



April 8, 2020

On March 27, President Donald Trump signed into law the CARES Act, a stimulus package, to assist the American public and economy with financial relief because of the COVID-19 pandemic.

What does this mean for students and graduates (with student loans) of UW-Whitewater?

Stimulus Checks. If a student worked, has a SSN, and claimed themselves as independent on their 2019 taxes, that student should receive a \$1200 stimulus check as long as they meet the income limit qualifications. If a parent/guardian claimed the student as a dependent on their 2019 taxes, the student does not qualify for a stimulus check. In addition, the majority of college students are 17 or older; therefore, their parent/guardian who claimed the dependent student will not receive the additional \$500 for children provided by the stimulus bill. Many of our UW-Whitewater students will receive \$0 in stimulus funds.

Income Limits. An additional qualification to receive a stimulus check is income limits. To qualify, based on 2019 taxes, an individual's adjusted gross income can be up to \$75,000 for an individual, and up to \$150,000 for married filing jointly to receive the full stipend. After those income limits, the stimulus stipend is reduced, and eventually eliminated when income reaches \$99,000 for an individual and \$148,000 for married filing jointly.

2019 Income Taxes. If the student or parent/guardian has not yet filed their 2019 taxes due to the July 15 deadline extension, the IRS will use the information on their 2018 taxes to determine eligibility.

Student Loan Interest Rate and Payments. Until September 30, all federally-owned student loans will have a 0% interest rate. In addition, borrowers can request forbearance to delay their payments by contacting their loan servicer. This does include individuals within the Loan Forgiveness programs; however, specific to this program, experts suggest continuing to make monthly payments if possible. It is important to note these provisions do not apply to private or institutional student loans. To find contact and loan servicer information, visit studentaid.gov, studentaidhelp.ed.gov, or call 1-800-433-3243.

Defaulted Student Loans. For federal student loans, all collections on defaulted student loans is automatically suspended. This includes all wage garnishments, Social Security garnishments, and offsets to tax refunds.

Private Student Loans. Although there are no provisions in the CARES Act for private student loans, if a student is seeking payment relief, experts suggest the following:

- Call your student loan servicer and explain your financial situation. Share facts about your personal situation like the loss of a job, being furloughed, additional medical expenses, and more. Request a forbearance, or a pause in repayment. Many private loan servicers will allow a forbearance of 3 to 12 months, but a formal request is needed.



- Request a flexible loan repayment option. Private loan servicers may be willing to temporarily reduce the monthly payment, lower the loan interest rate, or allow an interest-only repayment option.
- Refinance student loans. Interest rates have significantly dropped. When refinancing with a lower interest rate, money will be saved, payments may be reduced, and any extra money could be paid on principal which would help pay off student loans faster.

If you have further questions or concerns regarding the COVID-19 stimulus bill and the potential effects on the personal finances of our students, be sure to communicate. Stay safe and healthy during this unprecedented time in our nation's history.

Katie Patterson

Financial Literacy Coordinator

UW-W Financial Literacy Center

262-472-4947

pattersokm21@uww.edu

uww.edu/adminaffairs/finance/financial-literacy