

RELIEF FOR STUDENTS

If you have a college student who has had his or her semester of in-class learning turned into a time of online learning, or maybe your adult child has an outstanding student loan, the CARES Act and President Biden's executive order have several provisions that will help student loan borrowers:



- For students with outstanding loans through Direct Loans and FFEL loans, President Biden has extended the suspension of payments until Sept. 30, 2021. Moreover, interest will not accrue during this suspension.
- For those students who are seeking student loan forgiveness through the Public Service Loan Forgiveness program, this suspension period will count toward the forgiveness.
- For students in an income-driven repayment plan, the suspended payments are also considered qualifying payments that can be counted toward forgiveness.
- Credit reporting services will reflect suspended payments as if they have been made.
- Employers may apply education assistance benefits directly toward an employee's student loans (Maximum of \$5,250).
- These provisions also apply to Federal Parent PLUS Loans.

These provisions do not apply to Federal Perkins Loans, loans in default, private student loans or private parent loans.

Loans under the Federal Family Education Loan program (FFELP) may be eligible. For these loans, contact the loan service provider.

Many students who had their year at college cut short and are now finishing the semester online at home are receiving refunds from their schools.

Many schools are issuing partial refunds for housing, dining and parking fees. If those fees were initially paid from a 529 plan, consider recontributing them to the plan.

While not a provision of the CARES Act, if the refunded amounts represent qualified expenses that were originally paid with funds that were distributed from a 529 Plan, the student or 529 plan account owner may be able to recontribute these funds.

While the 529 plan provider will stipulate the final details of how to accomplish this, these are the general guidelines and considerations:

- It must be recontributed within 60 days of the refund date
- Beneficiary or account owner may recontribute refund of qualifying expenses
- Must be for the same beneficiary
- Recontribution is treated as principal
- No taxes or penalties will be assessed
- Recontribution will not be counted against the aggregate contribution limit

Please note that if it is not recontributed within the specified time limit it will be considered a non-qualified distribution and taxes and penalties will be applied. In addition, each 529 plan has determined its own stipulations on how the funds should be recontributed. Please contact your 529 plan provider before recontributing the funds.

Partner With Your Advisor

If you have questions about your 529 plan and the changes related to the CARES Act legislation and President Biden's extension of the suspended payment deadline, contact Mariner Wealth Advisors. We're committed to helping you navigate your family's financial future.

Sources:

["Biden Extends Break on Repaying Student Loans,"](#) insidehighered.com.

["What the CARES Act Means for Repayment of Federal Student Loans,"](#) studentloanborrowersassistance.org.

["Can I Recontribute a Refund to My 529 Plan?"](#) savingforcollege.com.

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