

Student Loan Borrower Updates

COVID-19 Relief



What is the CARES Act?

To provide relief to some student loan borrowers during the COVID-19 national emergency, the CARES Act mandates that most federal student loan borrowers are automatically placed in an administrative forbearance that suspends both payments and interest. This relief has been extended numerous times via administrative executive action.

Who qualifies to have loans paused?

Under this law, federal Direct Loans all qualify as well as Federal Family Education Loans (FFEL) that are held by the Department of Education. The only loans that do not qualify are commercially-held FFEL Loans, Perkins Loans owned by your college, and private loans.

Is the pause automatic or do I need to opt in?

The pause on most federal student loans is automatic and you DO NOT need to opt in. Eligible federal loans are automatically being placed in administrative forbearance from 3/13/20 - 9/30/21. If you made a payment after March 13, 2020 you can request a refund by contacting your servicer.

How does this affect Public Service Loan Forgiveness?

The Department of Education states that suspended payments WILL be counted toward PSLF if you meet all other loan forgiveness requirements. These requirements include if: (1) you have direct loans, (2) were on a qualifying repayment plan prior to the event, and (3) continue to work for an eligible employer. The pause currently includes 19 PSLF months at no cost.

What happens if I am already in default?

The Department of Education announced a pause on debt collection against defaulted borrowers, including wage garnishment, reduction of tax refunds, and reduction of Social Security and Social Security disability benefits. Recent guidance states that the pause on debt collection applies only from 3/13/20 to 9/30/21. If collections against you were being processed after March 13, you are eligible for a refund on that amount.

What happens after September 30?

Federal student loan payments will resume after 9/30/21. If you are concerned about your ability to make payments after 9/30/21, guidance states that your federal loans are eligible for an income-driven repayment (IDR) plan, setting your payment based on your income for the next 12 months.