

# FINANCIAL AID INFORMATION FOR STUDENT VETERANS

Your guide to federal loan deferment, discharge and forgiveness options for student veterans and military personnel

## Deferments

### What is a deferment?

A deferment allows borrowers to temporarily postpone payments on a Federal Family Education Loan Program (FFELP) loan.

- Deferments are granted in specific situations and have certain time limits and conditions for eligibility.
- Deferments are entitlements. If a borrower is eligible and provides the required documentation, the borrower can not be denied the deferment.
- During a deferment, the federal government will pay the interest accrued on a subsidized Federal Stafford loan.
- Deferments are borrower-specific—not loan-specific.



### Military Service Deferment

A deferment for borrowers in the FFELP, Federal Direct Loan Program (FDLP), and Federal Perkins Loan Program who are called to active duty during a war, other military operation or national emergency.

- Effective Oct. 1, 2007, eligible borrowers may receive a deferment on all outstanding Title IV loans in repayment for all periods of active duty service that include or begin on or after the date called to active duty.
- A borrower's representative can request a military deferment on the borrower's behalf and the lender must grant the request if the borrower meets the eligibility requirements of the deferment.

## Deferments

### Post-Active Duty Student Deferment

A military active duty student deferment is available to a borrower who is called or ordered to active duty service while enrolled at least half-time in an eligible school at the time of, or within six months prior to, his or her activation.

- A borrower must request deferment and provide documentation of his or her duty status.
- Documentation must show the borrower was a member of the National Guard or Reserves (including a member in a retired status), establish an end of military service date, and show enrollment status at an eligible school at the time of, or within six months prior to, military activation.
- If the borrower has already received a military service deferment, a military active duty student deferment can be granted without an additional request from the borrower.
- A borrower may receive a deferment for up to 13 months following the completion of active duty military service.
- The deferment ends on the date the borrower re-enrolls in school on at least a half-time basis or when the 13-month period ends, whichever comes first.
- A borrower who is eligible for both the military active duty student deferment and the military service deferment can only receive these benefits concurrently—not consecutively.
- A borrower's representative can request a military deferment on the borrower's behalf and the lender must grant the request if the borrower meets the eligibility requirements of the deferment.



## Discharges

### What is a student loan discharge?

A discharge is the release of a borrower from all or a portion of their loan obligation.

### Total and Permanent Disability

- A borrower who has been determined by the Secretary of Veterans Affairs to be unemployable due to service-connected condition and who provides documentation of such determination to the Secretary of Education shall be considered permanently and totally disabled.
- A borrower in this condition will not be required to present further supporting documentation.
- Available to borrowers whose discharge applications are received on or after Aug. 14, 2008.

# Forgiveness

## What is forgiveness?

Forgiveness is the release of a borrower or any co-maker from all or a portion of his/her loan obligation as authorized by Title IV, Part B of the Higher Education Act, as amended.

## Loan Forgiveness for Public Service Employees

Effective Oct. 1, 2007, the College Cost Reduction and Access Act (CCRAA) created a new loan forgiveness program for public service employees. Under this program, The Department of Education (ED) will forgive the remaining outstanding balance of principal and accrued interest on an eligible FDLP loan for a borrower who is not in default and who makes 120 monthly payments on the loan after Oct. 1, 2007.



## Qualifications:

- Employed full-time in a public service job during the same time the qualifying payments are made and the cancellation is granted.
- Must have made the required 120 monthly payments under one of the qualifying repayment plans:
  - Income-based repayment plan
  - Income-contingent repayment plan
  - FDLP standard repayment plan based on a 10-year repayment period
  - Any FDLP loan repayment plan or a FDLP Consolidation loan, if the monthly amounts paid are not less than what would have been paid under a FDLP standard repayment plan based on a 10-year repayment period.
  - Effective July 1, 2008, a FFELP borrower may consolidate his or her FFELP loans into a FDLP Consolidation loan to be eligible to participate in the public service loan forgiveness program.

## Other Available Benefits

## Service Members Civil Relief Act

This act applies to Title IV loans. For requests received on or after Aug. 14, 2008, eligible service members can have the interest rate on their Title IV loans reduced to 6 percent.

## Institution Readmission Requirements for Service Members

- Institutions must readmit, without reapplication, students who were called up to serve in the military upon their return from military service.
- Does not apply if the student's service is terminated because dishonorable or bad conduct discharge, a dismissal under section 1161(a) of U.S.C. 10, or a dropping of the student from the rolls pursuant to 1161(b) of U.S.C. 10.
- An institution of higher education may not delay or attempt to avoid readmission of a student by demanding documentation that does not exist, or is not readily available, at the time of readmission.



## Future Benefits\*

### Tuition Rates

Tuition at a state school may not exceed in-state rates for a member of the armed forces (or spouse or dependent) who is on active duty for at least 30 days and whose domicile or duty station is in the state.

- Effective July 1, 2009

### Estimated Financial Assistance Calculation

When determining FFELP loan eligibility, veteran's educational benefits, national service education awards or post-service benefits received under Title I of the National and Community Service Act of 1990 will not be included in the calculation of the student's Estimated Financial Assistance (EFA).

- Effective July 1, 2009

### Title IV Eligibility Calculation

Veteran's education benefits will not be counted as available financial assistance when determining Title IV eligibility. The cost of attendance for students living in military housing or receiving a housing allowance may not include an allowance for room but may have an allowance for board.

- Effective July 1, 2010



\*Established by the 2008 Higher Education Opportunity Act

## Questions?

Have questions?

Contact our Policy, Compliance, and Training (PCT) department at 405.234.4432 or [pct@ocap.org](mailto:pct@ocap.org).

