

What is deferment?

Deferment is a way to temporarily suspend payments on your loan while you are experiencing financial hardship. We understand that life happens, so we designed our deferment program to help you protect your credit and bounce back. There are no fees associated with entering or leaving deferment, but you should be aware that interest will continue to accrue.

How does a deferment work?

If you qualify for a deferment plan, you may be able to temporarily put a pause on your loan payments. During this "deferment period" you are not required to make your payments, you will not be assessed any late charges, and negative credit reporting on your loan will be suspended. This means you will not be marked "late" for any suspended payments. Monthly premiums for credit insurance and debt protection will still be added to the loan on the deferred months, if applicable.

What happens at the end of the deferment?

Once the deferment period is over, you will need to resume your regular payment schedule. Deferring your loan will result in higher total finance charges than if you made payments as originally scheduled and will extend the term of your loan by approximately the number of payments deferred. If you purchased GAP (Guaranteed Asset Protection) on your auto loan, claim coverage does not extend to the amount of the payment(s) deferred.

Does this affect my credit?

If your loan deferment was requested before you stopped making payments, your credit report will show your payments as current. However, if you missed payments before getting your loans deferred, those missed payments will remain on your report after you defer. Future payments will be marked as current for as long as you're in the deferment period. Taking advantage of the deferral program should not affect your credit score, though the status of your loan will show up on a detailed credit report.

Can I make payments while in deferment?

Yes, you can make payments in any amount without penalty or risk of removing yourself from deferment prematurely. However, payments received before the deferred payment due date may not advance your loan's due date. Please contact us at loans@fedfinancial.org to discuss the effect of a payment on your due date.

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