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Student Loan Payments and Interest Suspended Due to COVID-19 Crisis

As part of the recently passed CARES (Coronavirus Aid, Relief, and Economic Security) Act to aid people and businesses impacted by the Covid-19 crisis, Congress provided help to **federal** student loan borrowers, including suspending payments and interest during the 6½ month period from March 13, 2020 through September 30, 2020 on **federal** student loans (**not** private loans).

Below is a summary of the relief provided to borrowers; however, you should contact your student loan servicer to make sure that you have a loan that would qualify:

- **Payments Suspended** – Borrowers’ payments will **automatically** be suspended retroactive to March 13, 2020 through September 30, 2020 on their **federal** student loans. Balances will not change, and no penalties or late fees will accrue during the period.

Recommendation - Even though suspension is purported to be “automatic”, it is recommended that you contact your loan servicer to confirm that you have a **federal** loan that qualifies for relief and that payments have been suspended.

- **No New Interest** - No **new** interest will accrue on borrowers’ **federal** student loan balances between March 13, 2020 and September 30, 2020. For this period only, the interest rate is set to 0%. Existing student loan interest remains.

Recommendation - Even though the 0% interest rate is purported to be set “automatically”, it is recommended that you contact your loan servicer to confirm that you have a **federal** loan that qualifies for relief and that your interest was set at 0% retroactive to March 13, 2020.

- **Payments May Still be Made** – Borrowers may keep making payments during the 6½ month suspension period. Such payments will first be credited against accrued interest prior to March 13, 2020 and then will pay principal balance.

- **Student Loan Debt Collection Suspended** - Wages, tax refunds and Social Security benefits will **not** be garnished from borrowers due to defaults on **federal** student loans during the period March 13, 2020 through September 30, 2020. However, this does not mean that the federal government will not, in the future, collect student loan debt that is in default.
- **No Negative Impact on Public Service Loan Forgiveness** – “Non-payments” during the period March 13, 2020 through September 30, 2020 will still be counted as payments to qualify for public loan forgiveness programs.