



PLAN SPONSOR ACADEMY

THE U.S. DEPARTMENT OF
EDUCATION PROVIDES
TEMPORARY RELIEF
TO FEDERAL STUDENT
LOAN BORROWERS
DUE TO COVID-19



Overview

On March 13, 2020, the U.S. Department of Education announced that it would waive interest charges, allow for suspended payments and provide assistance to borrowers of defaulted loans for 6 months. All information can be found at [StudentAid.gov](https://studentaid.gov).

Who Is Affected?

All borrowers who have an outstanding federal student loan, including defaulted and non-defaulted Direct Loans, Federal Perkins Loans and defaulted and non-defaulted Federal Family Education Loans owned by the U.S. Department of Education can receive relief.

What Type of Relief is Available?

Interest Waiver

- All interest charges on loans are automatically waived starting on March 13, 2020 through September 30, 2020 (relief period). The U.S. Department of Education could extend this period depending on the status of the COVID-19 national emergency.

Administrative Forbearance

- Monthly payments on all applicable loans will be automatically suspended from March 13, 2020 through September 30, 2020. Any automatic payments processed in the period will be refunded back to the borrower. Borrowers who want to opt-out of administrative forbearance will have to contact their loan servicer.

Defaulted Loan Relief

- Borrowers whose Social Security, disability or wages garnished due to a defaulted federal student loan, will automatically receive their full payments/wages without any garnishment for the relief period starting on March 13, 2020.
- Borrowers whose tax refunds were in the process of being withheld on March 13, 2020 due to a defaulted loan, will receive the garnished portion of their tax refund back.

Are These Benefits Automatic?

The interest waiver and administrative forbearance is automatic for all applicable federal student loans. To opt-out of administrative forbearance, contact your loan servicer online. 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 or call 1-800-4-FED-AID (1-800-433-3243; TTY for the deaf or hearing-impaired 1-800-730-8913) for assistance.

For all borrowers with defaulted student loans, garnishment of payments such as social security, disability and wages will automatically freeze starting on March 13, 2020 through September 30, 2020.

Can the Relief Period Change?

The relief day period extends from March 13, 2020 through September 30, 2020. Depending on the status of the COVID-19 national emergency, the U.S. Department of Education may extend the period beyond the specified 6-month relief period.

Can Borrowers Continue to Make Payments on Their Student Loans?

Yes, borrowers may continue payments on their loans throughout the period. If they want administrative forbearance lifted from their loans, they can visit 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.

Can Employers Assist Their employees With Their Student Debt?

Employers can contribute up to \$5,250 tax-free to their employees' student loans for 2020. This is a one-time tax break and is not expected to continue after it expires on January 1, 2021.

How Will Borrowers Know When Interest Starts Accumulating Again?

The current expiration date for the relief period is September 30, 2020. Borrowers will be contacted by their loan servicer that they need to resume payments prior to the expiration date.

If I am in the Public Service Loan Forgiveness Program, will I be Affected?

During the relief period, borrowers in the Public Service Loan Forgiveness Program (PSLF) will receive monthly credit for each month, regardless if any payments are made on the loan. The 6-month suspension will not impact the timeline of the 120-month payment period to be satisfied.

Will Monthly Payments Change as a Result?

No, monthly payments will stay the same. Any payments made during the zero-interest period will be applied toward unpaid interest, and then any outstanding principal on the loan.

Federal Government Websites for Additional Information

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

Coronavirus.gov — 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 — USA.gov shares how agencies across the federal government are responding to the outbreak.

Federal student 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

Information for Financial Aid Professionals website (for postsecondary school financial aid staff; look for information in the "Letters and Announcements" section)

Any questions or concerns regarding this or any other workforce issues during the COVID-19 pandemic, please contact the Innovative team or visit our COVID-19 Employer Resource Center for daily updates.