

PAYING FOR COLLEGE

The Return of Student Loan Payments

A pandemic reprieve on student loan payments ends in January. If you still need financial help, there are steps you can take.



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If you have federal student loans, you've probably seen e-mails reminding you that payments will restart after January 31. During the pandemic, the federal government suspended payments on federal student loans, with no interest accrual on loan balances.

If your budget can't handle payments on your federal student loans, you may be eligible to lower them by enrolling in an income-driven repayment plan. There are several IDR plans available through the Department of Education, but all base your monthly payments on your earnings. If you're already enrolled in an income-driven plan and your income has declined a lot, you can also ask your loan servicer to recertify your income and recalculate the payment.

You can apply for an IDR plan on the [federal Student Aid website](#) and select the plan you qualify for with the lowest monthly payment. You may pay more in interest because you're extending the repayment period, but after 20 years of payments, you may be eligible to have the balance forgiven.

Another option is to refinance your loans with a private lender. At below 3%, interest rates are enticing. But read the fine print on any offer you consider. Some plans offer low interest rates in the first year and hike them later. To avoid interest rate hikes down the road, look for a low fixed rate rather than a variable rate.

If you can't afford to make payments, you may qualify for deferment or a forbearance. There are two types of deferments: economic hardship and unemployment deferment. You must be out of work to qualify for the unemployment deferment, but you may qualify for economic hardship if

you receive federal or state public assistance, you're a Peace Corps volunteer, you work full-time but earn less than or equal to the federal minimum wage, or you have income that's less than or equal to 150% of the poverty line for your family size and state (about \$26,000 a year for a two-person household).

NYSUT NOTE: With student loan payments looming, now is the perfect time to get assistance from the NYSUT Member Benefits Corporation-endorsed Cambridge Credit Counseling program. Cambridge has been assisting consumers with eliminating debt for more than 20 years, and NYSUT members are eligible to receive free, no-obligation, debt and student loan consultations with one of Cambridge's certified counselors. Get a better understanding of your student loan re-payment options by [clicking here](#) for more information.

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