



If you are trying to understand your student loan situation or looking for repayment options, Virginia's Student Loan Advocate can help. If the COVID-19 virus pandemic has you concerned about your student loan repayment situation because of a lack of or reduced income, the Student Loan Advocate offers this advice:

Guidance from the U.S. Department of Education - [StudentAid.gov/coronavirus](https://studentaid.gov/coronavirus)

(Revised March 25, 2020 – FSA Press Release)

For borrowers with student loans in collection status and wage garnishment:

- Effective March 13, 2020, **collection actions and wage garnishments** will end for the next 60 days to help borrowers with defaulted student loans. For this to happen, employers need to make the change to borrowers' paychecks, so monitor your employers' compliance with the request to stop wage garnishment. Borrowers whose wages continue to be garnished after March 13 should contact their employers' human resources department.
- **Treasury offsets**, which includes money withheld from defaulted borrowers' federal income tax refunds, Social Security payments, and other federal payments will end for the same time period.
- Any treasury offsets in process effective March 13, 2020 will be refunded to borrowers. Any tax refunds garnished prior to March 13 will not be refunded.
- Private collection agencies have been instructed to **halt all proactive collection activities**, including making phone calls to borrowers and issuing collection letters and billing statements.
- Private collection agencies are permitted to provide assistance **upon the borrower's request**. This includes efforts to consolidate loans or initiate loan rehabilitation. Questions can be directed to the Default Resolution Group at 1-800-621-3115 (TTY for the deaf or hearing-impaired 1-877-825-9923).
- The U.S. Department of Education encourages borrowers to **avoid paying for services** the Department provides for free.
- A **list of private collection agencies** contracted by the Department is available at [StudentAid.gov/manage-loans/default/collections#contact-collection-agency](https://studentaid.gov/manage-loans/default/collections#contact-collection-agency) .

Guidance to Virginians with Student Loan Debt in Light of the Coronavirus (COVID-19) Crisis
Revised – March 25, 2020

(Revised March 20, 2020 – FSA Press Release)

In an effort to provide relief to student loan borrowers, the following actions are being taken:

- Borrowers with **federally held** student loans will automatically have their interest rates set to 0% for a period of at least 60 days, but **the monthly payment will remain the same**.
- If the crisis has reduced your income, consider moving to an **income-based repayment plan** based on their current situation to make their payment more manageable. In some cases, your payment could be as low as zero.
- For borrowers needing immediate, zero-dollar relief, **60-day administrative forbearances** are available to stop payments without interest accruing, effective March 13, 2020. Contact your loan servicer **online (because call centers are temporarily closed)** or by phone to request the forbearance.
- Any borrower who is **more than 31 days delinquent** as of March 13, 2020 will have their payments suspended to prevent default.
- For borrowers working towards **loan forgiveness** that requires a certain number of qualifying payments, such as those seeking Public Service Loan Forgiveness (PSLF) or those enrolled in a repayment plan with a manageable monthly payment, keep making your payments. The full amount of the payment will be applied to the principal amount of the loan once all interest accrued prior to the March 13 announcement is paid.
- If you want to continue making **payments towards a loan forgiveness program and your income has changed**, you can request a change in your income-based payment from your loan servicer at any time. Once certified at the new income level, your payment will remain at that level for a year.
- Any borrower who has experienced a change in income can **contact their loan servicer** to discuss lowering their monthly payment.

Guidance from the Office of the Qualified Education Loan Ombudsman

If you are struggling with payments and need immediate relief, the worst thing you can do is to stop making payments, which after 270 days leads to default and collections. Your best strategy is to enroll in an [income-driven repayment \(IDR\)](#) program that will lower your monthly payment for a year, or until circumstances improve. If the IDR monthly payment is still too high, request a deferment or forbearance for a short period of time. Every borrower has different circumstances, so you should call your servicer to discuss your options.

Further complicating matters, call centers at the major loan servicers are heeding the federal and state government directives regarding non-essential business functions, which includes temporarily closing call centers. If you are able to log into your account online and request assistance, please do so.

Here are some steps you can take:

- Access the new [Federal Student Aid Loan Simulator](#), which can help you make decisions about your student loans, including finding a repayment plan that meets your needs and goals.
- Call your [loan servicer](#) to discuss your options. While they may offer forbearance as the first option, request that they give you an income-based repayment quote first.
- Change to an [income-driven repayment \(IDR\)](#) plan, which sets your monthly payments to a percentage of your income, generally 10-15%. If you recently lost your job because of COVID-19 or have lower paychecks, your monthly IDR payment could be \$0. Once you enroll in an IDR plan, it will last for one year, even if your income changes. After one year, you will have to confirm your income so your servicer can recalculate your monthly payment. In many cases, entering an IDR plan is better than taking a short-term deferment or forbearance, which allows interest to accrue. Please note that while you are on an IDR plan, your repayment period will extend beyond the standard 10 years, but if you stay in an IDR plan, the remainder of your loans will be forgiven at the end of the plan, generally 20-25 years. You can change between standard, IDR and other repayment plans at any time by working with your servicer.
- Consider [deferments and forbearances](#) as a last resort. All federal loans and many private loans allow borrowers to temporarily stop making payments, known as deferments (limited options and interest does not accrue for subsidized loans) or forbearances (interest accrues for all loans). Depending on your loan, interest may continue to be charged even if you are not making monthly payments, so the overall balance of your loan may increase. In general, deferments are less expensive than forbearances, but you should ask your servicer about both options and how they would affect your loans so you can make an informed decision. If you are in a federal repayment plan working toward loan forgiveness, any month that you defer or forbear likely will not count toward forgiveness. Although the federal government announced that it is suspending interest for all federal loans, it is not clear whether borrowers will be responsible for paying back that interest at a later time.

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- If your loan is in default, you have fewer options. Work with your servicer to get out of default. If you are in default on your loans, you may not be eligible for repayment plans or hardship and relief programs. Call your servicer and ask about [loan rehabilitation](#), which will remove your loans from default if you make nine voluntary payments in a 10-month period. These payments are designed to be affordable and can be as low as \$5 a month. Once you have rehabilitated your loan, any involuntary collection will stop—such as wage garnishments or taking your tax returns—and you will be eligible for other repayment options. You may also be able to get your federal loan out of default through consolidation. For private loans in default, you should call your loan servicer to ask about your options.
- Contact [Virginia’s Student Loan Advocate](#) if you need assistance understanding your options. It’s important to have all the information before making such an important financial decision. Private companies may also suggest that you refinance your federal loans with them, which would replace your federal loans with private loans. Although the private interest rates may be low, most private loans do not have the same consumer protections and repayment flexibility that federal loans offer. **Before privately refinancing your federal loan, be sure to know exactly what your new loan would offer, and understand what you could be losing, including eligibility for Public Service Loan Forgiveness.** When refinancing a private loan, it’s important to compare all the terms of the old loan with the terms of the new refinanced loan, not just the monthly payments and interest rates.
- Review any recurring automatic payments. If you enrolled in monthly auto-pay for your loans—or for any debts—don’t forget to check your bank account balance to make sure there are enough funds for your scheduled payments. If you are sick or out of work because of COVID-19 and concerned about expenses, consider turning off auto-pay so that you have more control over what payments you make and when you make them.
- Beware of [student loan repayment scams](#). Student loan borrowers are frequently targeted by scammers that promise to lower monthly payments or get rid of loans altogether. If something is too good to be true, then it probably is. **If you are contacted by a company other than your servicer offering help, do not give them your social security number or any login credentials related to your loans or bank accounts.** Your servicer should be your first point of contact for loan relief, as well as no-fee non-profit organizations and government agencies, and not a company you’ve never heard of that calls or emails you. Federal loan relief programs are free, so call your servicer before paying anyone for help with your loans because your servicer will assist you with your loans for free.

Please know that the Commonwealth of Virginia has resources available to help you in the many ways that this crisis is impacting your life. Our office is here to help with any student loan related issues and concerns. Feel free to contact us as you make decisions on managing how the crisis has uniquely impacted you.