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## PAYROLL

# Biden Cancels \$10,000 in Student Loan Debt for Borrowers Who Make Less Than \$125,000 a Year

The pause on federal student loan payments has also been extended to Dec. 31, the Biden administration said.

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*By Tristan Smith, masslive.com (TNS)*

Borrowers who make less than \$125,000 will have \$10,000 of their student loan debt wiped clean, the Biden administration announced on Wednesday. The pause on federal student loan payments has also been extended to Dec. 31.

Pell grant recipients will receive a total of \$20,000 deducted from their federal student loan debt, according to the federal government, an action that's expected to greatly assist lower-income households. Anyone with undergraduate loans is also allowed to cap loan repayment at 5% of their monthly income

The federal government currently holds around an estimated \$1.6 trillion in student loan debt. The Biden administration put the majority of federal student loan payments on pause in March 2020, when the COVID-19 pandemic began to greatly impact the U.S., disrupting the economy. The student loan moratorium was originally set to expire on Aug. 31, leaving many borrowers anxious as they awaited the federal government's decision.

The Biden administration expects 90% of the debt relief from the latest student loan forgiveness package to go to households that earn less than \$75,000 a month, a

white house official told the [New York Times](#). The White House is expected to release further details about student loan forgiveness plans later Wednesday afternoon.

President Biden's \$10,000 student debt forgiveness is a far cry from the \$50,000 loan forgiveness Democratic lawmakers, including Sens. Elizabeth Warren, Ed Markey and Rep. Ayanna Pressley have previously urged the [President](#) to implement.

The Biden administration has already worked to recover student funds from [sensational post-grad employment claims](#) that were made by some institutions. Federal education officials have also addressed structurally flawed loan forgiveness programs.

Around \$32 billion in federal student debt was canceled for more than 1.6 million Americans during the Biden administration's student loan forgiveness actions.

Last week, students who used federal loans to attend [ITT Technical Institute](#) as far back as 2005 had all their debt canceled after education officials found "widespread and pervasive misrepresentations" at the defunct for-profit college chain.

The Biden administration said the action will cancel \$3.9 billion in federal student debt for 208,000 borrowers, the Education Department said.

On June 23, the Biden administration agreed to cancel [\\$6 billion in student loan debt](#) for around 200,000 defrauded student borrowers as part of a class-action lawsuit [settlement](#).

The U.S. Department of Education also plans to wipe clean the debt of [40,000 student borrowers](#), in an attempt to remedy "longstanding failures" in their federal student loan programs.

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