

What you need to know about student loans and the coronavirus pandemic

By [Kristen Evans](#) – MAR 27, 2020

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Student loan borrowers now have more benefits to consider when planning for the potential financial impact from coronavirus. A new federal law, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides automatic suspension of principal and interest payments on federally-held student loans through September 30, 2020. These suspended payments will count towards any student loan forgiveness program.

Here are some key things you need to know about how this may affect you.

Do I need to apply to suspend my payments?

No. Federal student loan borrowers do not need to take any action to suspend payments. Your federal student loan servicer will suspend all payments without any action from you. You do not need to contact your student loan servicer.

Is the payment suspended on all of my student loans, including my private student loans?

No. The suspension of payments applies only to student loans that are held by the federal government, which are the vast majority of student loans issued since 2010. Some federal student loans under the Federal Family Education Loan (FFEL) Program loans are owned by commercial lenders, and some Perkins Loans are held by the institution you attended. These loans are not eligible for this benefit at this time. This benefit also does not apply to private (non-federal) student loans owned by banks, credit unions, schools, or other private entities.

If you don't think you can afford your payment for other loans, some of your options are discussed below.

Will interest continue to accrue on my federally-held loans?

No, interest will not accrue on your federally-held loans while your payments are suspended. For all other federal student loans, interest will continue to accrue.

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](#).

You do not need to pay someone to help with your student loans. You should also be aware of these [warning signs to help you avoid student loan debt relief scams](#). The advisory also has information on getting help if you are a victim of a scam.

TIP: DON'T KNOW WHO SERVICES YOUR LOANS?

For federal student loans, you can find your servicer by visiting the [Department of Education's website](#). For private student loans, look at your latest billing statement or [check your credit report](#).

I can't afford my student loan payments, what should I do?

For your federally-held loans, you don't have to make a payment because your payments will be suspended until September 30, 2020. For all other loans, including federal loans held by commercial or private lenders, you may want to explore your options discussed below.

Federal student loans held by commercial lenders

You may want to investigate [income-driven repayment plans](#) if you are not already enrolled. Depending on your income or family size, your payments could be as low as \$0. You may be able to enroll online without calling your servicer by visiting: <https://studentaid.gov/app/ibrInstructions.action>.

If you only need a temporary pause on payments because you know you will be able to resume payments in the near future, investigate whether [forbearance](#) and [deferment](#) are an option for you.

Private student loans

Contact your servicer to find out what options are available to you. Some private lenders offer their own reduced payment options. Many servicers offer ways to postpone your payments, such as forbearance.

I'm already enrolled in an income-driven repayment plan for my federal student loans but can no longer afford my payment, what should I do?

For your federally-held loans, your payment is suspended, and no payment is due through September 30, 2020. For federal student loans held by a commercial lender you can consider these options.

If you are experiencing a change in income, ask your servicer to recalculate your monthly payment. You can call your servicer or [fill out forms online](#).

If your income has not changed but you are facing unexpected expenses or other temporary financial distress, you can postpone your payments by arranging a forbearance. You can fill out forms on your servicer's website or call your servicer for assistance.

I am working toward Public Service Loan Forgiveness, what impact can this have on my progress?

If you are working toward Public Service Loan Forgiveness (PSLF) you need to be aware of a few key items. For your Direct loans, even though your payment is suspended, those months will count toward loan forgiveness programs as long as the other the [PSLF program requirements](#) are met. Please note that only Direct Loans are eligible for PSLF. All Direct Loans are owned by the federal government.

If you have other types of federal loans and are working in public service, you can consolidate most, if not all, of those loans into a Direct Consolidation Loan, which could potentially become eligible for PSLF. Learn more about [the PSLF program requirements](#).

My federal student loans are in default. Is there anything I can do?

The Department of Education has stopped the collection of defaulted federally-owned student loans including garnishment of wages, the offset of tax refunds, and Social Security benefits. There is no additional action required from you for your federally-owned loans. For all other loans you may have, contact your servicer to find out about your options.

When do I need to contact my servicer?

If you are experiencing hardship or a loss of income and can't afford your payment for your non-federally held loans, you should contact your servicer. They can discuss options with you. For all other matters, see if you can find out information on your servicer's website then call your servicer if you need additional help.