

# Student Loans During COVID-19

## Federal Student Loan Payments Are Automatically Suspended

In response to the COVID-19 pandemic and the challenges it has created, the Department of Education has placed an automatic forbearance on most student loan payments between March 13th, 2020 and September 30th, 2020.

### **Q: What is an administrative forbearance?**

A: A forbearance is a temporary change to your monthly student loan payment obligation. Under the recently enacted CARES Act, all federal student loan payments are temporarily suspended, so you will not be required to make payments toward your student loans until September 30th, 2020.

*Note: The CARES Act forbearance applies only to federal student loans that are owned by the Department of Education. Federal student loans that are not owned by the Department of Education, including Federal Family Education Loan (FFEL) owned by private lenders, and Perkins loans that are owed by the institution or school you attended are not covered under the CARES Act.*

## The Interest Rate on Federal Student Loans is Temporarily Set at 0% from March 13, 2020 to September 30, 2020

- Eligible federal loans include:
  - Defaulted and Non-Defaulted Direct Loans
  - Defaulted and Non-Defaulted FFEL Loans owned by the Department of Education
  - Federal Perkins Loans owned by the Department of Education

- Loans owned by private lenders or institutions are not eligible. However, private

lenders and institutions may have some assistance for borrowers during this COVID-19 crisis. You should contact your lender or institution to determine your options.

- To determine if your federal loans are temporarily reduced to 0% interest contact:
  - [StudentAid.gov/login](https://studentaid.gov/login)
  - 1-800-4-FED-AID
  - 1-800-730-8913 for the hearing impaired
- If you continue to make payments during this period of 0% interest, your payments will be applied in full to the loan itself once all the interest that has accumulated before March 13th, 2020 is paid.



## Automatic Debit Payments are Suspended During the Forbearance Period

- Automatic debit Payments are suspended during the administrative forbearance and any payments made during this period can be refunded to you.
- Contact your loan servicer to be refunded for automatic payments, to opt out of the administrative forbearance, or to continue payments during the forbearance period.



## Federal Tax Refunds Will Not Be Withheld to Repay Defaulted Student Loans and Tax Refunds that were Withheld Will be Returned

- Federal tax refunds that were withheld to pay back defaulted federal student loans will be returned if they were taken on or after March 13th, 2020, BUT if they were taken before March 13th, 2020 then your tax refund will not be returned.
  - The same applies for refunds of Social Security payments withheld AFTER March 13th, 2020.
- Any wages that were garnished between March 13th, 2020 and September 30th, 2020 will be refunded.



## Income Driven Repayment (IDR) Plans are also in Forbearance.

- If you are on an IDR plan, your loans are automatically placed on administrative forbearance from March 13th, 2020 to September 30th, 2020.

- Your IDR plan prior to March 13th, 2020 will be reinstated after the administrative forbearance period has ended.
- If you face a significant change in income because of COVID-19 you can reapply for an IDR plan.
  - Go to [StudentAid.gov/idr](https://studentaid.gov/idr)
    - Select “Apply Now”
    - Then Select “Recalculate my monthly payment”

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## Suspended Payments will Count Toward Public Service Loan Forgiveness (PSLF).

- You will receive credit towards your PSLF if you have a Direct Loan, were on a PSLF payment plan prior to the suspension, and currently work full-time for a qualifying employer.

If you have further questions about the status of your student loans, contact your lender directly and they will provide up-to-date information about your loan.

For more information on COVID-19 related federal student loans relief, please visit <https://studentaid.gov/announcements-events/coronavirus>.

If you have questions or need legal assistance, please call the Legal Aid line at **(513) 241-9400**