

CARES Act: Student Loan Relief

In recent weeks, COVID-19 has emerged as a global pandemic as defined by the World Health Organization. With “social distancing” measures in place, many businesses have closed, and a record number of Americans have lost their jobs. The longer businesses are closed, and people remain unemployed, the more of a toll it takes on our economy. To help fill this void, the Federal Reserve has taken drastic steps in monetary policy to keep the financial system stable. On March 27th, Congress passed the largest economic stimulus package in our country’s history, the “Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.”

The CARES Act is an estimated \$2 Trillion stimulus package, including nearly \$500 billion in individual rebate checks to Americans, another \$500 billion in support for several severely damaged industries, nearly \$400 billion in tax credits for wages and payroll tax relief, over \$300 billion of support for state and local governments, and almost \$180 billion for various initiatives to support hospitals and the health care system.

Krilogy’s Wealth Intelligence Group has highlighted details specific to the Student Loan Relief offered under the CARES Act to keep you informed of how this may impact you.

Student Loan Relief

While discussions of suspending Student Loan payments and interest has been in the news for weeks, the passage of the substantial relief bill known as the CARES Act gives us a firmer grasp on details and longevity of relief for Student Loan borrowers. Below is an overview of some of the items found within the law and potential resources:

- Student Loan borrowers of Direct Federal Student Loans will have their payments and interest suspended until September 30, 2020.
- While little guidance is detailed within the bill as to how this will specifically occur, if you have current

Direct Federal Student Loans, log into your account or call your servicer. It’s believed interest rates have been decreased to 0% and minimum payments turned to \$0. You have the option to continue paying, and if you are currently paying over the minimum payment, these may stay in place.

- If you wish to qualify for Student Loan Forgiveness programs, you’ll also be granted a “credit” each month as if you did pay. This shouldn’t impact your ability to qualify. Verify with your specific loan servicer prior to making any changes.
- There is additional guidance that anyone whose wages or Federal benefits are currently being garnished would receive a 3-month reprieve until September 30, 2020.

Items to consider:

- If you are currently considering a re-finance or consolidation of your Federal Loans, speak with your advisor or loan servicer to ensure you don’t lose any benefits of Federal Loans if applicable.
- Document conversations with your loan servicer. Also, document any credit you receive, should you choose to not pay, for future Student Loan forgiveness programs
- Schedule a reminder to re-visit this in September to ensure you do not miss payments in October, and be sure to review your payment schedule.

As always, please contact your Krilogy advisor or advisory team to discuss this article and how it applies to your unique financial planning situation.

For a list of major loan servicers you can access those here: <https://studentaid.gov/manage-loans/repayment/servicer>

To read the bill yourself and see how this may apply to your unique situation, it can be found here:

<https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf> (Section 3513)

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