

Student Loans and the CARES Act

The Coronavirus Aid, Relief, and Economic Securities (CARES) Act was enacted in March 2020 in response to financial challenges many student loan borrowers are facing due to the current COVID-19 pandemic.

The period of time covered by the CARES Act has been extended, based on President Biden's executive order. The provisions in the CARES Act are now in effect from March 13, 2020 through at least Sept. 30, 2021, and include the following:

1. Zero percent interest rate on all federally owned loans (includes Direct Loans), regardless of the borrower's repayment status (grace, deferment, active repayment). No interest accrues during this time period. This includes direct unsubsidized, direct PLUS (Grad PLUS) and direct consolidation loans.
2. Suspension of payments on these loans over the same time period for borrowers already in active repayment. Borrowers already in repayment may choose to continue paying on their loans, but payments will not be applied to the principal balance until all outstanding interest is paid.
3. Suspension of payments during this time counts as qualifying payments for Public Service Loan Forgiveness (PSLF), assuming use of an income plan on Direct Loans and full-time employment with an eligible PSLF employer. This may be of special interest to graduates pursuing careers in academic dentistry.

Please note that the CARES Act should not impact the due date for graduates in the Class of 2021 with regard to their direct loans borrowed during dental school. Direct unsubsidized loans should still have their six-month grace period and direct PLUS should still have their six-month post-enrollment deferment.

Please work closely with your loan servicer regarding the impact of the CARES Act on your repayment plans, and don't forget to evaluate your repayment strategy at least once a year.