

Temporary Relief for Student Loan Borrowers



The CARES Act

With over \$1.0 Trillion in student loan debt, a part of the CARES Act focused on those millions of borrowers who owe balances on **federal student loans only**. This article highlights a few of the provisions related to the Temporary Relief for Student Loan Borrowers and administered by the Department of Education (DOE).

- Payments for all federal student loans (subsidized and unsubsidized direct loans) including interest, are suspended for six months, through Sept. 30.
- Student loan borrowers do not have to make any payments on federal student loans through Sept. 30. Should a student loan payment be made on federal student loans during the six-month suspension, they will be applied to principal, not interest.
- Involuntary collection of payments on defaulted federal student loans is suspended, including garnishment of wages and offsets of Social Security payments and income tax refunds.
- The DOE will notify federal student loan borrowers about the temporary loan relief program no later than 15 days after the date of enactment of the CARES Act. Beginning on Aug. 1, the DOE will carry out a program to provide not less than 6 notices by postal mail, telephone or electronic communication to inform borrowers about when their payments need to resume. The DOE will also inform borrowers about the option of enrolling in an income-driven repayment plan, including a brief description of such options.
- Employees who receive employer-paid student loan payments do not have to claim those benefits as income for the entire 2020 calendar year, up to a certain maximum.
- In the event of a qualifying emergency (coronavirus pandemic), an institution of higher education participating in the federal work study program may make payments under such part to affected work-study students, for the period of time (not to exceed one academic year) in which affected students were unable to fulfill the students' work-study obligation for all or part of such academic year due to such qualifying emergency.

Additional information regarding the Temporary Relief for Student Loan Borrowers portion of the CARES Act pertaining to such items like the federal work-study programs and opportunity grants can be found at <https://www.congress.gov/bill/116th-congress/house-bill/748/text#toc-HEB16CA9726F949F2A300B6054F585D95>

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