



Federal student loan relief is expiring:

What comes next and how to prepare.

The freeze on interest and monthly payments for federal student loans ends on 1/31/22. This guide breaks down what that means for your loans, how you can prepare, and what you can do to take control of your debt today.

Federal student loan relief is ending.

What's next?

The student loan benefits included in the Coronavirus Aid, Relief, and Economic Security Act (CARES) will expire on **January 31, 2022**. That means the “federal freeze” will be lifted and millions of Americans will return to accruing interest and making monthly payments on their loans.



This can be stressful news for many borrowers, so we've provided some information about the relief expiration and what happens next.

- **Interest accrual and monthly payments** on federal student loans will resume after January 31, 2022.
- For **Public Service Loan Forgiveness (PSLF)** eligible borrowers, each month worked during the deferral period still counts toward forgiveness.
- Borrowers can still make payments toward their loan's principal during the deferral period.
- **Deferred payments will not help or hurt your credit score.** However, your account will continue to age, which builds credit and may improve your scores.
- **Penalties and collection actions** for defaulted federal loans may resume after January 31, 2022. This includes wage garnishment, tax refund reduction, or reduction of any federal benefit.
- **Employers can pay up to \$5,250 of an employee's private and federal student loan payments,** tax-free for both employers and employees. This was extended through 2025 by the Consolidated Appropriations Act, 2021.

What else do you need to know?

FAQS

The expiration of federal student loan relief has created a lot of uncertainty for borrowers. Here's a breakdown of some common questions regarding your benefits, the end of federal relief, and what comes next.

What if student loan relief is extended again?

The U.S. Department of Education has stated that the January 31 extension [will be the last for payment and interest relief](#).

What should I do between now and January?

Borrowers should use this time to prepare for the return of interest and monthly payments. Make sure your account information is updated and your budget is ready. This may also be a good time to look at refinancing or changing up your payment plan.

What does inflation mean for my student loans?

Interest rates are expected to rise due to inflation fears. If you have a student loan with a variable rate, it's likely that your interest rate will increase. If you have private student loans or federal loans with a higher rate, you may want to consider refinancing while interest rates remain low.

What happens to my federal student loan benefits if I refinance?

If you refinance your student loans, you lose all federal benefits and protections, like income-driven repayment, deferment, and loan forgiveness.

What if student debt is forgiven?

President Biden has been resistant to significant student loan forgiveness or cancellation and the prospect seems unlikely. Borrowers should avoid taking steps assuming that their debt will be forgiven.

What if I can no longer afford to make monthly payments?

If your income or financial situation has changed over the past year, you may be eligible for an [income-driven repayment plan](#). Payments on these plans can be as low as \$0. However, your loans will continue to accrue interest.

Can I still make payments during the relief period?

Yes! Any payment made during the relief period will go toward your loan's principal, which could help you pay it down faster.

Should you consider refinancing your federal loans?

That depends. Federal student loans come with unique benefits and risks. If you're thinking about refinancing or consolidating your student debt, it's important to weigh your options.

What's student loan refinancing?

Refinancing your student loans could reduce your interest rate and help you save thousands over time. It's worth considering if you have high-interest federal loans, private loans, or a mix of both.

Benefits of Federal Student Loans

- **Lower payments:** Income-driven programs could lower your monthly payments.
- **Forgiveness:** Some repayment plans can forgive your remaining balance if your loans are not repaid in full at the end of your repayment period.
- **Public Service Loan Forgiveness (PSLF):** Individuals with large federal loan balances who plan to take a job at a qualifying public service organization can take advantage of forgiveness benefits.
- **Easy to qualify:** Almost anyone can qualify for some form of federal student loans, regardless of creditworthiness.

Benefits of Refinancing

- **Lower rates:** You could save thousands with flexible terms and a lower rate.
- **Lower monthly payments:** Depending on the terms you select, you could lower your monthly payment amount.
- **Convenience:** Refinancing can help you consolidate both federal and private loans into one loan with one monthly bill.
- **Flexible terms:** Pick a repayment plan that works for you, your goals, and your budget.



Now could be the time to make some moves with your student loans.

If you have federal student loans, you may be tempted to put off dealing with them until relief expires. What if you could take advantage of historically low refi rates AND keep some of your CARES Act benefits? Here's what you get when you refinance your federal loans with SoFi.

- **Lock in a lower refi rate** on your federal student loan.
- Pay **0% interest** until December 20, 2021.
- Make **no monthly payments** until February 2022.
- If you change your mind, you can **cancel anytime** up until December 20, 2021.

Plus, as an **AOA member**, take advantage of an **exclusive rate discount* of 0.25%** by refinancing through SoFi at Work. Log in below and find the offer to get started.

[Get started](#)

Whether you have federal loans, private loans, or a mix of both—you have options. SoFi can help every step of the way. Ask questions, get assistance, and explore your student loan options with our dedicated student loan support team by calling **(833) 277-7634** or **emailing your-benefits@sofi.com**.

Your Dashboard products may vary depending on your employer's preferences.

NOTICE: Recent legislative changes have suspended all federal student loan payments and waived interest charges on federally held loans until 01/31/22. Please carefully consider these changes before refinancing federally held loans with SoFi, as in doing so you will no longer qualify for these changes or other future benefits applicable to federally held loans.

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1. You are responsible for designating and confirming your contribution amounts through your employer directly and through the SoFi Site. SoFi is not responsible for verifying you receive the correct contribution amount.
2. The contribution is made by your employer to you. SoFi's role is only to assist in connecting your selected external account to receive the contribution.
3. When you use SoFi to connect an external account, including a student loan account and any 529/College savings Plan, you agree to the terms set forth above in Connected Accounts.
4. You must establish and maintain your student loan account and any college savings plan. SoFi does not establish, support, maintain, or monitor these accounts in any way. You are required to, and you agree to, regularly check these accounts to ensure contributions (your contributions and your employer's contributions, if any) are correctly received.
5. You must notify SoFi or your employer immediately if you notice or have reason to believe funds are not delivered correctly to your external accounts.
6. You authorize SoFi to receive information about you from your employer as necessary in order to facilitate your participation in the employer's program.

Student Loan Payment Information. Certain employers engage SoFi to assist employees identifying the amount of payments made to a student loan account so that the employer may use this information in its benefits plan. If your employer requests that you use SoFi for this purpose, you agree to the following terms:

- You will be asked to connect your loan account so that SoFi may obtain information about your payments to share with your employer.
- When you use SoFi to connect an external loan account, you agree to the terms set forth above in Connected Accounts.
- You give SoFi permission to share with your employer information from the account including the amounts and timing of your payments to the account.
- If you connect an external account for purposes of sharing student loan information with your employer, you attest and certify the connected loan is a qualified student loan account used for educational purposes.

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