Coronavirus and Forbearance Info for Students, Borrowers, and Parents

On March 27, 2020, the president signed the CARES Act into law, which, among other things, provides broad relief for federal student loan borrowers.

Questions About the 0% Interest Period

UPDATED:
Interest is being temporarily set at 0% on federal student loans. Which loans does the 0% rate apply to?
From March 13, 2020, through Sept. 30, 2020, the interest rate is 0% on the following types of federal student loans owned by ED:

- Defaulted and nondefaulted Direct Loans
- Defaulted and nondefaulted FFEL Program loans
- Federal Perkins Loans

Please note that some FFEL Program loans are owned by commercial lenders, and some Perkins Loans are owned by the institution you attended. These loans are not eligible for this benefit at this time.

How can I take advantage of this 0% interest period if I have Federal Family Education Loan (FFEL) Program and Federal Perkins loans not owned by ED?
While your lender or school can provide these benefits should it choose to do so, you can consolidate your FFEL Program or Federal Perkins loans not owned by ED into a Direct Consolidation Loan, which would be eligible for 0% interest. However, if you consolidate, after the 0% interest rate period ends, the interest rate on your loan may be higher than what you are currently paying. In addition, when you consolidate, any outstanding interest will capitalize, meaning that any outstanding interest is added to your principal balance. Your servicer can provide you with information about how your loan balance, interest rate, and total amount to be paid would change if you consolidated into a Direct Consolidation Loan.

Who can tell me if my loans will have their interest rate temporarily reduced to 0%?
Contact your loan servicer online or by phone to determine if your loans are eligible. Your servicer is the entity to which you make your monthly payment. If you do not know who your servicer is or how to contact them, visit StudentAid.gov/login or call us at 1-800-4-FED-AID (1-800-433-3243; TTY for the deaf or hearing-impaired 1-800-730-8913) for assistance.

If my loans are owned by ED, do I need to do anything for the interest on my loans to be set at 0%?
No, ED will automatically adjust your account so that interest doesn’t accrue (i.e., accumulate). The account adjustment will be effective March 13, 2020.

UPDATED: If I make loan payments during the 0% interest period, how will they be applied?
During the period of 0% interest (March 13, 2020, through Sept. 30, 2020), the full amount of your payments will be applied to principal once all the interest that accrued prior to March 13 is paid.

UPDATED: Are private student loans eligible for the 0% interest benefit?
No. ED does not have legal authority over private student loans, and they are not covered by the CARES Act.