



## GOTZOOM CARES ACT INFORMATIONAL UPDATE

**March 30, 2020**

The recent passage of the CARES Act introduced significant new benefits for holders of Federal Student Loans. Please be sure to read through to the Qualifying Payment Credit section overview below as it contains critical information that may enable you to maximize your potential savings.

### **PAYMENTS**

Payments due on certain federal loans are suspended until September 30, 2020 for Direct Loans and FFEL loans owned by the DOE and not currently in default. Perkins Loans and all commercially held FFEL loans are not covered by the bill. One significant change as of Friday is that the borrower now DOES NOT need to apply for forbearance. It is unclear if the servicers will stop auto deductions or if the borrower must manually cancel auto-deduction. We recommend that all borrowers on auto-deduct who wish to cease payments during this period cancel their auto-deduction option with their servicer.

### **INTEREST**

The interest waiver has been extended through the payment suspension period. There are a number of critical items regarding capitalization of accrued interest prior to the effective date of the interest waiver and the impact on those individuals in forbearance prior to March 13, 2020. We hope to have additional clarity shortly.

### **PSLF & IDR QUALIFYING PAYMENT CREDIT**

Any federal student loan payments that you skip between now and September 30, 2020 **will** count as a Qualifying Payment towards the required payment period for loan forgiveness. While the Education Department or your student loan servicer may not yet have updated their websites, this benefit is part of the CARES Act. To better clarify, you are required to make 120 monthly payments for Public Service Loan Forgiveness (PSLF) and your selected term for Income Driven Repayment ("IDR") plans. If you [pause federal student loan payments](#) through September 30, 2020, then you will no longer need to make the full number of payments as these non-payment months still will be "counted" towards your time in plan, effectively increasing the amount of forgiveness/discharge at the end of the period. This means not only will you make fewer payments, but also you will pay off less of your student loan balance. If you pause federal student loan payments, effectively you can save money and receive **more** student loan forgiveness for borrowers in PSLF & IDR plans. If you have not yet enrolled in one of these plans, you are missing out on the highest benefit level for PSLF and IDR



plans than at any other time in the programs history. This benefit will reduce month by month for all new entrants so time is of the essence!

### **WHAT GOTZOOM CAN DO TO ASSIST**

For those individuals who wish to have visibility into their potential savings without any obligation or financial commitment, feel free to request your personal analysis at:

<https://essources.com/sam-district-employees/>

There has never been a better time to review your student loan options to make the most of what is now available to you.