

Student Loan Aid for Dentists under the CARES Act

With the passing of the CARES Act, the federal government has provided a wide variety of financial support options for businesses and individuals alike as we face the COVID-19 crisis. Among these are options for many of the 44.7 million Americans who are in student debt. This is great news for dentists, who are more likely to have high student debt than nearly any other profession.

For those who have Direct Loans, FFEL Program loans, and Federal Perkins Loans which are owned by the U.S. Department of Education, interest rates are set at 0% for the period from March 13, 2020, through September 30, 2020. This change is automatic, so you don't need to do anything if you have one of these eligible loans.

In addition to this, those loans will automatically be placed in administrative forbearance, meaning that monthly payments will be temporarily suspended for the same time period. Auto debit payments will be stopped, and you can request a refund from your loan servicer for any amount that you may have paid during this period. Choosing not to make payments for eligible loans under the CARES Act will not negatively affect your credit in any way. You can continue to make payments if you wish, which will actually help you pay down the loan faster, since any payments made during this period will apply directly to principal.

If you have a private student loan or a federal loan that is not eligible, you should check with your lender to see if they are offering forbearance, interest rate reductions, or any other assistance due to the coronavirus pandemic. They are not legally required to do this under the CARES Act, but some private lenders are offering aid.

You should also speak to your employer about loan repayment assistance. Through the previous tax law, if your employer offers you tuition assistance, up to \$5,250 of this assistance is a tax-free benefit to you. Under the CARES Act, this also extends to employers who provide loan repayment assistance which, combined with tuition assistance, can also be a tax-free benefit up to \$5,250 for 2020 only.

Note that not more than 5 percent of the amounts paid or incurred by the employer for educational assistance during the year may be provided for the class of individuals who are more than 5% shareholders or owners (or their spouses or dependents). So if you are an owner or shareholder of your practice, this tax-free benefit will not apply to you unless you are providing high levels of educational assistance to your employees.

Please be sure to share this information with your staff and other dentists who you know have student debt obligations. You can find more information on forbearance and interest rate reduction on the [Federal Student Aid](#) website.

As we navigate this crisis together, we will continue to keep you updated on helpful information related to the CARES Act and other coronavirus aid programs.