

# Covid-19 Impact to Your Student Loans

On March 27, 2020, the president signed the *CARES Act* into law, which, among other things, provides broad relief for federal student loan borrowers.

**Your payments will automatically stop from March 13, 2020, through Sept. 30, 2020.**

To provide relief to student loan borrowers during the COVID-19 national emergency, federal student loan borrowers are automatically being placed in an administrative forbearance, which allows you to temporarily stop making your monthly loan payment. This suspension of payments will last until Sept. 30, 2020, but you can still make payments if you choose.

If you are concerned about your loan repayment, below the Department of Education (ED) has answered questions to help you understand what to do in certain circumstances.

## Questions about the 0% Interest Period

**Interest is being temporarily set at 0% on federal student loans. Which loans does the 0% rate apply to?**

From March 13, 2020, through Sept. 30, 2020, the interest rate is 0% on the following types of federal student loans owned by ED:

- Defaulted and nondefaulted Direct Loans
- Defaulted and nondefaulted FFEL Program loans
- Federal Perkins Loans

**Who can tell me if my loans will have their interest rate temporarily reduced to 0%?**

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 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 set at 0%?**

No, ED will automatically adjust your account so that interest does not accrue (i.e., accumulate). The account adjustment will be effective March 13, 2020.

**If I make loan payments during the 0% interest period, how will they be applied?**

During the period of 0% interest (March 13, 2020, through Sept. 30, 2020), the full amount of your payments will be applied to principal once all the interest that accrued prior to March 13 is paid.

**Are private student loans eligible for the 0% interest benefit?**

No. ED does not have legal authority over private student loans, and they are not covered by the *CARES Act*.

Questions about the Forbearance (Temporary Suspension of Payments)

**I understand that my loans will be placed in administrative forbearance, temporarily suspending my monthly payments. How long will the administrative forbearance last?**

The administrative forbearance will last from March 13, 2020, through Sept. 30, 2020.

**Someone contacted me to pay a fee to suspend my payments. Is this a scam?**

Yes! The federal government will not ask for a fee to suspend your payments. There is no action required of you. If someone asks for money to process this information, it is a scam and you should report them to the [FTC's complaint assistant](#).

**If I am currently in an income-driven repayment (IDR) plan, will my suspended payments count toward IDR forgiveness?**

Yes.

**Will suspended payments count toward Public Service Loan Forgiveness (PSLF)?**

If you have a Direct Loan, were on a qualifying repayment plan prior to the suspension and work full-time for a qualifying employer during the suspension, then you will receive credit toward PSLF for the period of suspension as though you made on-time monthly payments.

**What will happen to my regular auto-debit payments if I do nothing?**

Auto-debit payments are suspended during the administrative forbearance. Any auto-debit payments processed between March 13, 2020, and Sept. 30, 2020, can be refunded to you. Contact your loan servicer to request that your payment be refunded.

If you do not want an administrative forbearance and want to continue making payments, contact your loan servicer to opt out of the administrative forbearance, and your auto-debit payments will resume.

You also have the option to remain in the administrative forbearance and make manual (i.e., not auto-debit) payments during the administrative forbearance

period. Visit your loan servicer's website to make a payment, or contact your loan servicer for more information.

**If I made a payment after the president signed the *CARES Act* on March 27, 2020, can I receive a refund?**

Yes, any payment you made during the administrative forbearance period (March 13, 2020, through Sept. 30, 2020) can be refunded. Contact your [loan servicer](#) to request that your payment be refunded.

**If I am trying to rehabilitate my defaulted student loan, will my suspended payments count toward my rehabilitation?**

Yes.

**How will I know when I will have to start making payments again?**

The 0% interest period and administrative forbearance is currently set to expire on Sept. 30, 2020. Your servicer will contact you, no later than in August, to remind you that you will need to start making payments again. Make sure your contact information is up to date in your loan servicer account profile.

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

If you wish to continue paying your loans during the administrative forbearance period, or to pay more or less than your regular payment amount, you are free to do so. Contact your [loan servicer](#) or visit your servicer's website to make a payment or to find out how you can continue or start auto-debit payments. Continuing to make payments during the administrative forbearance could help you pay down your loan balance more quickly because the full amount of a payment will be applied to principal once all interest accrued prior to March 13, 2020, is paid.

If you continue making regular payments but then 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 your payments or opting in to the administrative forbearance that ends Sept. 30, 2020.

### **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. Contact your loan servicer or visit your servicer's website to make a payment or to find out how you can continue or start auto-debit payments.

### **Questions about Defaulted Loans**

#### **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. Will I get it back?**

Yes, but only if your federal tax refund was in the process of being withheld—on or after March 13, 2020, and before Sept. 30, 2020—for the repayment of a defaulted federal student loan.

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. Will I get that back?**

Yes. 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, and before Sept. 30, 2020—for the repayment of a defaulted federal student loan.

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?**

Your human resources department will receive a letter from ED instructing them to stop your wage garnishment. If ED receives funds from a garnishment between March 13, 2020, and Sept. 30, 2020, 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 and not accept auto-debit payments from March 13, 2020, through Sept. 30, 2020. However, private collection agencies are available to assist you if you reach out to them during this period. To be connected to your private collection agency to continue 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 to 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 my defaulted loan accrue interest?**

Defaulted loans owned by ED will not accrue interest from March 13, 2020, through Sept. 30, 2020. That includes Direct Loans and FFEL Program loans owned by ED. Read the Q&A's above to learn more about the 0% interest period.

### General Loan Questions

**I am currently on an income-driven repayment plan. I am unemployed because of the coronavirus outbreak and do not know when my income will return to the same level. What can I do?**

You are automatically being placed in an administrative forbearance that allows you to stop making your payments from March 13, 2020, through Sept. 30, 2020.

If you are on an IDR plan and your income has changed significantly, you can update your information and get a new payment amount based on your current income. 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." After the administrative forbearance ends on Sept. 30, 2020, your monthly payments will resume at the new amount.

If you would like to enroll in an IDR plan for the first time, visit [StudentAid.gov/idr](https://studentaid.gov/idr), click on "Apply Now," and then start the application.

This Q&A contains general statements of policy under the *Administrative Procedure Act* issued to advise the public prospectively of the manner in which the U.S. Department of Education (ED) and Federal Student Aid (FSA) propose to exercise their discretion as a result of and in response to the lawfully and duly declared COVID-19 pandemic national emergency. ED and FSA do not intend for this Q&A to create legally binding standards affirmatively, determining any member of the public's legal rights and obligations for which noncompliance may form an independent basis for action.