

Veterinary Debt Initiative: COVID-19 and federal student loans

On March 13, the White House announced the automatic suspension of federal student loan interest accrual in light of the COVID-19 outbreak. Following the announcement, Congress passed emergency stimulus legislation ([CARES Act](#)) which allows borrowers to suspend federal student loan repayment and interest accrual through September 30, 2020.

Here is what veterinary borrowers should know:

- **Student Loan Interest Waiver.** Interest on federal loans is automatically suspended as of March 13, 2020, per the administration's announcement.
- **Student loan interest and payment suspension.** The CARES Act builds on the administration's announcement and suspends loan repayment and interest accrual for federal borrowers through September 30, 2020. Payments are suspended automatically. Borrowers can elect to make during this time. Additionally, borrowers will receive credit for making payments in order to remain on track for loan forgiveness programs such as the Public Service Loan Forgiveness (PSLF) Program.
- **Protections for borrowers in default.** The new law prohibits all involuntary collections (wage garnishment, tax refund offsets, or social security withholdings) for the duration of the student loan interest and payment suspension.
- **Incentive for employers to provide student loan support.** The law allows employer contributions to an employee's educational loans to be considered tax-free. The benefit is capped at \$5,250 and is available for 2020 only.

On April 1, the U.S. Department of Education (USDE) issued guidance on the administration's announcement as well as the CARES Act. USDE's [COVID-19 resource page for students, borrowers, and parents continues](#) to be updated as more information becomes available.

Some loan servicers have already suspended interest and payments. Others are working to implement the changes. No action is needed by a federal student loan borrower to receive the interest and payment suspension. All changes are due to retroactively take effect as of March 13, 2020. Borrowers can request their loan servicers to refund any payments made since the announcement of COVID-10 student loan repayment relief.

Veterinary Community Resources:

[USDE COVID-19 Resources](#)

[AVMA MyVeterinaryLife](#)

[Veterinary Debt Initiative](#)

[VIN Foundation Student Debt Center](#)

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Led by the American Veterinary Medical Association, the Association of American Veterinary Medical Colleges and the Veterinary Medical Association Executives, the Veterinary Debt Initiative is focused on helping veterinarians thrive in financially sustainable and rewarding careers.

