

NEWS BRIEF

Provided by: Sullivan Benefits

Student Loan Repayment Deferrals Allowed Due to Coronavirus

On Friday, March 20, 2020, the Department of Education announced relief for student loan borrowers.

For at least the next 60 days, borrowers may suspend federal student loan payments without penalty or accruing interest.

This policy clarifies President Donald Trump's announcement from a week earlier that signaled relief for student loan borrowers. Interest will be waived retroactively for 60 days, starting from March 13.

Trump indicated that he would be willing to extend this deferral as needed.

How the Deferment Works

Student loan payments and interest accrual will be suspended for at least 60 days, but that does not wipe away the existing debt nor is the deferral automatic.

Borrowers must contact their lenders in order to request loan forbearance (i.e., a suspension of payment). This relief option already exists for borrowers who have trouble repaying their loans, but the typical option still includes interest—this new policy does not.

However, unlike the payment deferral, interest on student loans will automatically be halted during this 60-day period.

Individuals should speak to their lenders for more information on how this may affect them or to request forbearance.

What's Next?

Individuals with student loans should contact their lenders for more information or to request forbearance. Forbearance might not be the best option to everyone, so individuals should speak with their lender before making any decisions.

Employers should inform their employees about this new policy, as many workers still have student loans.

