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What if I can't repay my student loans?

A. Defaulting on a student loan can damage your credit, and in most cases declaring bankruptcy won't discharge a student loan. In fact, student loan repayments can be forced by having your paycheck garnished and/or having income tax refunds redirected to the lender until the debt is repaid.

There are four options available if you are unable to repay your student loans:

ACTION ITEMS:

1. **Apply for a loan consolidation.** In some cases, your loans can be combined for a lower interest rate and/or a longer term, which can lower your payments to be more affordable.
2. **Obtain forbearance.** Forbearance allows you to stop making payments for a set period of time, but interest continues to accrue. Forbearances are generally easier to obtain than deferments because they are not tied to specific loans.
3. **Apply for a deferment.** A deferment is a delay based on a specific condition, such as returning to school or being unemployed, which excuses you from making payments on qualified loans for a set period of time. You cannot obtain a deferment if your loan is in default. Deferments are not automatically granted; you must contact the holder of the loan and fill out the appropriate paperwork.
4. **Look into loan cancellation.** In exceptional circumstances, some student loans can be cancelled outright, with no further payments due.



Some of the most commonly accepted reasons for deferment or cancellation are listed below:

- You are unable to work because of a total and permanent disability.
- You are unemployed.
- You are suffering an economic hardship.

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- You return to school at least half time.
- You are in the military, are a qualified teacher (serving low-income or disabled students, etc.), or provide community service (such as serving in the Peace Corps).
- You work in law enforcement or certain healthcare professions.

RESOURCES:

FSA Ombudsman: 877-557-2575

<https://studentaid.ed.gov/sa/repay-loans/disputes/prepare/contact-ombudsman>

Loan Consolidation

<https://studentaid.ed.gov/sa/repay-loans/consolidation>

Loan Cancellation

<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation>

Loan Deferment or Forbearance

<https://studentaid.ed.gov/sa/repay-loans/deferment-forbearance>

For additional information, contact the Department of Education's Debt Collection Services Office at 800-4FED-AID (433-3243)

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