

Managing Student Loans through an Emergency

These are unprecedented times. **Dealing with your loans is self-care.** We encourage you to take time for this and other self-care even as you are ministering to others. Many times, student loans are the easiest thing to let slide when faced with hard decisions and limited resources. Here are some tips on how to manage your loans during this emergency.

1 Make sure your loans do not go into default.

Avoiding your loans and allowing them to go into default will cost you much more in the long run.

2 Federal Loan Interest Waiver

(what we know so far)

- You do not have to apply. Once the program is implemented, interest will be waived automatically.
- The interest waiver will be retroactive to 3/13/2020. This means that any interest accrued prior to 3/13 will still accrue, but any after that will not. There is no current end date.
- **You will still need to make your payments to keep your loans in good standing.**
- Interest will not accrue on loans in forbearance or those in deferment during this time- this is the most helpful to those who have experienced a drop in income and need to stop paying their loans.
- The Department of Education is releasing official guidance on Friday the 20th, so there will be more information at that time.

3 What to do if you cannot make your payments:

- Apply for an Income Driven Repayment Plan if you are not already in one.
- If you are already in an Income Driven Repayment plan and your income has dropped substantially, send in your new income information ASAP.
 - You can request a 60-day administrative forbearance when you apply for an Income Driven Repayment Plan. This can be helpful if you are receiving some income, but it is reduced.
 - Even \$0 payments paid under an Income Driven Repayment Plan count toward Public Service Loan Forgiveness and the 20- or 25-year forgiveness options, time spent on forbearance and deferment DO NOT.
- Request your loan to go into forbearance. This should be your last resort, but because of the interest waiver, your loan will not accrue interest. Just start making payments as soon as the interest waiver is over.

4 Public Service Loan Forgiveness

- Avoid putting your loans in deferment or forbearance, unless necessary. Always send your new income in to your servicer to see what your new Income Driven payment will be before you make the decision to go into forbearance. You will lose any months spent in deferment or forbearance.
- If you are employed, but on furlough, these months will count toward your 120 months. If you are not employed, the months will not count.

5 Private loans

- Look into refinancing. Interest rates are super low right now. This is based on your credit score, but it could be worth investigating it.
- Refinancing will cause your loans to go into administrative forbearance and could buy you some time.
- Do not refinance your federal loans into private loans. Even if the interest rate is lower, you will lose all protections that come with federal debt, including Income Driven Repayment options and the promised interest waiver.
- It never hurts to call your servicer. There are private lenders who are offering emergency forbearance or deferment options over the phone. Just make sure that you start making payments as soon as you can. Most of the time, interest will still accrue while you are in forbearance or deferment.

6 Where to go for more info:

- <https://Studentaid.gov/announcements-events/coronavirus>
- Send an email to melonee.tubb@pcusa.org.

7 PCUSA Borrowers

If you are having difficulties making payments on your PCUSA loan, reach out to KHESLC at 800-693-8220 and ask for the COVID-19 emergency deferment. This is a no interest, no payment deferment through September 30th. Be advised, your payments may go up when the loan is re-amortized after September 30th.

