



The Advisory Group

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Student Loan Payment Pause Extended Through January 2022



There have been four student loan payment pauses since the start of the pandemic. The latest pause extends repayment obligations for federal student loan borrowers to January 31, 2022.

On August 6, 2021, the U.S. Department of Education announced an extension of the pause on federal student loan payments to January 31, 2022. The payment moratorium, currently in effect for millions of federal student loan borrowers, was set to end on September 30, 2021.

The Department noted that this extension would be the last one. U.S. Secretary of Education Miguel Cardona stated: "As our nation's economy continues to recover from a deep hole, this final extension will give students and borrowers the time they need to plan for restart and ensure a smooth pathway back to repayment."¹

How many payment pauses have there been?

There have been four pauses to federal student loan repayment since the start of the coronavirus pandemic. The first pause was instituted in March 2020 for six months (through September 2020) when Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The second and third pauses came via presidential executive order and extended the payment pause through January 2021 and through September 2021, respectively. The fourth and "final" extension is now scheduled through January 31, 2022. This means federal student loan payments will resume beginning February 1, 2022.

The Department of Education will begin notifying borrowers about this final extension in the coming days, and it will release resources and information about how to plan for repayment as the end of the pause approaches.

Does interest continue to accrue during the moratorium period?

No, interest does not accrue during the moratorium period. Essentially, the interest rate is set at 0%.

Can borrowers make payments if they want to during this time?

Yes. Borrowers can choose to keep making their monthly student loan payments during the moratorium period if they wish. The full amount of a borrower's payment will be applied to principal. Borrowers can also choose to make partial payments during this time.

Do private student loans qualify for the payment pause?

No, private student loans aren't eligible. Only student loans held by the federal government are eligible. This includes Federal Direct Loans (which includes PLUS Loans), along with Federal Perkins Loans and Federal Family Education Loan (FFEL) Program loans held by the Department of Education.

Is student loan forgiveness likely when the payment pause ends?

Probably not. While some legislators have gone on record in favor of forgiving a certain amount of federal student loan debt per borrower, the Biden administration has not taken any steps in this direction and has given no indication that it will do so. Borrowers should be ready to start repaying their loans when the pause ends on January 31, 2022. In the case of continued financial hardship at that time, borrowers should contact their loan servicer to inquire about requesting an individual deferment or forbearance.

For more information, visit the [Federal Student Aid website](#).

1) U.S. Department of Education, 2021

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