borrowers are encouraged to contact their service loan provider to communicate their circumstances and needs. Upon inquiry, the service loan provider will specify the Deferment or Forbearance Request Form to complete for consideration.

# DEFERMENT AND FORBEARANCE LITERACY CHECKPOINT

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"A champion is defined not by their wins, but how they recover when the fail." - Anonymous

**Deferment and Forbearance Literacy Checkpoint**



Jayden enjoys being a Financial Planner and using his talent and skills to empower others through financial literacy. Borrowers should note that *DistrictCorps* is a learning reference for *AmeriCorps*.

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## Meet Jayden

Jayden is a 25-year-old young man eager to get the most out of life. Although times have been a challenge for him and his father, he hasn't allowed those moments to interfere with his desire to succeed. Upon graduation from high school, Jayden gains admission into District University. Unfortunately, his father wasn't approved for the Parent PLUS Loan to help pay for the cost of tuition so he was awarded \$45,000 in unsubsidized loans to cover the cost. Jayden graduated from District University earning his Bachelor's Degree in Finance.

At a local career fair, Jayden is able to land a job as a Financial Planner at a national life insurance company, *District Life Insurance*. His father is so proud! Jayden decides to remain home to save money and to continue to support to his father. Shortly after starting his new job, Jayden's student loan servicer informed him that his grace period will soon end, and repayment will begin. Jayden is on the standard student loan repayment plan.

At work, he excelled. His focus and dedication was admired by colleagues. Jayden enjoyed his job at *District Life Insurance* and often thought of his future. He desired not only to move up the corporate ladder but to give back in a way that made a difference. He wasn't certain how to fulfill such desires, but remained optimistic.

**The Challenge**


Jayden's Team Leader, Mr. Jones, saw such leadership and potential in Jayden. Jayden looked up to Mr. Jones. They shared the same alma mater and they were members of the same fraternity. Jayden often sought Mr. Jones' insight and advice as he navigated work challenges and goals. He saw Mr. Jones as a mentor.

During Jayden's semi-annual review, Mr. Jones shared future possibilities in the company and an opportunity to participate in the Financial Education Program-Program Coordinator with *DistrictCorps*. Jayden was excited about the opportunity to share his passion and skill set to provide financial education to empower the community for six months. Jayden knew his participation would impact his monthly income and his student loan repayment plan. Mr. Jones informed Jayden that he may qualify for a temporary pause in loan repayment. He suggested he inquire about a Deferment or Forbearance to learn more.

Jayden reached out to the *DISB P.A.T.H* Center and they have informed that an Income-Driven Repayment may be a suitable option but encouraged him to reach out to his loan servicer to receive help in determining if a Deferment or Forbearance may be a more fitting choice.


Jayden's loan service provider informs that a Mandatory Forbearance for *DistrictCorps* may be an option to consider. Let's follow along as Jayden reviews the five steps to request a Forbearance.

## Five Steps to Request a Forbearance for AmeriCorp



**Five Steps to Request a Forbearance for AmeriCorp.pdf**

283.8 KB



**i** Please note that it may take up to two weeks after a member has started service for the "Create Forbearance Request" link to appear. If a member needs to have a forbearance request processed and the option is not yet appearing, please place a request using the "Contact My AmeriCorps" link at the top of the My AmeriCorps screen.



Now that you have learned the difference between a Deferment and Forbearance, let's put your knowledge to the test. Watch the Federal Student Aid video "How To Manage Your Student Loans" to review how a student loan deferment or forbearance can be helpful ways to pause your student loan repayments. Then answer a few questions to check your understanding.

Click [HERE](#) to watch the video below.





[If you're having trouble making payments on your federal student loans, we have several options available to help you manage your debt. Check out this video to learn more about changing repayment plans, postponing or reducing your payments, or combining your federal student loans.](#)

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**Question 1: Who should you contact when you are experiencing financial difficulty with making your student loan payment?**

- A. Loan Service Provider
- B. Your College/University's Financial Aid Department
- C. Federal Student Aid, *FSA*

**Question 2: For what reasons may a borrower defer their payments?**

- A. Returning to school
- B. Unemployment
- C. Both Option 1 and Option 2

**Question 3: A Forbearance may be granted to you by your loan service provider to postpone or reduce your monthly student loan payments for a limited time due to financial difficulty.**

- A. True
- B. False

**Question 4: Who grants a Borrower a Deferment or Forbearance?**

- A. College or University
- B. Loan Servicer Provider
- C. Federal Student Aid

## **Answer keys**

**Question 1: Who should you contact when you are experiencing financial difficulty with making your student loan payment?**

Correct answer: A. Loan Service Provider

Feedback: You got it! Your student loan servicer provider will help you find the best resolve for any loan payment concerns.

**Question 2: For what reasons may a borrower defer their payments?**

Correct answer: C. Both Option 1 and Option 2

Feedback: You got it! A borrower may be able to defer their student loan repayment if they return to school, are unemployed or in the military.

**Question 3: A Forbearance may be granted to you by your loan service provider to postpone or reduce your monthly student loan payments for a limited time due to financial difficulty.**

Correct answer: A. True

Feedback: You got it! A Forbearance may be granted to you by your loan service provider to postpone or reduce your monthly student loan payments for a limited time due to financial difficulty.

**Question 4: Who grants a Borrower a Deferment or Forbearance?**

Correct answer: B. Loan Servicer Provider

Feedback: You got it! Your loan service provider grants you a Deferment or Forbearance.

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Great job for **continuing the path!** The **Student Loan Repayment process** can feel overwhelming. You are on your path to **financial freedom** and that is **worth the extra push** to continue your journey.

Pause to take a mindfulness moment to remind yourself, **“Money expands my life’s opportunities and experiences.”** When you are ready, **“Continue”** the Path to Loan Repayment.

## Application Checkpoint

Now that you have learned the difference between a Deferment and Forbearance, watched the Federal Student Aid video “How To Manage Your Student Loans” to review how a student loan deferment or forbearance can be helpful ways to pause your student loan repayments, you will now explore a few different types of deferments and forbearances and receive guidance as to what questions Borrowers should ask their loan service provider in order to receive the best support needed. Click the link to “Continue”.



**Deferment and Forbearance Glossary Knowledge Chart.pdf**

84 KB



**Parent PLUS Borrower**



Silvia has worked as a Medical Technician at the District Medical Center for nearly 20 years. Recently, her supervisor informed her that the office is down-sizing, and her position will remain but only as part-time.

This pay decrease is of great financial concern. In addition to living expenses, she is a Parent PLUS Loan Borrower and feels her monthly payments will be a challenge to pay on such a limited budget.

**Question 1: What should Silvia do to address her financial concerns about her student loan repayment?**

- A. Silvia should call her service loan provider to inform them of her financial difficulties.
- B. Silvia should reach out to *Federal Student Aid* for financial support.

**Question 2: What student loan servicer option should Silvia consider as a temporary financial solution to her decrease in income?**

- A. Silvia should push to pay a reduced rate and consider the Income Driven Payment plan to meet her

financial need.

B. Silvia should complete the Parent PLUS Loan Deferment Request to gain approval for a temporary repayment pause to help alleviate the financial strain.

## **Answer keys**

**Question 1: What should Silvia do to address her financial concerns about her student loan repayment?**

Correct answer: A. Silvia should call her service loan provider to inform them of her financial difficulties.

Feedback: Absolutely! Silvia should reach out to her service loan provider to learn of all available options to meet her financial need.

**Question 2: What student loan servicer option should Silvia consider as a temporary financial solution to her decrease in income?**

Correct answer: B. Silvia should complete the Parent PLUS Loan Deferment Request to gain approval for a temporary repayment pause to help alleviate the financial strain.

Feedback: A more suitable choice!

## **General Forbearance**



Mikah graduated from District HBCU with honors. His efforts were motivated by an act of honor to his passing mother. The last two years of college, Mikah's mom battled cancer. She was able to see him graduate before her passing. Her presence gifted him with a protective shield of pride, love, and adoration to hold on to.

Although a year had passed, Mikah found it difficult at times. A close friend encouraged him to take some time to heal. Mikah knew that this time was needed away from work, but it raised concerns about his monthly loan repayment.

**Question 1: What should Mikah do to address his financial concerns for his student loan repayment?**

A. Mikah should attempt to figure out a way to continue to make his monthly loan payments while seeking mental health support and care.

B. Mikah should call his service loan provider to gain insight on the best possible actions to take to address his financial concerns.

**Question 2: What student loan servicer option should Mikah consider as a temporary financial solution to his temporary leave of absence?**

A. Mikah should push to pay a reduced rate and consider the Income-Driven Payment Plan to meet his financial need.

B. Mikah should complete the General Forbearance Request to gain approval for a temporary repayment pause while he finds healing.

## **Answer keys**

**Question 1: What should Mikah do to address his financial concerns for his student loan repayment?**

Correct answer: B. Mikah should call his service loan provider to gain insight on the best possible actions to take to address his financial concerns.

Feedback: Absolutely! Mika should reach out to his service loan provider to learn of all available options to meet his financial needs.

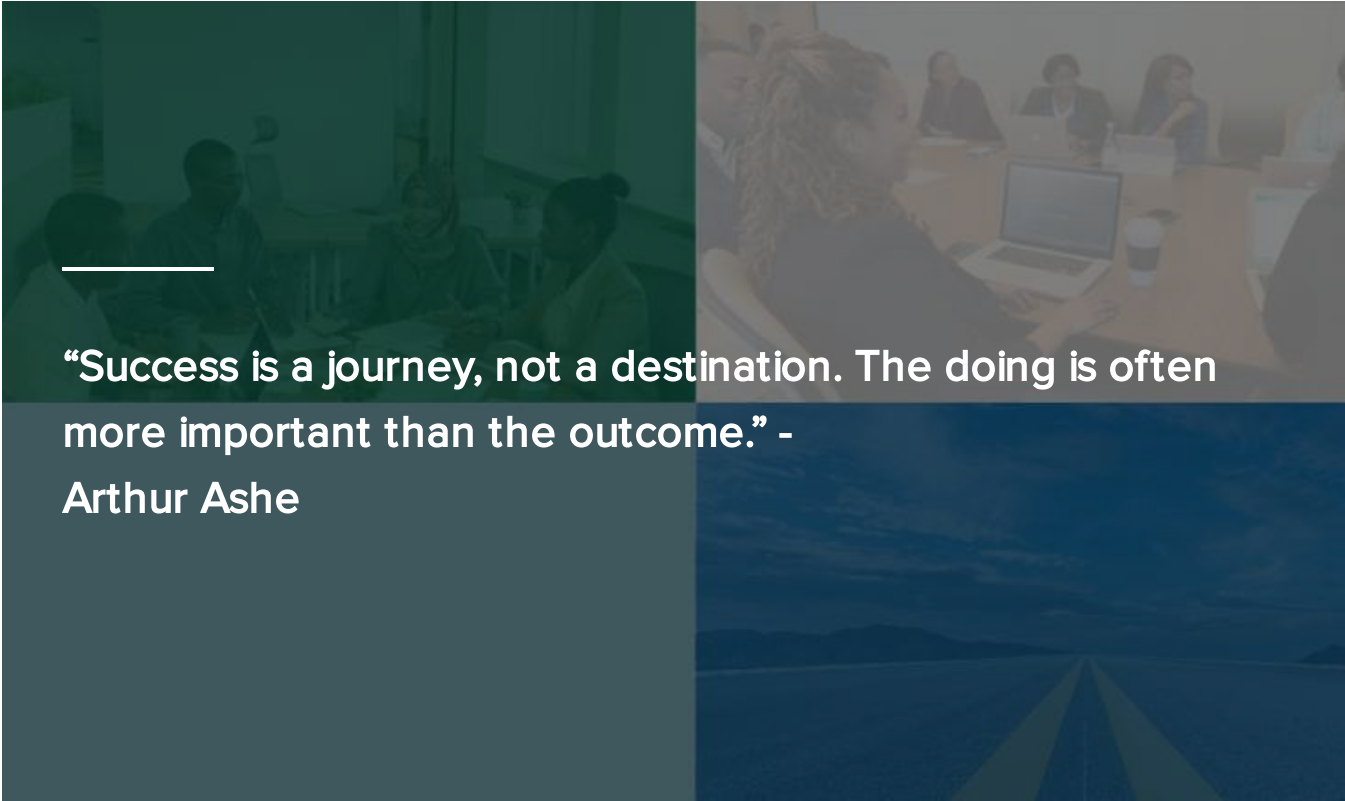
**Question 2: What student loan servicer option should Mikah consider as a temporary financial solution to his temporary leave of absence?**

Correct answer: B. Mikah should complete the General Forbearance Request to gain approval for a temporary repayment pause while he finds healing.

Feedback: A more suitable choice!

# FINAL DESTINATION

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“Success is a journey, not a destination. The doing is often more important than the outcome.” -  
Arthur Ashe





## DISB P.A.T.H to Resources

With time to learn the differences between deferment and forbearance, explore the different types of deferments and forbearances and watch the Federal Student Aid video “How To Manage Your Student Loans” you have gained a better understanding of the Deferment and Forbearance request process. To extend your learning about gaining a temporary pause in your student loan repayment and the impact of interest, please browse to learn more.

### Student Loan Ombudsman Repayment

To learn more about the **DISB** and how they can extend support, take a moment to view this informational video to learn about the many loan repayment options and support.

INFORMATIONAL VID...

### Gentle Temporary Relief: Deferment and Forbearance

Are you in need of temporary pause in your loan repayment due to illness, unemployment, military service or economic hardship? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

### Interest Rates and Fees for Student Loans

Would you like to learn more about interest rates and capitalization? Visit *DISB Financial Resource Guide* for more details.

DIGITAL RESOURCE

### DISB Financial Resource Guide

Would having a financial guidebook be useful when you need a reference to help understand student loan repayment options as well as what to consider when choosing a loan repayment plan? Visit *DISB Financial Resource Guide* for more details.

DIGITAL RESOURCE



## Path to Understanding

**Question 1: TRUE/FALSE** A Forbearance is a temporary pause on your student loan that is generally no longer than 12 months. Interest may continue to incur although repayment has temporarily stopped.

- A. TRUE
- B. FALSE

**Question 2: Which of the following reasons may qualify for a student loan Deferment?**

- A. Economic Hardship

- B. Graduate Fellowship
- C. Military Service & Post Active Duty
- D. Parent PLUS Borrower
- E. Unemployment
- F. AmeriCorps

**Question 3: Which of the following reasons may qualify for a student loan Forbearance?**

- A. National Guard
- B. In School
- C. Medical and Dental Internship
- D. Department of Defense
- E. Rehabilitation Training Deferment
- F. AmeriCorps

## **Answer keys**

**Question 1: TRUE/FALSE A Forbearance is a temporary pause on your student loan that is generally, no more than 12 months. Interest may continue to incur although repayment has temporarily stopped.**

Correct answer: A. TRUE

Feedback: You got it! A Forbearance is a temporary pause on your student loan that is generally no more than 12 months. Interest may continue to incur although repayment has temporarily stopped.

**Question 2: Which of the following reasons may qualify for a student loan Deferment?**

Correct answer:

- A. Economic Hardship
- B. Graduate Fellowship
- C. Military Service & Post Active Duty
- D. Parent PLUS Borrower
- E. Unemployment

**Question 3: Which of the following reasons may qualify for a student loan Forbearance?**

Correct answer:

- A. National Guard
- C. Medical and Dental Internship
- D. Department of Defense
- F. AmeriCorps

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**You've Arrived!**

**Congratulations! You have completed Module 4-  
Path to Deferment  
and Forbearance of the DISB P.A.T.H. Loan  
Repayment Course.**