



## COVID-19 U.S. Department of Education Student Loan Interest and Repayment FAQ

*A Questco update – March 30<sup>th</sup>, 2020*

On March 20, 2020, the U.S. Secretary of Education Betsy DeVos announced that the office of Federal Student Aid is executing on President Donald J. Trump's promise to provide student loan relief to tens of millions of borrowers during the COVID-19 national emergency.

All borrowers with federally held student loans will automatically have their interest rates set to 0% for a period of at least 60 days. In addition, each of these borrowers will have the option to suspend their payments for at least two months to allow them greater flexibility during the national emergency. This will allow borrowers to temporarily stop their payments without worrying about accruing interest.

### Department of Education and Federal Student Aid - Borrower Questions and Answers

#### **On March 13, 2020, the president announced that interest would be waived on all federally held student loans. Which loans are covered by the announcement?**

All loans owned by the U.S. Department of Education (ED) will have interest waived. That includes Direct Loans, as well as Federal Perkins Loans and Federal Family Education Loan (FFEL) Program loans held by ED.

Please note that some FFEL Program loans are owned by commercial lenders, and some Perkins Loans are held by the institution you attended. These loans are not eligible for this benefit at this time.

#### **How can I take advantage of this program if I have Federal Family Education Loan (FFEL) Program and Federal Perkins loans not owned by ED?**

You could consolidate your FFEL Program or Federal Perkins loans not owned by ED into a Direct Consolidation Loan, which would be eligible. However, if you consolidate, and after the 0% interest rate waiver ends, the interest rate may be higher than what you are currently paying, and any outstanding interest will capitalize, meaning that any outstanding interest is added to your principal balance. Your servicer can provide you with information about how your loan balance, interest rate, and total amount paid would change if you consolidated into a Direct Consolidation Loan.

#### **Who can tell me if my loans will have their interest rate reduced?**

Contact your [loan servicer](#) online or by phone to determine if your loans are eligible. Your servicer is the entity to which you make your monthly payment. If you do not know who your servicer is or how to contact them, visit [StudentAid.gov/login](https://studentaid.gov/login) or call us at 1-800-4-FED-AID (1-800-433-3243; TTY for the deaf or hearing-impaired 1-800-730-8913) for assistance.

#### **If my loans are owned by ED, do I need to do anything for the interest on my loans to be waived?**

No, ED will automatically adjust your account so that interest doesn't accrue. The account adjustment will be effective March 13, 2020. During this period of no interest, if you continue to make payments, the full amount will be applied to principal. However, if your loan had already accrued interest prior to President Trump's March 13 announcement, your payments will first be used to pay off that outstanding interest.

**Will my monthly payment go down because interest is being waived?**

No. Your monthly payment will remain the same, but the full amount of the payment will be applied to already accrued interest and/or outstanding principal. This means that you are likely to pay your balance down more quickly during this zero-interest period.

**If I make loan payments after March 13, how will they be applied?**

During the period of no interest, the full amount of your payments will be applied to principal once all the interest that accrued prior to President Trump's March 13 announcement is paid. As you will see below, you can suspend your payments for at least 60 days without additional interest accruing.

**How long will interest be waived?**

Interest will not accrue on federally held student loans for at least 60 days, beginning on March 13, 2020. ED may extend that period, depending on the status of the COVID-19 national emergency.

**On March 20, the president said I can suspend payments on my loans. What do I need to do to suspend my payments?**

You can ask for an administrative forbearance. Being in an administrative forbearance means that you can temporarily stop making your federal student loan payments without becoming delinquent. Because interest is being waived during the COVID-19 national emergency, interest will not accrue (accumulate) while you are in forbearance. If you request an administrative forbearance, you will not have any payments due for as long as the administrative forbearance lasts. Your loan servicer will cancel any scheduled auto-debit payments. After the administrative forbearance ends, you will have to resume making payments. If you wish to use auto-debit, you may restart auto-debit payments; they will not automatically resume.

**What if I am already more than 31 days past due on my payments?**

If you're at least 31 days behind on your payments as of March 13, 2020, or become more than 31 days delinquent after that date, you'll automatically be placed in an administrative forbearance to give you a safety net during the COVID-19 national emergency.

**If I want an administrative forbearance, do I have to request it, or will I get one automatically?**

If you want to request an administrative forbearance, you should request one by contacting your loan servicer. If you do not know who your servicer is or how to contact them, visit [StudentAid.gov/login](https://studentaid.gov/login) or call us at 1-800-4-FED-AID (1-800-433-3243; TTY for the deaf or hearing-impaired 1-800-730-8913) for assistance.

Note: If you're at least 31 days behind on your payment as of March 13, 2020, or become more than 31 days delinquent after that date, you'll automatically be placed in the administrative forbearance to give you a safety net during the COVID-19 national emergency.

**Are private student loans eligible for this benefit?**

No. ED does not have legal authority over private student loans, so they are not covered by the president's forbearance announcement.

**How long will the administrative forbearance last?**

The administrative forbearance will last for at least 60 days from March 13, 2020. ED may extend that period, depending on the status of the COVID-19 national emergency. If the option for an administrative forbearance is extended, your loan servicer will communicate information about the extension to you.

**Is there any reason why I would not want to suspend my payments?**

If you are pursuing Public Service Loan Forgiveness or Income-Driven Repayment (IDR) forgiveness, you may not want to go into an administrative forbearance because the time spent in an administrative forbearance does not count toward the required payments. However, if your income has changed, you may qualify for a lower monthly payment in an IDR plan—a payment that could be as low as zero dollars. A zero-dollar IDR payment counts toward the required 120 payments. If you are on an IDR plan and your income has changed significantly, you can update your information and get a new payment amount. To do so, visit [StudentAid.gov/idr](https://studentaid.gov/idr), click on "Apply Now," and then start the application by clicking on the button next to "Recalculate my monthly payment."

If you can afford to make your loan payments during the COVID-19 national emergency, you may want to continue to do so to pay off as much of your loan as possible while there is a 0% interest rate.

#### **How will I know when interest will start accumulating again?**

When an end date for the zero-interest period has been set, we will post that information on this page. We also will contact you to let you know that you will need to start making payments again. Your servicer will do additional outreach to help you remember that you will need to make a payment.

#### **What if my loan is already in forbearance?**

If your loan is already in forbearance, it will stop accruing interest starting on March 13, 2020, for at least 60 days. However, when your loan goes back into repayment, any interest that accrued during the forbearance period prior to March 13, 2020, will capitalize, which means that any outstanding interest will be added to your principal balance.

#### **What if I want to continue making payments?**

If you wish to continue paying your loans based on your current monthly payment, you are free to do that. You do not need to contact anyone if you want to keep making payments. This could help you pay down your loan balance more quickly because the full amount of your monthly payments will be applied to principal once all interest accrued prior to the president's March 13 announcement waiving interest on all federally held student loans is paid.

If you experience a change in income, please contact your [loan servicer](#) as soon as possible to discuss options (such as enrolling in an income-driven repayment plan) to lower or temporarily suspend your payments.

#### **What if I want to continue making a partial payment while my loan is in forbearance?**

As long as you are in forbearance, you will not be penalized for making a payment that is less than your usual monthly payment. Meanwhile, you still have the option to make a payment on your loan to make progress toward reducing your balance.

#### **My company has closed because of coronavirus/COVID-19. I'm not making any money and can't pay my student loan bill. Can I stop making payments until I'm working again?**

If you're having trouble making payments, contact your [loan servicer](#) as soon as possible. If you have a Federal Perkins Loan, contact your school. You can easily avoid the consequences of delinquency or default by staying in touch with your servicer or school.

Your servicer or school can provide information about deferment or forbearance options that allow you to temporarily stop making payments on your loans. You may also be able to change to a different repayment plan that would give you a lower monthly payment.

#### **I'm currently on an income-driven repayment plan. I'm making a lot less money because of the coronavirus outbreak and don't know when my income will return to the same level. What can I do?**

If you've had a significant change in income, you can ask to have your monthly payment recalculated at any time. Your loan servicer can provide more information.

#### **I'm making payments and hoping to qualify for Public Service Loan Forgiveness (PSLF), but I can't work right now due to coronavirus. If I miss a payment, can I still qualify for PSLF?**

If you don't make a payment for a month, or enter a deferment or forbearance because you cannot afford your payment, that month will not count toward PSLF. However, qualifying payments do not need to be consecutive, so you will not lose credit for payments that you've already made. As a reminder, all borrowers seeking PSLF should enter an income-driven repayment plan, which bases monthly payments on income instead of on loan debt. If you believe that your work will be impacted for a long period of time, you can recertify for your repayment plan early, to take into consideration your drop in income. Of course, PSLF also requires you to be working full-time for a qualifying employer to receive credit toward PSLF for a month. If your employer does not consider you to be working full-time during this period, then this month or these months will not count toward PSLF even if you make a payment. However, paid sick leave or other leave

time may be counted by your employer as hours worked for the purposes of PSLF. To learn more about PSLF, visit [StudentAid.gov/publicservice](https://studentaid.gov/publicservice). To learn more about income-driven repayment, visit [StudentAid.gov/idr](https://studentaid.gov/idr).

**On March 25, 2020, ED announced that my federal tax refund would not be withheld to repay my defaulted federal student loan debt. My refund has already been taken. Can I get it back?**

Your federal tax refund will be returned to you if your refund was in the process of being withheld—on or after March 13, 2020, the date the president announced executive actions related to the COVID-19 national emergency—for the repayment of a defaulted federal student loan. This flexibility will last for at least 60 days from March 13, 2020. ED is actively monitoring the COVID-19 national emergency and may extend the 60-day period.

Your federal tax refund will not be returned to you if the process to withhold your refund was completed before March 13, 2020.

If you have questions about whether your federal tax refund was withheld, call ED's Default Resolution Group at 1-800-621-3115 (TTY for the deaf or hearing-impaired 1-877-825-9923).

**On March 25, 2020, ED announced that a portion of my Social Security payment, including disability benefits, would not be withheld to repay my defaulted federal student loan debt. My Social Security payment has already been taken. Can I get it back?**

The portion of your Social Security payment that was taken will be returned to you if your payment was in the process of being withheld—on or after March 13, 2020, the date the president announced executive actions related to the COVID-19 national emergency—for the repayment of a defaulted federal student loan. This flexibility will last for at least 60 days from March 13, 2020. ED is actively monitoring the COVID-19 national emergency and may extend the 60-day period.

The portion of your Social Security payment that was withheld will not be returned to you if the process to withhold it was completed before March 13, 2020.

If you have questions about whether your Social Security payment was withheld, call ED's Default Resolution Group at 1-800-621-3115 (TTY for the deaf or hearing-impaired 1-877-825-9923).

**On March 25, 2020, ED announced that my wages would not be garnished, but money is still being taken from my paycheck. What should I do?**

If your wages continue to be garnished after the president's March 13, 2020, announcement, you should contact your employer's human resources department. If ED receives funds from your paycheck that should have been stopped as a result of the March 13 announcement, we will refund your garnished wages.

**On March 25, 2020, ED announced that Department-contracted private collection agencies stopped making collection calls and sending letters or billing statements. What should I do if I want to continue the payment arrangements I started before ED's announcement?**

You can continue your payment arrangement related to your defaulted federal student loan. Private collection agencies have been instructed to not make collection calls to you but can assist you if you reach out to them during this period. For assistance with continuing your current payment arrangement, call ED's Default Resolution Group at 1-800-621-3115 (TTY for the deaf or hearing-impaired 1-877-825-9923).

**On March 25, 2020, ED announced that Department-contracted private collection agencies stopped making collection calls and sending letters or billing statements. What should I do if I want to consolidate my defaulted federal student loans or start a loan rehabilitation arrangement now?**

To consolidate or start a loan rehabilitation arrangement related to your defaulted federal student loans, call ED's Default Resolution Group at 1-800-621-3115 (TTY for the deaf or hearing-impaired 1-877-825-9923) for assistance.

### **Will the administrative forbearance apply to rehab payments?**

The administrative forbearance ED announced on March 20, 2020, does not apply to defaulted loans in a rehabilitation arrangement. However, ED stopped collections activity on defaulted loans for at least 60 days beginning March 13.

Once you have successfully completed your loan rehabilitation and your loan has been transferred to a nondefault servicer, you can place your loans in an administrative forbearance if the option to do so still exists. As a reminder, ED announced the option for an administrative forbearance would be available for at least 60 days beginning March 13.

### **Will my defaulted loan accrue interest?**

Defaulted loans owned by ED will not accrue interest for at least 60 days, beginning on March 13. That includes Direct Loans, as well as Federal Perkins Loans and FFEL Program loans held by ED. Read the Q&As above to learn more about the interest waiver.

### **What will happen after the 60-day period related to stopped wage garnishments and Treasury offsets?**

ED is actively monitoring the COVID-19 national emergency and may extend the 60-day period. After the 60-day period ends, your loan servicer will communicate information to you about resuming your payments. The message may be emailed or posted to your online account.

For loans that were subject to wage garnishments and Treasury offsets, you will be notified when those payments resume.

## **Federal Government Websites for Additional Information**

Here are some sites that you or your school may find useful:

- [Coronavirus.gov](https://www.cdc.gov/coronavirus) — The Centers for Disease Control and Prevention offers this site, which features everything from prevention tips, common symptoms, and current updates on how many cases there are in the United States, to advice about travel and a list of frequently asked questions.
- [USA.gov coronavirus page](https://www.usa.gov/coronavirus) — USAGov shares how agencies across the federal government are responding to the outbreak.
- [Federal student loan servicers](https://www.ed.gov/loan-servicers) — Our website lists servicer contact information for borrowers who want to ask questions, request a deferment or forbearance, etc.
- [U.S. Department of Education COVID - 19 information for schools and school personnel](https://www.ed.gov/COVID-19)
- [Information for Financial Aid Professionals website](https://www.ed.gov/financial-aid) (for postsecondary school financial aid staff; look for information in the “Letters and Announcements” section)

## **IMPORTANT**

**At Questco we understand the hardships employees and their families are going through during this time. However, we cannot take any action to stop or reduce a payment towards a student loan without direct written instructions from the Department of Education.**