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**Wealth Management &
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Student Loan Repayment Delayed Again to Future Date in 2023



The Biden administration has announced another extension for repayment of federal student loans to an unspecified date in 2023 due to legal challenges that have blocked implementation of the student loan debt relief program. The previous payment moratorium was set to expire on December 31, 2022.

Under the new extension, student loan payments will resume 60 days after the student loan debt relief program is implemented or the lawsuits are resolved. If the courts have not resolved the issue by June 30, 2023, payments will start 60 days after that.¹

Legal challenges bring uncertainty

The latest extension is in response to court rulings that have blocked implementation of the student loan forgiveness program. Under that plan, announced in August 2022, federal student loan borrowers — including graduate students and parents with PLUS Loans — with an adjusted gross income under \$125,000 (\$250,000 for married couples filing jointly) are eligible for \$10,000 in loan forgiveness, with Pell Grant recipients eligible for up to \$20,000 in debt relief.²

In November, a federal judge in Texas ruled that the student loan forgiveness program was unlawful. And in a separate lawsuit, a federal appeals court issued an injunction against the program on behalf of six states — Arkansas, Iowa, Kansas, Missouri, Nebraska, and South Carolina — effectively stopping the Department of Education from accepting more applications and discharging any debt.³

The Biden administration asked the Supreme Court to review the lower court rulings during its current term, and the Supreme Court has agreed to hear the case, with arguments tentatively scheduled for February 2023. In the meantime, the Supreme Court left the injunction blocking the program in place.⁴

Pandemic-era payment pause continues

There have been nine student loan payment pauses since the start of the coronavirus pandemic. The first pause came in March 2020 when Congress passed the Coronavirus Aid, Relief, and Economic Security Act. Subsequent payment extensions have come via Presidential executive orders. The latest extension, to most likely sometime after June 2023, will bring the total payment pause to over three years.

Over 45 million Americans owe a collective \$1.6 trillion in federal student loans, the largest category of consumer debt behind mortgages.⁵ To date, more than 26 million people have applied for debt relief under the program; an additional 8 million people who have their income information already on file will qualify automatically for the program.⁶

1-2) U.S. Department of Education, 2022

3, 6) *The Washington Post*, November 14, 2022

4) *The New York Times*, December 1, 2022

5) *The New York Times*, November 22, 2022

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