

## Postponing Loan Repayment During Residency

*There's a benefit to federal student loans of which you may be unaware, and that's the ability to temporarily postpone your loan payments through grace, deferment or forbearance. When you're in the early phase of your medical career – and money is tight – a temporary reprieve often proves to be the real "budget-saver" you need.*

### Grace: What Is It?

Some loans automatically grant borrowers a "grace" period after graduation during which no loan payments are due. Although not all loans have grace periods, two that do are Stafford loans (which lasts six months) and Perkins loans (which lasts nine.) The [Loan Repayment Timeline](#) presents a visual comparison of loans and grace periods.

Check your promissory notes to learn which of your loans have grace periods.

### Deferment: What Is It and Who Qualifies?

Deferment is a temporary suspension of loan payments. Once you have graduated from medical school, there are several deferments from which to choose. The key to being able to qualify for a deferment is to meet the specific eligibility criteria. A complete list of deferments is included in the [Debt Manager](#). **You must contact your servicer to apply for a deferment.**

- Subsidized loans remain interest-free to the borrower during periods of deferment.

- Unsubsidized loans do accumulate interest. Borrowers who do not pay the interest as it accrues will have that amount added to the loan principal (or "capitalized").

### Forbearance: Your Next Option after Deferment

If borrowers cannot meet their repayment schedule but are ineligible for a deferment (or have exhausted the time limitations), a lender may grant a forbearance. This is a period of time during which you can either make payments lower than those previously scheduled – or delay repayment completely.

- You must contact your servicer to apply for forbearance, which is granted for a period of up to 12 months at a time.
- Interest accrues on both subsidized and unsubsidized federal student loans during periods of forbearance.

### Mandatory Medical Residency Forbearance

As a medical resident, you are entitled to this forbearance during residency. Your servicer is required to work with you so it is important to identify yourself as a medical resident in order to get this forbearance.

### Alternative to Postponing Payments

The alternative to postponing loan payments while in residency is – to make payments. Payments can range from making interest only payments all the way to making regular monthly loan payments. If you make monthly payments against the accruing interest, you will reduce the total amount of your loan debt. If you're concerned that your salary is too low to make monthly loan payments, then the Income Based Repayment (IBR) program is worth consideration. Payments under this plan are capped at 15% of your household income that is greater than 150% of the federal poverty guideline for your family size. More detailed information can be found on the [IBR Fact Sheet](#).

### How to Request Deferment or Forbearance

- **FFELP Stafford and PLUS Loans:** Contact the lender or agency holding your loan.
- **Direct Loans (including Direct PLUS Loans):** Contact the Direct Loan Servicing Center at 1-800-848-0979 or go to [www.dl.ed.gov](http://www.dl.ed.gov).
- **Federal Perkins Loans:** Contact the school at which you borrowed the loan or the school's servicing agent.