



## JESUIT VOLUNTEER CORPS

### LOAN DEFERMENT FAQ

*The following information applies to federal Direct, Stafford, and Perkins loans. If you borrowed from a private lender, please consult with them as to their guidelines for deferment and payment options.*

#### **I have accepted a placement with JVC, but what about my student loans?**

Most Jesuit Volunteers defer their loans; however, Jesuit Volunteers with Federal Direct Loans are eligible for a “Pay as You Earn” repayment plan.

#### **What does deferment mean?**

A deferment means there are no payments required on your loan during an approved period. For federal Perkins loans or subsidized federal Stafford loans, the government may pay the interest on your loan during a deferment period. There is no pre-payment penalty at any time.

#### **How do I defer my loans?**

Check with your school and/or lender about deferring your loans. Most federal Stafford and Perkins loans can be deferred. Private lender policies may vary and each incoming JV should research their private loans carefully before beginning their JV year.

#### **What kind of deferment should I seek?**

Typically volunteers apply for an *Economic Hardship Deferment*. As a Jesuit Volunteer, you will be making less than federal minimum wage, which is one criterion for the economic hardship application.

#### **Are there different kinds of deferment?**

You might come across the Public Service Deferment forms. This type of deferment is only for loans disbursed prior to July 1, 1993. You can defer loans if you are in school full-time or if you are unemployed. Neither of these options applies to your time in JVC. If you wish to investigate these options for post-JVC, please contact your lender.

#### **When should I fill out my paperwork?**

Check with your lender. Generally you will fill it out close to the end of your grace period; however, this differs from lender to lender. Always call your lender for the exact filing requirements.

#### **What supporting documents do I need?**

You will need to provide proof of your monthly income and fill out the Economic Hardship Deferment Request Form at <https://www.saltmoney.org/Assets/PDFs/Forms/Payment-Postponement-Forms/economic-hardship-deferment-request.pdf>.

#### **What does JVC do in this process?**

If requested, JVC will write a letter stating your participation in our program, the associated program dates, and the amount of money you earn per month. If possible, please contact JVC at least three weeks prior to needing the documentation.

### **What is a “Pay as You Earn” repayment plan?**

Pay as You Earn is a repayment plan for eligible Direct Loans that is designed to limit required monthly payments to an amount that is affordable based on income and family size. Under this plan, individuals with little to no income may not be required to make monthly payments.

### **Who is eligible for “Pay as You Earn?”**

New borrowers with loans made under the Direct Loan Program (Direct Subsidized Loan, Direct Unsubsidized Loans, and some Direct PLUS Loans) whose debt in high relative to income are eligible for this repayment plan. Contact your loan provider to learn more about this repayment plan and check to see if you are eligible. You can also find more information at

<http://studentaid.ed.gov/repay-loans/understand/plans>

*Some of this information is taken from [studentaid.gov](http://studentaid.gov)*

## **FEDERAL LOANS**

Under federal law, Jesuit Volunteers are eligible to defer or forbear their federally guaranteed student loans during their time in JVC. These loans, which are primarily Perkins or Stafford, must be in the volunteer’s name. Loans in the parents’ names, primarily PLUS loans, are not eligible for deferment during the volunteer’s term of service.

### **All federal loans procured after July 1993 are eligible for deferment based on economic hardship.**

The volunteer should contact her/his lending institution for a loan deferment form. Loan deferment forms regarding loans procured after 1993 must be signed by the volunteer and their placement agency (not JVC). Some lending institutions may require additional paperwork. Contact your lending institution for details.

The deferment period begins at the conclusion of the "grace period" of the repayment schedule (usually six months after graduation) and extends throughout the volunteer's time with JVC. In most cases, loan repayment will begin or resume immediately when the volunteer leaves JVC.

Most lending institutions will not accept deferment forms until two months prior to the beginning of the payment schedule. Forms received too early will have to be resubmitted at the conclusion of the grace period. Due to legislation changes, some volunteers may only be able to receive forbearance, meaning they do not have to pay during their volunteer commitment, but interest may continue to accrue.

### **Co-signed Loans**

Sometimes loans co-signed by parents are not deferrable. The volunteer should check with their lending institution about co-signed loans.

### **Private Loans**

Sometimes private loans are not deferrable. The volunteer should check with their lending institution about any private loans.