

# **CORONAVIRUS AID, RELIEF, ECONOMIC, AND SECURITIES ACT (CARES) SUMMARY**

On March 28th, Congress passed, and President Trump signed into law, a \$2 trillion economic stimulus package to address the public health and economic impact caused by the COVID-19 outbreak. The law is titled the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Below are the key elements of the CARES Act:

1. Direct payments of up to \$1,200 for each individual/\$2,400 for each married couple (plus \$500 per child)
2. Over \$350 billion in small business loans, loan guarantees, and grants
3. An expansion of unemployment insurance benefits
4. \$500 billion in loans for distressed companies
5. Additional funds to support state and local governments and public health agencies

This document summarizes the portions that are most relevant to **individuals** and **small businesses** and excludes governmental and health-related provisions. It includes information about the **financial resources available**, **eligibility requirements**, and **timeline for the resources**.

The individual section highlighted in the document are the one-time recovery rebates being provided to families, unemployment benefits for those impacted by COVID-19, special rules established for retirement funds that waive withdrawal fees for those impacted by the pandemic, financial relief for homeowners and renters, and temporary relief for student loan borrowers including information about work-study programs and Pell Grants.

The small business section highlighted in the document focuses on paycheck protection programs, emergency economic injury grants, debt relief for existing and new SBA borrowers, and payroll credit tax information.

The document **includes** information on **how to apply or access the financial resources for some sections of the CARES Act**. More information **will be shared and updated** as it becomes readily available from federal and state government entities.

## **Table of Contents**

1. Individuals
  - a. Recovery Rebates
  - b. Unemployment Insurance Provisions
  - c. Special Rules for Use of Retirement Funds
  - d. Relief for Homeowners and Renters
2. Small Businesses
  - a. Paycheck Protection Program
  - b. Emergency Economic Injury Grants
  - c. Debt Relief for Existing and New SBA Borrowers
3. Business Payroll
  - a. Payroll Tax Credit
  - b. Delay of Payment of Employer Payroll Taxes
4. Students
  - a. Work Study
  - b. Pell Grants
  - c. Temporary Relief for Federal Student Loan Borrowers

## I. INDIVIDUALS AND FAMILIES

- A. **One-Time Recovery Rebates** - Individuals who earned \$75,000 or less in annual adjusted gross income will get a *one-time* direct payment of \$1,200 each. Married couples earning up to \$150,000 will receive \$2,400. An additional \$500 will be added to the payment for each child. An eligible family of four would receive \$3,400. The payment would scale down by income, phasing out entirely at \$99,000 for individuals and \$198,000 for couples without children.
1. <https://www.irs.gov/newsroom/economic-impact-payments-what-you-need-to-know>
  2. **Eligibility Requirements:**
    - a) Must be a U.S. resident with annual adjusted gross income below the established thresholds
    - b) A dependent (i.e. college student) of another taxpayer is ineligible for his or her own rebate
    - c) Must have a work eligible social security number
  3. **Accessing Rebates**
    - a) No action required for vast majority of Americans
    - b) IRS will use taxpayers' most recently filed tax return (2019 tax return filed this year or 2018 tax return if 2019 has not been filed yet)
    - c) **Important Note:** If your address has changed since your last tax filing, then please update it immediately! Otherwise the check will be mailed to your old address.
  4. **Timeline:** While the exact timeline is still to be determined, checks are expected to arrive via direct deposit or via postal mail by the third week of April.
  5. **FAQs - Stimulus Payments**
    - a) **What if my recent income made me ineligible, but I anticipate being eligible because of a loss of income in 2020? Do I get a payment?** The plan does not help people in that circumstance now, but you may benefit once you file your 2020 taxes. You may be able to file for unemployment or apply for one of the new loans for small business owners.
    - b) **If my payment doesn't come soon, how can I be sure that it wasn't misdirected?** According to the bill, you will get a paper notice in the mail no later than a few weeks after your payment has been disbursed.
    - c) **What if I haven't filed tax returns recently? Will that affect my ability to receive a payment?** It could. File a return immediately, at least for 2018. This could be accomplished for free online from home using the IRS Free file program (<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>).
    - d) **Is the rebate taxable or will I have to pay back any amount?** No, the rebate is treated like other refundable tax credits, such as the child tax credit and earned income tax credit, and not considered income. Moreover, if the credit amount you qualify based on 2020 income is less than what you qualify for based on your 2019 tax return, it does not have to be paid back.
    - e) **Who qualifies as a child for purposes of the rebate?** In general, a child is any dependent of a taxpayer under the age of 17.
    - f) **Do dependents, other than children under 17, qualify a taxpayer for an additional \$500 per dependent?** No, the additional \$500 per child is limited to children under 17.

- g) **Are individuals with little to no income, such as SSI, eligible for a recovery rebate?** Yes, there is no qualifying income requirement. Even individuals with \$0 of income are eligible for a rebate so long as they are not the dependent of another taxpayer and have a work-eligible SSN.
- h) **Are seniors whose only income is from Social Security eligible?** Yes, as long as they are not the dependent of another taxpayer.

## B. Unemployment Insurance Provisions

1. **Department of Labor - Unemployment Insurance for COVID-19**
  - a) <https://www.dol.gov/coronavirus/unemployment-insurance>
  - b) Identify your state and contact information for state unemployment benefits to start the unemployment benefits process
  - c) Compilation of unemployment research for individual states (with full sourcing): [LINK](#)
  - d) **Federal and State Unemployment Insurance Information:**  
[https://docs.google.com/presentation/d/1MJQYJ4htjuDFBx-y\\_I7MKqRCtj6NU3gF0rB1ZWt4Sqw/edit#slide=id.g72a5b4d02c\\_0\\_61](https://docs.google.com/presentation/d/1MJQYJ4htjuDFBx-y_I7MKqRCtj6NU3gF0rB1ZWt4Sqw/edit#slide=id.g72a5b4d02c_0_61)
  - e) **State Specific Unemployment Information:**  
[https://docs.google.com/document/d/1WlqJu\\_PwwEqQPp9Jlcnn4E9TKFAAUWuM/edit](https://docs.google.com/document/d/1WlqJu_PwwEqQPp9Jlcnn4E9TKFAAUWuM/edit)
2. **Expansion of Unemployment Compensation Eligibility** - Many individuals who are traditionally not eligible for unemployment insurance benefits (e.g., self-employed, independent contractors, freelancers, gig economy workers, and 1099 workers, limited work history, quarantine, part-time workers) and are unable to work as a direct result of the coronavirus public health emergency will be eligible for unemployment insurance compensation through December 31st, 2020.
3. **Increase in Unemployment Compensation Benefits** - Recipients of unemployment insurance or Pandemic Unemployment Assistance will receive an additional \$600 per week for up to 4 months, on top of normal unemployment insurance compensation.
4. **Expansion of Duration of Unemployment Compensation** - While the duration of unemployment insurance benefits available to an individual varies by state, the law extends the maximum benefits by 13 weeks, to a maximum of 39 weeks in some states, through December 31st, 2020
5. Unemployment is not covered for new entrants to the workforce who cannot find a job, workers who are able to work from home, workers receiving paid sick leave or family leave
6. **FAQs - Unemployment Insurance**
  - a) **How much would I receive?** It depends on your state. Benefits would be expanded in a bid to replace the average worker's paycheck. The average worker earns about \$1,000 a week, and unemployment benefits often replace roughly 40 to 45 percent of that. The expansion would pay an extra amount to fill the gap. Under the plan, eligible workers would get an extra \$600 per week on top of their state benefit. But some states are more generous than others. According to the Century Foundation, the maximum weekly benefit in Alabama is \$275, but it's \$450 in California and \$713 in New Jersey. So let's say a worker was making \$1,100 per week in New York; she'd be eligible for the maximum state unemployment benefit of \$504 per week. Under the new program, she gets an additional \$600 of federal pandemic unemployment compensation, for a total

of \$1,104, essentially replacing her original paycheck. States have the option of providing the entire amount in one payment, or sending the extra portion separately. But it must all be done on the same weekly basis.

- b) **Are gig workers, freelancers and independent contractors covered in the bill?** Yes, self-employed people would be newly eligible for unemployment benefits. Benefit amounts would be calculated based on previous income, using a formula from the [Disaster Unemployment Assistance program](#). Self-employed workers would also be eligible for the additional \$600 weekly benefit provided by the federal government.
- c) **What if I'm a part-time worker who lost my job because of a coronavirus reason, but my state doesn't cover part-time workers? Would I still be eligible?** Yes. Part-time workers would be eligible for benefits, but the benefit amount and how long benefits would last depend on your state. They would also be eligible for the additional \$600 weekly benefit.
- d) **What if my child's school or daycare shut down?** If you rely on a school, a day care or another facility to care for a child, elderly parent or another household member so that you can work — and that facility has been shut down because of coronavirus — you would be eligible.
- e) **I was about to start a new job and now can't get there because of an outbreak.** You'd be eligible for benefits. You would also be covered if you were immediately laid off from a new job and did not have a sufficient work history to qualify for benefits under normal circumstances.
- f) **I had to quit my job as a direct result of coronavirus. Would I be eligible to apply for benefits?** It depends. Let's say your employer didn't lay you off but you had to quit because of a quarantine recommended by a healthcare provider, or because your child's day care closed and you're the primary caregiver. Situations like that are covered. But this provision wasn't intended to cover people who quit (or want to quit) because they fear that continuing to work puts them at risk of contracting coronavirus, according to congressional aides.
- g) **The breadwinner of my household has died as a result of coronavirus. I relied on that person for income, and I'm not working. Would that be covered?** Yes.
- h) **How long would the payments last?** Many states already provide 26 weeks of benefits, though some states have trimmed that back while others provide a sliding scale tied to unemployment levels. The bill would provide all eligible workers with an additional 13 weeks. So participants in states with 26 weeks would be eligible for a total of 39 weeks. The total amount cannot exceed 39 weeks, but it may be shorter in certain states. The extra \$600 payment would last for up to four months, covering weeks of unemployment ending July 31.
- i) **How long would the broader program last?** Expanded coverage would be available to workers who were newly eligible for unemployment benefits for weeks starting on Jan. 27, 2020, and through Dec. 31, 2020.
- j) **I'm already receiving unemployment benefits. Would I receive any help?** Yes. Even if you're already receiving unemployment benefits for reasons unrelated to the coronavirus, your state-level benefits would still be extended by 13 weeks. You would also receive the extra \$600 weekly benefit from the federal government.

- k) **My unemployment recently ran out — could I sign up again?** Yes. If you've exhausted your benefits, eligible workers could generally reapply. But how much you would get and for how long would depend on the state where you worked. Everyone would get at least another 13 weeks, along with the extra \$600 payment.
  - l) **Would this income disqualify me from any other programs?** Maybe. The additional \$600 benefit would count as income when determining eligibility for means-tested programs, except for Medicaid and the Children's Health Insurance Program, known as CHIP.
  - m) **How long would I need to wait for benefits?** States have been incentivized to waive the one-week waiting period, but it's unclear how long it would take to process claims — especially with state offices so strained by a flood of claims.
- C. **Special Rules for Use of Retirement Funds** - This provision would waive the additional 10% tax on early distributions from common retirement savings plans, including IRAs and 401(k) plans, for coronavirus-related distributions.
- 1. **Eligibility Requirement:** The early distribution must be a coronavirus-related distribution between the time period of January 1 and December 31, 2020
    - a) An individual diagnosed with COVID-19
    - b) An individual whose spouse or dependent is diagnosed with COVID-19
    - c) An individual who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, reduced having work hours, or being unable to work due to lack of child care due to COVID-19.
  - 2. Distributions are limited to \$100,000 (with no minimums in 2020), and may be re-contributed to the plan or IRA.
  - 3. This provision would waive required minimum distributions that are required to be made in 2020 from 401(k) plans and IRAs.
  - 4. The waiver includes required minimum distributions that are due by April 1, 2020, because the account owner turned 70 1/2 years old in 2019.
  - 5. **Borrowing from 401(k) or workplace retirement plans**
    - a) Individuals can borrow twice the usual amount for 180 days after the bill passes (if you are directly affected by the pandemic)
    - b) If you already have a covered loan and were supposed to finish repaying it before December 31st, you will get an extra year to pay it off.
  - 6. **FAQ's Retirement Funds**
    - a) **Which retirement account rules would be suspended?** For the calendar year 2020, no one would have to take a [required minimum distribution](#) from any individual retirement accounts or workplace retirement savings plans, like a 401(k). That way, you aren't forced to sell investments that may have fallen in value, which would lock in losses. If you don't need the money now, you can let the investments sit and hope that they recover. This change would not affect old-fashioned pensions.
    - b) **What if I have to take money out of my I.R.A. or workplace retirement plan early?** You could withdraw up to \$100,000 this year without the usual 10 percent penalty, as long as it's because of the outbreak. You would also be able to spread out any income taxes that you owe over three years from the date you took the distribution. And if you want, you could put the money back into the account before those three years are up, even though the rules may normally

keep you from making a contribution that large. This exception applies only to coronavirus-related withdrawals. You qualify if you tested positive, a spouse or dependent did or you experienced a variety of other negative economic consequences related to the pandemic. Employers could allow workers to self-certify that they are qualified to pull money from a workplace retirement account.

- c) **Can I still borrow from my 401(k) or other workplace retirement plan?** Yes, and you could take out twice the usual amount. For 180 days after the bill passes, with certification that you've been affected by the pandemic, you'd be able to take out a loan of up to \$100,000. Usually you can't take out more than half your balance, but that rule would be suspended. If you already have a loan and were supposed to finish repaying it before Dec. 31, you'd get an extra year.

#### D. Relief for Homeowners and Renters

1. Temporary, nationwide eviction moratorium for any renters whose landlord has a mortgages backed or owned by Fannie Mae, Freddie Mac, or other federal agencies
  - a) Landlords cannot charge any fees or penalties for nonpayment of rent
  - b) This will last 120 days after the bill passes
2. Homeowners with mortgages backed or owned by federal agencies, including Fannie Mae, Freddie Mac, and Federal Housing Administration, have the ability to request forbearance on their payments for up to 6 months, with a possible extension for another 6 months without fees, penalties, or extra interest.

## II. SMALL BUSINESSES

- A. Small businesses are facing an unprecedented economic disruption and new law creates several programs in the U.S. Small Business Administration (SBA) and the Department of Treasury to alleviate economic burdens. To keep up to date on when these programs become available, please stay in contact with your local Small Business Administration (SBA) District Office, which you can locate: [here](#)
- B. Quick Reference Guide to Navigate the Small Business Section
  1. → Capital to cover the cost of retaining employees?
    - a) Then the **Paycheck Protection Program** might be right for you.
  2. → A quick infusion of a smaller amount of cash to cover you right now?
    - a) You might want to look into an **Emergency Economic Injury Grant**.
  3. → To ease your fears about keeping up with payments on your SBA loan?
    - a) The **Small Business Debt Relief Program** could help.
  4. **Useful Resources:**
    - a) Find Your Local SBA Field Office: <https://www.sba.gov/tools/local-assistance/districtoffices> or [PDF version](#)
    - b) Find an SBA approved lender: <https://www.sba.gov/funding-programs/loans/lender-match>
- C. **Paycheck Protection Program (PPP)** - This program will provide 8 weeks of cash-flow assistance through federally guaranteed loans to small businesses and the self-employed (500 employees or fewer) who maintain their payroll during this emergency. While the loan can be used for many purposes, the portion used to cover payroll may be forgiven, if the small business maintains payroll for the 8-week period.

#### 1. Best Sources:



- a) Treasury Department Page:  
<https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>
  - b) SBA Interim Final Rule:  
<https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf>
  - c) Paycheck Protection Program FAQ:  
<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>
- (1) More Detailed References: See [Appendix A](#).
2. **IMPORTANT NOTE:** *Jamati members should expect the system to be overburdened. Applying sooner, rather than waiting, can help you get your application processed in a timely manner. Please keep your confirmation ID number on hand.*
  3. **Eligibility Requirements:** Sole-proprietors, independent contractors, and other self-employed individuals are eligible.
    - a) Restaurant, foodservice, caterers, and hotels that employ not more than 500 employees per physical location of the business are also eligible to receive a single loan
    - b) Up to \$10 million.
    - c) Maximum interest rate at 4%. No fees.
    - d) Principal and interest is deferred for up to a year.
  4. If the employer maintains its payroll, then the portion of the loan used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven.
  5. **Timeline:** Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program would be retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. **Loans are available through June 30, 2020.**
    - a) Loans would be available immediately through more than 800 existing SBA-certified lenders, including banks, credit unions, and other financial institutions.
  6. **FAQs Paycheck Protection Program**
    - a) **What types of businesses and entities are eligible for a PPP loan?** Any business concern that employs not more than 500 employees per physical location of the business concern
    - b) **How is the loan size determined?** Depending on your business's situation, the loan size will be calculated in different ways. The maximum loan size is always \$10 million. If you were in business February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs during that time period.
    - c) **What costs are eligible for payroll?** Compensation (salary, wage, commission, tip), paid leave, payment of any retirement benefit.
    - d) **What costs are not eligible for payroll?** Employee/owner compensation over \$100,000 etc.
    - e) **How do I get forgiveness on my PPP loan?** You must apply through your lender for forgiveness on your loan. In this application, you must include payroll documentation.
    - f) **Can I get more than one PPP loan?** No, an entity is limited to one PPP loan.
    - g) **Where should I go to get a PPP loan from?** All current SBA 7(a) lenders eligible lenders for PPP. This includes most FDIC-approved banks and credit unions.
    - h) **How does the PPP loan work with the temporary Emergency Economic Injury Grants and the Small Business Debt Relief program (next section)?** Emergency Economic Injury Grant and Economic Injury Disaster Loan (EIDL) recipients may apply for and take out a PPP



loan as long as there is no duplication in the use of funds.

#### D. Emergency Economic Injury Grants -

1. **Eligibility:** If you have a small business with 500 or fewer employees, and you were harmed by COVID-19, you can apply for an Economic Injury Disaster Loan (EIDL) through the SBA website.
  - a) <https://covid19relief.sba.gov/#/>
2. **What exactly is an EIDL?:** EIDLs are loans of up to \$2 million that carry interest rates up to 3.75% for companies, as well as principal and interest deferment for up to 4 years.
3. **What exactly is an Emergency Economic Injury Grant?:** When you apply for an EIDL, you can request an advance of \$10,000 on that loan. This advance is called an Emergency Economic Injury Grant. **This advance does not need to be repaid under any circumstance.** The advance must be used to keep employees on the payroll, pay for sick leave, pay for increased production costs, or pay any business debts, rent, or mortgage payments.
4. **FAQs Emergency Economic Injury Grants**
  - a) **How do I know if my business is a small business?** Please visit <https://www.sba.gov/size-standards/> to find out if your business meets SBA's small business size standards. You will need the 6-digit North American Industry Classification Code for your business and your business's 3-year average annual revenue.
  - b) **Can you expand on who exactly is eligible for an EIDL loan?:** Those eligible are the following with 500 or fewer employees:
    - Sole proprietorships, with or without employees
    - Independent contractors
    - Cooperatives and employee owned businesses
    - Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of any size.
  - c) **Can you expand on who exactly is eligible for the Emergency Economic Injury Grant (i.e. the advance on the EIDL)?** Those eligible for an EIDL and who have been in operation since **January 31, 2020**, when the public health crisis was announced.
  - d) **How long are Emergency Economic Injury Grants available?** The grants are available from **January 31, 2020 – December 31, 2020**. The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.
  - e) **If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?** Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.
  - f) **How do I apply for an economic injury disaster loan?** To apply for an EIDL online, please visit <https://disasterloan.sba.gov/ela/>. Your [SBA District Office](#) is an important resource when applying for SBA assistance.
  - g) **I am unfamiliar with the EIDL process, can anyone help me apply?** Answer: Yes, SBA resource partners are available to help guide you through the EIDL application process. You can find the nearest Small Business Development Center (SBDC), Women's Business

Center, or SCORE mentorship chapter at <https://www.sba.gov/local-assistance/find/>.

- E. **Debt Relief for Existing and New SBA Borrowers** - This provision provides immediate relief to small businesses with standard SBA loans (e.g., 7(a), 504, microloans).
1. SBA will cover all loan payments for existing SBA borrowers, including principal, interest, and fees, for 6 months. This relief will also be available to new borrowers who take out an SBA loan within 6 months after the President signs the bill.
  2. While SBA borrowers are receiving the six months debt relief, they may apply for a PPP loan that provides capital to keep their employees on the job.
  3. For more information about SBA loans (7(a), 504, and micro loans, please visit the SBA website).
- F. **State and Municipal Loan and Grant Programs**
1. States and various municipalities are creating their own relief programs as well as working on incorporating the CARES Act and applying/waiting on federal guidance to update their unemployment benefit programs. Review state specific research documents for information specific to your clients' areas of operation and recommend that they get in contact with local governments and trade organizations to find out about any additional programs that may be available at the local level.
  2. Compilation of research (with full sourcing): [See State Specific Research Compiled Here.](#)
  3. **State Specific Programs for Small Businesses:**  
[https://docs.google.com/document/d/1WlqJu\\_PwwEqQPp9Jlcnn4E9TKFAAUWuM/edit](https://docs.google.com/document/d/1WlqJu_PwwEqQPp9Jlcnn4E9TKFAAUWuM/edit)

### III. BUSINESS PAYROLL

- A. **Payroll Tax Credit - Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship** - This provision would provide a refundable payroll tax credit for 50% of wages paid by eligible employers to certain employees.
1. <https://www.irs.gov/newsroom/irs-employee-retention-credit-available-for-many-businesses-financially-impacted-by-covid-19>
  2. **Eligibility Requirements for Credit:**
    - a) Employer whose operations were fully or partially suspended due to COVID-19
    - b) Employer whose gross receipts declined by more than 50% when compared to the same quarter in the prior year
  3. For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to COVID-19 related circumstances described above
  4. For employers with 100 or fewer full-time employees, all employee wages are eligible, regardless of whether an employee is furloughed.
  5. All employee wages qualify for the credit, whether the employer is open for business or subject to shut-down order
  6. Credit is provided for the first \$10,000 of compensation, including health benefits, paid to an eligible employee
  7. **Eligibility Timeline:** Credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020
- B. **Delay of Payment of Employer Payroll Taxes** - This provision would allow taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020.
- a) The deferred employment tax will be paid over the following two years with half the amount required to be paid by December 31st, 2021 and the other half by December 31st, 2022.

### IV. STUDENTS

- A. **Work Study** - Universities can transfer unused work-study funds to be used for supplemental grants. Universities can issue work-study payments to students who are unable to work due to work-place closures as a lump sum or in payments similar to paychecks.
- B. **Pell Grants** - For students who dropped out of school as a result of COVID -19, the student is not required to return Pell grants or federal student loans.
- C. **Temporary Relief for Federal Student Loan Borrowers** - The Department of Education will defer student loan payments, principal, and interest for 6 months, through September 30, 2020, without penalty to the borrower for all federally owned loans. If you've borrowed money from the federal government in the last 10 years as a direct loan, you are eligible
- D. **FAQs Student Loans**
1. **The federal government [has already](#) waived two months of payments and interest for many federal student loan borrowers. Is there a bigger break now with the new bill?**
    - a) Yes. Until Sept. 30, there will be automatic payment suspensions for any student loan held by the federal government. It is hard to contact many of the loan servicers right now, so check your account online in the coming weeks. Once you are logged in, look for the current amount due. There, you should be able to see if the servicer has reset its billing systems so that you are showing no payment due.
  2. **How do I know if my loan is eligible?**
    - a) If you've borrowed money from the federal government — a so-called direct loan — in the past 10 years, you're definitely eligible. According to the [Institute for College Access & Success](#), 90 percent of loans (in dollar terms) will be eligible.
    - b) Older Federal Family Educational Loans (F.F.E.L.) that the U.S. Department of Education does not own would not be eligible, nor would Perkins loans, loans from state agencies, or loans from private lenders like Discover, Sallie Mae and Wells Fargo. The holders of all those kinds of loans may be offering their own assistance programs.
    - c) Within a few weeks of the bill becoming law, you are supposed to receive notice indicating what has happened with your federal loans. You can choose to keep paying down your principal if you want. Then, after Aug. 1, you should get multiple notices letting you know about the cessation of the suspension period and that you may be eligible to enroll in an [income-driven repayment plan](#).
  3. **Will my loan servicer charge me interest during the six-month period?**
    - a) The bill says that interest "shall not accrue" on the loan during the suspension period.
    - b) At the end of the suspension, keep a close eye on what your loan servicer does (or does not do) to put you back into your previous repayment mode. Servicer errors are common.
  4. **Will the six-month suspension cost me money, since I'm trying to qualify for the public service loan forgiveness program by making 120 monthly payments?**
    - a) No. The legislation says that your payment count will still go up by one payment each month during the six-month suspension, even though you will not actually be making any payments. This is true for all forgiveness or loan-rehabilitation programs.
  5. **Is wage garnishment that resulted from being behind on my loan payments suspended during this six-month period?**
    - a) Yes. So is the seizure of tax refunds, the reduction of any other federal benefit payments and other involuntary collection efforts.
  6. **Are there changes to the rules if my employer repays some of my student loans?**
    - a) Yes. Some employers do this as an employee benefit. Between the date the bill is signed and the end of 2020, they can offer up to \$5,250 of assistance without that money counting

as part of the employee's income. If the employer pays tuition for classes an employee is taking, that money will also count toward the \$5,250.