

Can the CARES Act Help Lessen the Burden of Your Student Loan Payments?



The onset of COVID-19 has pushed individuals, businesses, and corporations worldwide into uncharted territory, creating financial uncertainty and distress. With many losing their jobs or facing significantly reduced hours, paying the essentials – typically housing bills and groceries – has been the primary focus.

The government has been doing its part to try to alleviate some of the stress associated with this crisis. On March 27, 2020, President Trump passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the Act), with overwhelming bipartisan support. In addition to providing economic support for individuals, businesses, and corporations, the Act arranges for immediate relief for cash-strapped student loan customers.

The following are some commonly asked questions to help you determine if the provisions of the CARES Act apply to your student loans:



Q.

What sort of student loan assistance is available during the coronavirus outbreak for federally backed student loans?

A. Under the CARES Act, most federal student loan borrowers can have their payments suspended. The suspension of payments is in effect from March 13, 2020, through September 30, 2021. During this period there will be no penalties and interest will not accrue, but you may continue to make payments if you choose.

Visit StudentAid.gov/coronavirus for the latest information about the CARES Act and federal student aid.



Q.

How do I know if I have a federally backed student loan?

A. To see if you have a federally backed student loan and to determine if you qualify, please visit the [National Student Loan Data System](https://www.ed.gov/nsls). Federal loans that are not owned by the Department of Education do not qualify for relief under the CARES Act. This includes some Federal Family Education Loans as they are owned by commercial banks instead of the federal government. Please note that federally backed student loans owned by M&T Bank Corporation are not covered by the CARES Act.

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Q.
What if I have a private loan that does not qualify for CARES Act relief? What can I do?

A. While no blanket guidance has been provided for private loans, many private lenders do have programs to help provide relief. If your loan does not qualify for CARES Act relief, reach out to your service provider to see what options may be available if you are experiencing a hardship.



Q.
I have a qualifying federally backed student loan. How do I get my payments deferred?

A. There is nothing you need to do. Your payments have been automatically deferred through September 30, 2021.



Q.
Will any late payments or additional interest be charged for the payments deferred between March 13 and September 30, 2021?

A. No. You will not be charged any penalties if you do not make your payments between now and September 30, 2021. And any efforts to collect this debt have also been halted through September 30, 2021. After this temporary protection ends, you will still be responsible for your outstanding balance.



Q.
I am still working. Can I choose to continue to pay my student loans?

A. Yes. If you choose to make payments, they will be accepted and applied against your principal balance, once all interest that accrued prior to March 13 is paid.



Q.
My qualifying federal student loan was in collections before the COVID-19 Pandemic started. Does the deferment apply to me?

A. Even if your loan was in collections before March 13, you are still eligible for the deferment. And any efforts to collect this debt have also been halted through September 30, 2021. After this temporary protection ends, you will still be responsible for your outstanding balance.



Q.
I have a student loan through M&T. Where can I get information on student loan hardship options?

A. If you require hardship assistance during this time, please reach out to the servicer on your statement. M&T Bank Student Loan servicers are listed below:

- M&T Student Loans serviced by American Education Services (AES) 1-800-233-0557 or [online](#)
- M&T Loans Serviced by Firstmark Services a Division of NelNet 888-538-7378 or [online](#)
- M&T Loans Serviced by Sallie Mae 800-472-5543 or [online](#)

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Q.

How does the CARES Act affect my credit?

A. If your qualifying federally backed student loan was in good standing before the CARES Act went into effect, this pause should not hurt your credit score. You can choose to not pay your qualifying federally backed student loan during this time.



Q.

What is a good strategy if I am about to default on my payments?

A. If your federal loan is in default, consider a loan rehabilitation program, which may help you get back on track. Typically, this type of program will require you to make nine consecutive payments on time. However, while student loan collections are on hold, for qualifying federally backed student loans, unmade payments will count as on-time payments. Additionally, during this period the government is not able to take money out of your paycheck, tax return, or Social Security. But remember, it will not last long. Use this opportunity to help rectify your situation.

TIP

During a crisis we often see an uptick in scam activity. If you receive a phone call or email about your student loan, do not provide any details. If you are unsure whether the phone call or email is legitimate, contact your current student loan provider directly, or take the time to contact the Federal Trade Commission as well as your local attorney general's office.

FOR ADDITIONAL INFORMATION,
please speak with an M&T banker. We can help you understand your options, no matter what financial institution or lender you used for your student lending needs. We're here to provide the guidance you need during this uncertain time.

To explore other student lending topics, visit mtb.com/moneymentor and select the "Financing Higher Education" playlist.

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