

# Managing Your Money During the COVID-19 Pandemic

## Frequently Asked Questions

### STUDENT LOANS

#### 1. How does the CARES Act relief package and August 8, 2020 executive order impact my student loans?

- Payments on federal student loans held by the U.S. Department of Education are automatically suspended from March 13, 2020 to September 30, 2020. The executive order signed on August 8, 2020 extended the student loan relief provisions through December 31, 2020, and the Department of Education announcement on December 4, 2020 extends the relief through January 31, 2021. These loans will also have an automatic zero percent interest rate during the same period. Even though payments aren't being made, each month will still count as eligible income-driven repayment (IDR) and Public Service Loan Forgiveness (PSLF) payments.

#### 2. Which loans are impacted by the stimulus bill?

- All federally held student loans are affected by the CARES Act. These are all loans that are directly managed by the U.S. Department of Education, including:
  - Direct Loans
  - Federal Family Education Loans (FFEL) held by the U.S. Department of Education
  - Perkins Loans held by the U.S. Department of Education

You can review your federal student loan types by logging into your Federal Student Aid (FSA) account on [StudentAid.gov](https://studentaid.gov). All these loans will automatically have their interest lowered to zero percent and payments suspended from March 13, 2020 to January 31, 2021.

#### 3. Do I need to request the zero percent interest rate or that my payments stop?

- No, borrowers with eligible loans will have their interest lowered to zero percent and payments suspended automatically from March 13, 2020 to January 31, 2021 only. If you had already requested a forbearance for this time, the forbearance will be removed, and the payment suspension will be applied.

#### 4. Can I forgo my six-month grace period, and ask my servicer to put me in repayment right away so I can benefit from the six-month payment suspension which counts toward my income-driven repayment (IDR) and Public Service Loan Forgiveness (PSLF) payments?

- You may contact your servicer to forgo your six-month grace period. This can also be accomplished via a Direct Consolidation Loan, but you should discuss with them your reasons for doing so and whether you are meeting all other criteria of the repayment plan or program you are seeking to pursue, such as PSLF. You can read more about the PSLF program requirements on the [Department of Education's Federal Student Aid website](https://www.ed.gov/pslf).

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### 5. Am I eligible for any relief for non-federally held loans (Federal Perkins Loans, Federal Family Education Loans (FFEL), or private student loans)?

- All payments are suspended for Perkins and FFEL loans through January 31, 2021. Perkins and FFEL student loan borrowers can also request the zero percent interest rate. Approval will be at the discretion of the federal loan holder. This relief, however, is not extended to private student loans. You should contact your private student loan holder to inquire if they provide any similar relief options in the wake of the COVID-19 pandemic.

### 6. Am I eligible for additional financial aid to cover my expenses between now and the end of the school year?

- The Financial Aid Office at your institution will be able to assist you with determining if you are eligible for additional aid. Also, under the CARES Act, all schools that participate in federal student aid programs have been allocated emergency relief funding for students. Reach out to the Financial Aid Office directly to discuss your options and your eligibility.

### 7. Do I need to worry about how the zero percent interest will affect me when I file taxes next year?

- You may decide to work with a tax preparer to plan for how the zero percent interest period from March 13, 2020 through January 31, 2021 will affect your tax filing. Each January, your federal student loan holder(s) provides you with a 1098-E Student Loan Interest Statement, showing the amount you paid in interest on your federal student loans for that tax year. The less interest you paid, the less you may be eligible to deduct from the amount of your income that is subject to tax, depending on how you file your federal tax return. Use the [IRS's interactive tool](#) to help you determine if you are eligible for this benefit. For more information about student loan interest deduction, visit the IRS's Tax Benefits for Education: [Information Center](#) or review [IRS Publication 970, Tax Benefits for Education](#).

### 8. Will I still be eligible for Public Service Loan Forgiveness (PSLF) if I stop making payments?

- Yes, as long as you have Direct Loans and you were making PSLF-eligible payments under an eligible repayment plan while working for a qualifying employer, the suspended payments granted under the CARES Act will count as eligible PSLF payments during the suspension period. You must also continue to work full-time for the eligible employer during the payment suspension period for the payments to count toward PSLF.

### 9. Will my payments count toward income-driven repayment (IDR) forgiveness?

- If you are currently in an IDR plan, the suspended monthly payments from March 13, 2020 to January 31, 2021 will still count as monthly eligible payments toward IDR forgiveness.

### 10. Will the interest that had accrued on my loans in repayment prior to March 13, 2020 capitalize when I begin making payments again after January 31, 2021?

- No, the payment suspension is not a traditional forbearance and is not an interest-capitalization event. For loans that go into repayment for the first time between March 13, 2020 and January 31, 2021, accrued interest will capitalize when it first enters repayment.

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### 11. Are my defaulted federal student loans eligible for zero percent interest and payment suspension under the CARES Act?

- Yes, all collection activities will automatically stop and your interest rate will be lowered to zero percent from March 13, 2020 to January 31, 2021. These suspended payments will not count as missed payments.

### 12. Should I refinance my federal student loans with the current low interest rates?

- Student loan refinance happens when you apply for a new loan, with more favorable terms to pay off your current loan(s). This new loan will have a new interest rate and repayment term. You can only refinance your federal student loans with a private lender. When researching whether to refinance your student loans into a private student loan, here are some important considerations and questions to ask yourself:
  - Are you able to obtain a more favorable interest rate?
  - Is the rate fixed or variable?
  - How much will you be repaying overall and per month?
  - Are you comfortable forgoing federal forgiveness, repayment, and postponement benefits?

Contact [AccessConnex](#) for free student loan assistance, including discussing the pros and cons of refinancing.

### 13. Should I consolidate my non-eligible federal loans so I can take full advantage of new benefits?

- You may choose to consolidate non-eligible federal student loans using a Direct Consolidation Loan. The application for consolidation can be found at [StudentAid.gov](#). The consolidation process typically takes about 30 days, but due to the COVID-19 pandemic, you may expect a longer time period for consolidation. You should consider the long-term effect of consolidating. Your repayment term may be longer and your new weighted-average interest rate may be less favorable overall once the suspension is lifted. Run the numbers to ensure that you are not repaying more in the long run. Contact [AccessConnex](#) for free student loan assistance to discuss the pros and cons.

### 14. If I still want to make monthly payments on my federal student loans, how can I do that?

- If you still want to make monthly payments during the payment suspension granted under the CARES Act, you have the option to do so. Contact your loan servicer to inquire how you can continue making payments or log into your servicer's website to continue making your payment each month.

### 15. If I make payments, how will they be applied?

- All federal student loan payments are first applied to unpaid, accrued interest and then principal. For debt-driven plans (standard 10-year, graduated, extended, and extended-fixed), your payments will be supercharged and apply only toward principal. For income-driven repayment (IDR) plans [Income-Contingent Repayment (ICR), Income-Based Repayment (IBR), Pay As You Earn (PAYE), and Revised Pay As You Earn (REPAYE)], your payments will likely pay down unpaid, accrued interest that has accumulated over time before paying down principal.

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### **16. Are there credit implications of the student loan payment suspension?**

- Your payment history reported to the national credit reporting agencies (Experian, Equifax, and TransUnion) makes up 35 percent of what goes towards calculating your credit score. During the payment suspension between March 13, 2020 and January 31, 2021, your suspended payments are being reported as on-time.
- Any federal student loan borrowers that were delinquent as of March 13, 2020 will not have any negative reporting during the period between March 13, 2020 and January 31, 2021. Now may be a good time to talk to your loan servicer about how to get your loans back into good standing.

### **17. Does the zero percent interest apply to my loans while I'm still a student or during the grace period?**

- Yes, the zero percent interest rate applies to all eligible loans between March 13, 2020 and January 31, 2021.

### **18. When will payments be suspended?**

- The U.S. Department of Education required all federal loan servicers to suspend payments by April 10. If you believe payments are still being auto-deducted for your loans, contact your servicer.

### **19. If I already made a payment on or after March 13, 2020 will it be refunded?**

- You must request a refund of any payments made on or after March 13, 2020 but all requests will be approved.

### **20. I'm in an income-driven repayment (IDR) plan and my recertification deadline is before January 31, 2021. Do I still need to recertify?**

- At this time, any recertification deadlines on federal Direct Loans and federally held student loans are being delayed by six months.

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### ECONOMIC IMPACT PAYMENTS (STIMULUS CHECKS)

#### 21. Who qualifies for stimulus payments?

- U.S. residents will receive the Economic Impact Payment of \$1,200 for individual or head of household filers, and \$2,400 for married filing jointly if they are not a dependent of another taxpayer and have a work eligible Social Security number with adjusted gross income up to specific thresholds. For more information on eligibility and income phase-outs, visit the [IRS Economic Impact Payment Information Center](#).

#### 22. I am a current college student still being claimed as a dependent on my parents' tax return. Am I eligible for a stimulus payment?

- No. You are ineligible for stimulus payment if you can be claimed as a dependent on someone else's return. For example, this would include a child, student or older dependent who can be claimed on an eligible taxpayer's return.

#### 23. What should I do with my stimulus check?

- When determining how to best use your stimulus check, consider applying the funds in the following ways, as needed:
  - **Security** – Apply your funds towards expenses you need to survive, such as food, utilities, shelter, health insurance premiums, and/or transportation costs.
  - **Save** – Consider saving the funds as a stability reserve to sustain yourself for the duration of the pandemic. If you don't end up needing the reserve, you can keep it, invest it, or spend it once the situation has passed.
  - **Safety Net** – If you don't need the funds for the above items, assist others such as family, friends, or local businesses.

#### 24. What are the tax implications of the stimulus funds?

- This money will not be viewed as income, and is therefore non-taxed. For more details on this and other COVID-19 tax related questions you can get the latest information at [IRS.gov/coronavirus](https://www.irs.gov/coronavirus).

#### 25. Do I have to do anything to receive the stimulus funds if I am eligible?

- If you have already filed a 2019 tax return (or 2018 if 2019 is not yet filed) with direct deposit information, no further action is required on your part to receive an economic impact payment. If you have not filed a tax return for 2018 or 2019, but have an obligation to do so, then file as soon as possible.

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### SMALL BUSINESS RELIEF

#### 26. What relief options are available if I am a small business owner?

- In accordance with the CARES Act, the Small Business Administration (SBA) is providing relief to small businesses during the pandemic via four primary programs: the Paycheck Protection Program, Economic Injury Disaster Loan Emergency Advance, SBA Express Bridge Loans, and SBA Debt Relief. For an overview of all four programs, visit the SBA's [Coronavirus Relief Options](#) site.

#### 27. Who qualifies for the Paycheck Protection Program loan?

- The Paycheck Protection Program loan is a no-interest or low-interest loan for small businesses with less than 500 employees which includes self-employed, sole proprietorships, and independent contractors. The businesses can be for-profit or nonprofit. Some small businesses with more than 500 employees may also qualify if they meet certain [criteria](#). You can learn more at the [Small Business Administration site](#).

#### 28. How do I apply for the Paycheck Protection Program loan?

- You'll need to find an eligible lender and apply directly to that lender. You can find eligible lenders near you [here](#). You can prepare your loan application [here](#).

### SUMMER/POST-GRADUATION EMPLOYMENT PLANNING

#### 29. What are my options if summer employment has been stalled?

- Depending on options available at your institution, you may want to consider attending class during the summer term. Contact [AccessConnex](#) if you want to discuss how to budget for the summer without employment.

#### 30. Is there assistance for graduating students who now can't find a job?

- The CARES Act gives states more flexibility in offering unemployment benefits. For more information and to find contacts in your state go to [dol.gov/coronavirus/unemployment-insurance](https://dol.gov/coronavirus/unemployment-insurance).

#### 31. What are my options for my apartment lease if I have moved home with family during the COVID-19 pandemic?

- The traditional option is often to see if you can sublet the apartment. While many states have set eviction bans, the federal relief options have not yet addressed rental circumstances. It is good to keep the communication lines open with your landlord and determine what options they are willing and able to offer.

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### 32. I'm worried I might get evicted since I cannot afford my rent. What resources are available to ensure I can stay put during this pandemic?

- It is important to communicate your inability to pay your rent (or mortgage) immediately to your leasing company, landlord, or mortgage company so you understand the options that may exist based on your situation. Federal, state, and local governments have taken certain actions to provide relief to renters including the CDC's recent temporary eviction moratorium. To learn more about this and other options, read [Protections for Renters](#) from the Consumer Financial Protection Bureau.

### 33. I won't be on the school's health insurance plan after I graduate. What options do I have if the bar exam is postponed and I cannot secure a job?

- Visit [Healthcare.gov](https://www.healthcare.gov), which will direct you to the Marketplace in your state to review your eligibility requirements and enroll in a plan.

### 34. If the bar exam is postponed, will I still be eligible to apply for a bar study loan?

- A bar study loan allows you to borrow funds to assist you in paying for your living expenses and bar study costs leading up to the bar exam. If the bar exam is postponed, you may need additional funds to cover these expenses. Check with your bar study loan lender to see the aggregate amount they are willing to offer you. The aggregate limit may be between \$12,000 to \$16,000. Additionally, check with your financial aid office to see if there are any funds available to assist you, as your law school may have a bar study loan or other funds available.

## ADDITIONAL PLANNING CONCERNS

### 35. Should I still go to graduate school?

- The decision to go to graduate school is a consequential one. You will invest substantial time and money into training, with the expectation that the skills you acquire will assist you in forging a lengthy career. Ask yourself about the problems you wish to dedicate your career to solving and research the employment paths and salaries of people who work on such issues. Here are some questions to research and reflect upon in order to make a more confident decision:
  - **Cost:** Federal loan rates will be lower than they have been in many years, starting July 1. If graduate school is partially or fully remote, can you save on housing and transportation costs?
  - **Learning:** Is the program of study one that requires in-person coursework or interactions? How will you succeed if campuses are shut down? In what ways is your school creating new systems to build social and emotional support in the learning community? How will you build relationships with professors, classmates, and prospective employers?

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- **Alternatives:** What will you do if you wait a year or two? Consider your short-term and medium-term employment prospects and any other opportunities for skill-building or learning. What are your expectations and predictions for the employment market over the next 3–5 years?

If you are considering law school, [MAX Pre-Law by AccessLex®](#) has a number of tools, guides, and resources that can help you do your research on costs, salaries, and outcomes. You can also sign up for free coaching from an Accredited Financial Counselor® who can talk you through your decision.

### 36. I've experienced unexpected expenses due to my sudden campus departure. Can I request more financial aid to cover these expenses?

- You can request reimbursement for some expenses due to the need to leave campus and begin online learning. You may need to document any expenses that you've incurred, and approval will be on a case-by-case basis. Additional aid may not be available for undocumented expenses, but due to the CARES Act, all schools that participate in federal student aid programs have been allocated emergency relief funding for students. Reach out to the Financial Aid Office directly to discuss your options and your eligibility.

### 37. Can you share some financial wellness coping tips?

- During the COVID-19 pandemic, you may need to approach your personal finances in a different way. Rather than focusing on income and paying down debt, you may have to re-prioritize so that you can meet your basic financial needs: shelter and utilities, food, transportation, clothing, etc. You may also need to reassess your financial goals, such as accelerated debt payment and investing, in order to bolster your savings for sustained stability. If you're not sure where to begin, contact [AccessConnex](#) to set up a free coaching call.

### 38. I've been getting texts and emails that seem like scams. How can I learn more about them?

- You might be experiencing an uptick of robocalls, texts and emails. Scams and fraud are on the rise due to the COVID-19 pandemic. Check out the latest known coronavirus scams via the Federal Trade Commission's [most recent scam alerts](#) site.

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### 39. What free or low-cost resources are out there to assist me with taxes, budgeting, financial planning, etc.?

- Graduate and professional students are encouraged to utilize our free financial counseling helpline, [AccessConnex](#), to speak with one of our Accredited Financial Counselors (AFC®) about their finances. They are ready to assist you with your budgeting, student loan repayment, credit and financial planning questions. They can also guide you to other free, low-cost resources available to help you on your financial journey. Additional resources are available via [MAX by AccessLex®](#) for participating member law schools. For additional recommendations, see the comprehensive list at the end of this FAQ.

## ADDITIONAL RESOURCES

### AccessLex Institute Resources

[COVID-19 Updates and Resources](#): Get up-to-date information during the COVID-19 pandemic

[Financial Security in Uncertain Times Worksheet](#): A resource designed to help you gain control and feel empowered during a financial emergency

[AccessConnex](#): Free, one-on-one financial coaching from Accredited Financial Counselors (AFC®)

[AccessLex Webinars](#): Find the schedule and registration information for upcoming, educational webinars.

[LEX Talk Money! podcasts](#): Listen as Accredited Financial Counselors, Ann Durandetta and Derek Brainard, unpack recent provisions of the CARES Act and address other financial questions listeners have.

### Coping with Stress

[National Alliance on Mental Illness](#): Coping and stress during the COVID-19 pandemic

[American Bar Association](#): A resource for law students and graduates on mental health concerns

### Federal Student Loans

[Federal Student Aid](#): COVID-19 and forbearance information for students, borrowers, and parents

### Personal Finance Resources

[Federal Trade Commission \(FTC\) Consumer Information](#): Money and credit information for savings, spending, or borrowing money

[Financial Counseling Association of America \(FCAA\)](#): Resources and services designed to assist consumers with debt-related issues

[Consumer Financial Protection Bureau \(CFPB\)](#): Financial resources for consumers during the COVID-19 pandemic

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### Scams and Fraud

[The Better Business Bureau \(BBB\)](#): COVID-19 pandemic scams

[The Federal Trade Commission](#): COVID-19 pandemic scam alerts

### Stimulus Checks

[Economic Impact Payments](#): IRS information related to the economic impact (stimulus) payments

### Tax Planning

[Volunteer Income Tax Assistance \(VITA\)](#): Depending on your circumstances, you may be able to access free tax help

[Coronavirus Tax Relief](#): The Internal Revenue Service (IRS) offers helpful tax tips and resources

### Unemployment and Small Business Relief

[Department of Labor's Unemployment Insurance Information](#): Eligibility, application, and COVID-19 updates to unemployment insurance

[Small Business Administration \(SBA\) Paycheck Protection Program](#): Eligibility, conditions, and application information for the Paycheck Protection Program loan for small businesses and the self-employed

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