



Student Loan Relief Program

In March, Congress enacted the CARES Act, a stimulus package designed to help during these challenging times. There are several important student loan-related changes in this package you should be aware of. The good news is that the new tax law changes mean you get extra help paying back your student loans! Your student loan repayment contribution used for your own education will be federal income tax free up to \$5,250 per year, including any tuition reimbursement benefits you may also receive.

The CARES Act includes assistance for borrowers with student loans owned by the Department of Education. Although temporary, this provides relief through 09/30/2020.

- Interest won't accrue on student loans owned by the Department of Education, that includes all Federal Direct Loans and only some FFEL and Perkins loans. Your credit score will not be affected. You do not need to do anything to get the six-month break. Loan servicers paused loan payments on April 10.
- Payments will be suspended for student loans owned by the Department of Education
- The Department of Education will consider each month during this period of suspended payments as an eligible month toward loan forgiveness
- For the purposes of credit reporting, any suspended payments are treated as a satisfied monthly payment
- If your wages have withheld or garnished to pay for student loans. Those are now paused, too. Check with your HR person if you have questions about this. That includes:
 - Wage garnishments
 - Tax refund interception
 - Benefits payments reductions (i.e. social security or other benefit garnishment)

Be Careful: These new rules only apply to federal student loans, not private loans. If you are in doubt about the type of loan you have go to studentaid.gov to see if you are eligible.

If you do have private student loans, check with your lender to see if you can defer payments. Some lenders are being more lenient, and you should ask what is available.

You may also want to take advantage of refinancing while interest rates are low. Do your homework though to make sure that it makes sense for your situation.

Helpful tip: Keep a record of payments you make and don't make. Track payments you do make and don't make. Write down your balance and take a photo or screenshot now before deferrals begin. That way if there is a mistake down the road

Even if you are eligible to defer your federal loan payments under the CARES Act, you may still want to continue making your monthly loan payment if you can afford to make payments because any payments made during this period will go entirely to paying down the outstanding principal balance(s) of your student loans. These changes help you repay your debt even faster.

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