

HEARTLAND ALLIANCE

STUDENT LOANS DURING COVID-19

The CARES Act was signed into law on March 27, 2020, and it includes a **six month suspension of federal student loan payments**, to help borrowers make ends meeting during the COVID-19 crisis. Here's what you need to know:

- The CARES Act suspends all payments on federal loans *for six months*, through September 30, 2020
- It will take effect *automatically* without any effort from the borrower
- The six months of suspended payments *do count* towards loan forgiveness programs, including Public Service Loan Forgiveness (PSLF) and Income Driven Forgiveness (PAYE, REPAYE, IBR)
- *No interest will accrue* for six months, until September 30, 2020
- *Credit reporting will take place*, as if you were making the payments
- On April 21, Illinois announced relief for *some private student loan borrowers*

WHAT LOANS ARE INCLUDED IN THE CARES ACT?



Federally-owned loans are included. Commercially-owned loans, institutionally-owned loans, and all private student loans are *not* included.

The main difference between the types of federal student loans included in the CARES Act and those not covered is *who owns them*.

The six month payment suspension **applies to loans owned by the federal government:** Direct Loans and federally held Federal Family Education Loans (FFEL).

However, it **does not apply to loans not owned by the federal government:** Perkins Loans and *commercially held* FFELP loans. Perkins loans are institutionally held loans, meaning that schools own and manage them. Commercially held FFELP loans are owned by agencies and private companies. While these loans were made under federal programs, they are not *owned* by the federal government – and so they are not eligible for the payment suspension in the CARES Act. Additionally, private student loans are not included.

To find out if your loan qualifies, visit the Department of Education's National Student Loan Data System (NSLDS) at nslds.ed.gov or call the Department of Education's Federal Student Aid Information Center at 1-800-433-3243 or 1-800-730-8913 (TDD).

RELIEF FOR SOME ILLINOIS BORROWERS WITH PRIVATE STUDENT LOANS

On April 21, Illinois announced that at least 14 state and private lenders have agreed to help struggling borrowers by providing the following benefits:

- Providing a minimum of 90 days of forbearance relief
- Waiving late payment fees
- Ensuring no borrower is subject to negative credit reporting
- Ceasing debt collection lawsuits for 90 days
- Working with eligible borrowers to enroll them in other applicable assistance programs

If you are struggling with a private student loan, contact your servicer to see if these benefits are available.

MY LOAN QUALIFIES FOR RELIEF. WHY DON'T I SEE THE CHANGES IN MY ACCOUNT?



The CARES Act was passed on March 27, 2020. After that, student loan servicers began working to implement these changes, but it may take some time to show up in your account. However, any delay should not disadvantage you. Once the changes are made, it should be applied retroactively. If you have concerns or questions, contact your student loan servicer.

I HEARD THAT PRESIDENT TRUMP MADE INTEREST RATES 0%. IS THIS THE SAME THING?



These are two separate, but related things. On March 13, President Trump announced that federal student loans would be given a 0% interest rate, for at least 60 days. The CARES Act extended the 0% interest rate for 6 months, and added additional supports, like suspending payments. Here's a breakdown of these two policies.

0% Interest Rate Beginning March 13

- Effective March 13, 2020, the interest rate on all federally owned student loans will temporarily be reduced to 0% for at least 60 days. This will be automatic.
- The 0% rate will be in effect until the Department of Education issues an end date.
- This 0% interest rate change will be applied to all federal loans in any status (in school, in grace, in repayment, in deferment/forbearance, etc.).

CARES Act, passed March 27: Six Month Payment Suspension and 0% Interest Rate

- Automatic suspension of all payments for federally-owned student loans for six months through September 30, 2020.
- No interest will accrue for six months until September 30, 2020, extending the Trump student loan interest freeze (above), which started March 13, 2020.

MY LOANS DO NOT QUALIFY FOR THIS, BUT I'M STRUGGLING TO MAKE LOAN PAYMENTS. WHAT DO I DO?



Contact your student loan servicer as quickly as possible if you are having trouble making your payments. Servicers can assist you to select the repayment options that best meets your needs, including income-based repayment options and possibly a temporary forbearance.

If you don't know who your servicer is, find out here: <https://studentaid.gov/manage-loans/repayment/servicers>

I'M HAVING TROUBLE WITH MY STUDENT LOAN SERVICER. WHAT DO I DO?

If you are having trouble with your student loan servicer, you should contact:



- 1) The Illinois Attorney General's Student Loan Helpline at 1-800-455-2456 or file a complaint online: <https://illinoisattorneygeneral.gov/consumers/index.html>
- 2) The IDFPR Division of Banking at 217-785-2900 or file a complaint online: <https://www.idfpr.com/admin/banks/DoBcomplaints.asp>

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