



How to Postpone Student Loan Payments

Student loans are legal obligations. The money you borrow must be repaid, with interest, just like car loans and mortgages. If you're having financial problems that make it difficult to repay your student loans, don't panic—but do contact your lender. They can explain your options to help you to avoid problems with both late payments and default.

A helpful first step: exit counseling

If you have Federal Stafford Loans, you need to complete exit counseling shortly before you graduate, withdraw, or drop below half-time status. Exit counseling gives you information on managing your student loans when they become due. Check with your school to see if you can complete your counseling online or need to do it in person.

When are payments due?

With most student loans, you start making payments six months after you graduate, leave school, or—for federal loans—drop below half-time enrollment status. You will receive your first billing statement about 20 days before your loan enters the repayment period and your first payment is due.

Can payments be postponed?

There may be ways to temporarily postpone your repayment if you are having financial difficulty, going back to school, or are in military service.

The two most common ways to temporarily postpone repayment of your loans are deferment and forbearance. These can help you avoid becoming past due on your loans. If you are already past due, your lender may have deferment or forbearance options to keep your loan from defaulting.

Both deferment and forbearance allow you to temporarily cease making payments, or to make smaller monthly payments than required by your repayment schedule.

Deferments are for federal loans only. A deferment is an entitlement, meaning that it must be granted if you meet specific conditions.

Examples of deferments for federal loans:

Economic hardship deferment You must earn less than the federal minimum wage or exceed a federally defined debt-to-income ratio.

In-school deferment If you return to school after your loan enters repayment, you may be eligible for an in-school deferment. If you have Federal PLUS Loans for graduate and professional students, your lender will give you this deferment after your loan is disbursed. You must be enrolled at least half-time at an eligible school. If you're attending a school outside the United States, you must be a citizen or national of the United States.

How to Postpone Student Loan Payments (continued)

Examples of deferments for federal loans (continued):

Unemployment deferment You must be seeking but unable to find full-time employment. Full-time employment is defined as at least 30 hours of work per week that is expected to last at least three months.

Education-related deferment You must be engaged in a graduate fellowship or internship/residency program.

Forbearances are for federal and private loans, and are granted at the discretion of your lender; you're not automatically entitled to it.

What about the interest?

Interest continues to accrue during a period of deferment or forbearance. (Subsidized Federal Stafford loans are an exception: the government pays the interest that accrues during a period of authorized deferment.) You're responsible for paying interest that accrues on an unsubsidized student loan (federal or private) when your loan is in a deferment or forbearance. You may make interest payments while your loan is in a deferment or forbearance. Otherwise, it will be capitalized (added to the principal balance) when your deferment or forbearance ends.

Because interest continues to accrue, you may end up increasing the total amount you repay. However, paying more over the life of the loan is better than the long-term consequences of delinquency and default. Plus, by postponing your student loan payments, you may increase your monthly cash flow, which can help you manage everyday expenses like rent, insurance, and even groceries.

Instead of postponing, what about other repayment plans?

Talk to your lender. You may be able to choose a different repayment plan to fit your financial situation. You may be able to lower your current monthly payments with a plan that allows you to pay just the interest, bases your payments on your current income, or allows you to make smaller payments now and bigger payments later.

Would consolidating my loans help?

For information, see the article *Pros and Cons of Loan Consolidation*.

Contact your lender

Remember, if you're having difficulty repaying your student loans, it is important to contact your lender as soon as possible to discuss your options. They can answer your questions and help you deal with your unique circumstances.

We invite you to contact Wells Fargo for further information and assistance. Visit our Web site at www.Wellsfargo.com or any Wells Fargo store.