

COVID-19 Relief for Student Loan Borrowers

The CARES Act requires the Education Secretary to defer student loan payments, principal and interest for six months, through Sept. 30, 2020, without penalty to the borrower for the following types of federally-owned student loans:

- Defaulted and non-defaulted Direct Loans
- Defaulted and non-defaulted FFEL Program loans
- Federal Perkins Loans

This provides relief for over 95 percent of student loan borrowers. Student loan servicing companies should be working with the Department of Education to enact the relief efforts provided by the CARES Act immediately. *These provisions do not apply to privately owned student loans.*

0% Interest for Federal Student Loans

- The interest rate on all federally held student loans in any status—in school, in grace, in repayment, in deferment/forbearance, etc.—is temporarily reduced to 0% until September 30, 2020.
- Loan services must automatically adjust accounts so that interest doesn't accrue, effective March 13, 2020. Your student loan account should already reflect the 0% interest rate.

Temporary Suspension of Payments

- All borrowers will automatically be placed on an administrative forbearance which will temporarily suspend monthly payments from March 13, 2020, through Sept. 30, 2020.
- Direct debit (automatic) payments should be automatically suspended. *Any* payments processed between March 13, 2020, and Sept. 30, 2020, can be refunded; contact your student loan servicer or financial institution to receive a refund.
- A borrower can request that this administrative forbearance be removed at any time. If the forbearance is removed, required payments will resume. Borrowers still have the option to make manual payments on their loans to make progress toward reducing their balance. Payments can be the full amount or a partial amount. **NOTE:** If payments are made during the period of 0% interest (March 13, 2020, through Sept. 30, 2020), the full amount of your payments will be applied to principal once all the interest that accrued prior to March 13 is paid.

Public Service Loan Forgiveness (PSLF) & Income-Driven Repayment (IDR)

- Borrowers with a federal Direct Loan, whom are on a qualifying repayment plan prior to the suspension, and work full-time for a qualifying employer during the suspension, will receive credit toward PSLF for the period of suspension as though on-time monthly payments were made.
- Borrowers currently on an IDR plan will have suspended payments count toward IDR forgiveness.

For regularly updated information, visit the Federal Student Aid's COVID-19 webpage: StudentAid.gov/coronavirus.



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