

CORONAVIRUS RELIEF PACKAGE:

Student Loan Payments



Student Loan Repayment Suspended for 6 Months

Amid the COVID-19 pandemic, student loan payments will be paused for six months.

The sweeping \$2 trillion stimulus package, known as the CARES Act includes financial relief in some form to virtually every U.S. citizen amid the current global health crisis. In 880 pages, the relief package covers a sweeping array of financial topics, including student loan repayment.

Here's what you need to know.

- Federal student loan payments can be deferred until September 30, 2020.
- No interest will be accrued on federal student loan payments deferred.
- The six months can be counted toward any student loan forgiveness, including public service loan forgiveness.
- Employers have the ability to pay up to \$5,250 of employees' student loans tax-free.

Before the law passed, President Trump had already announced executive action to waive interest on federal student loans. He also announced the option to defer payment for 60 days. Anyone wishing to receive student loan forbearance should contact their student loan servicer. Individuals who wish to continue paying student loans may do so.

In addition to the student loan repayment policies, the President also stopped collection of student loans currently in default. Some states, including New York, have implemented similar policies, suspending student loan debt collections and mortgage payment for affected individuals. Under the direction of U.S. Secretary of Education Betsy DeVos, the Treasury Department also suspended garnishment of wages, social security payments, and tax refunds from 830,000 federal student loan borrowers. The policy is expected to save individuals a collective total of \$1.8 billion.

Due to the complexities and policy changes implemented through CARES, information is still developing. We will continue to provide updates as they become available.