

# Federal student-loan repay still on hold—what it means for residents

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With the recent passage of President Joe Biden’s coronavirus relief package—the “American Rescue Plan Act of 2021”—repayment federal student loans will remain on pause, interest-free through the end of September. That legislation, in tandem with the CARES Act, means that federal student-loan repayment will have been on hold for a total of 18 months.

“The expectation, given the vaccine availability, is that this will be the end of the interest payment holiday,” Alex Macielak, who works for Laurel Road, a brand of KeyBank NA that offers student-loan refinancing, said during a recent webinar cosponsored by the AMA. “But it’s worth keeping an eye on the legislative outlook.”

With the recent passage of President Joe Biden’s coronavirus relief package—the “American Rescue Plan Act of 2021”—federal student-loan forgiveness will be tax-free through 2025.

Find out what else physicians should know about the president’s coronavirus relief bill.

Read on for answers to some other key questions that resident physicians—or any doctors still paying off student loans—might have.

## **What should you do with the extra money?**

If you have federal student loans as a physician, you may be hoping to qualify for PSLF. The goal of that program is to pay as little as possible, so borrowers could presumably be

saving some funds they otherwise could have allocated to loan payments. Get expert advice on what to do with those dollars and cents.

## **Should you refinance?**

For people with private loans, refinancing right now is an obvious move. For those with federal loans, it doesn't get any better than 0% interest on zero-dollar payments, but those days will eventually end. Learn more about the pros and cons of refinancing given historically low interest rates.

## **What do you forfeit if you refinance?**

When physicians with federal loans are eventually asked to start repaying, they will likely need to make the same number of payments at the same interest rate they had prior to the pandemic. Physicians will forfeit any current or future federal benefits such as income-based repayment, loan forgiveness, and COVID-19 relief. Learn more about this aspect of the matter.

The AMA selected Laurel Road as a preferred provider to support you in navigating your financial future. AMA members who refinance their student loans with Laurel Road receive an additional 0.25% rate discount through AMA Member Benefits PLUS.

The 0.25% AMA member interest rate discount is offered on new student loan refinance applications from active AMA member. The AMA discount is applied to your monthly payment and will be reflected in your billing statement. The discount will end if the AMA notifies Laurel Road that the borrower is no longer a member. This offer cannot be combined with other member or employee discounts.

Learn more about the AMA Resident and Fellow Section and how it gives voice to, and advocates for, issues that affect resident and fellow physicians.