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Benefit Services

A Ministry of the ELCA

Student Loan Relief Extended Through End of Year

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided a six-month automatic payment suspension on federal student loans through September 30, 2020. In August, the president signed a memorandum to extend federal student loan relief through December 31, 2020.

What does this mean for student loan borrowers?

All borrowers with *federally held* student loans will have their payments automatically suspended through 2020 without penalty. In addition, no interest will accumulate on the loans — the interest rate will remain at 0% through 2020.

Collections on defaulted loans will also be halted, and borrowers with defaulted loans whose employers continue to garnish their wages will receive a refund of those garnishments.

The extension for student loan borrowers is automatic. Borrowers will be notified of the extension throughout the fall and can expect to see the extension reflected in their student loan accounts.

Should you continue to pay your student loans even with the extension?

Borrowers still have the option to continue making payments on their federal student loans during the extension. In fact, if you can continue to pay your loans while the interest rate is at 0%, your payments will go toward reducing the principal balance, allowing you to pay off your loans sooner and at a lower cost.

What if you participate in the Public Service Loan Forgiveness program or have an income-driven repayment plan?

If you participate in the Public Service Loan Forgiveness (PSLF) program and are working full-time for a qualifying employer, nonpayments will count toward the 120 payments required by the PSLF program. If you have an income-driven repayment (IDR) plan, payments you would have made, but are no longer required to make, will count toward IDR plan loan forgiveness.

For more information on U.S. Department of Education efforts to assist student loan borrowers during the pandemic, visit ed.gov/coronavirus.

IMPORTANT DISCLOSURES

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