



The U.S. Education Department encouraged borrowers to explore options for resolving their defaulted loans. JOSE LUIS MAGANA/ ASSOCIATED PRESS

Wage Garnishment for Student Loans Delayed

Education officials had recently warned defaulted borrowers of January notices

BY OYIN ADEDOYIN

The Education Department said Friday it would delay its plans to garnish the pay of defaulted student-loan borrowers.

The delay will allow the agency time to implement changes that will give borrowers more options to repay their loans, the department said.

The department had said last month that it planned to start garnishing the pay of defaulted borrowers, with notices set to start going out in early January.

President Trump more recently has been issuing proposals aimed at addressing affordability, with Americans pressured by persistent inflation and a weakening job market. On Friday, a senior White House official said Trump will issue a plan next week that would let people use their 401(k) retirement accounts for a down payment on a home. No details were provided on how the plan would differ from people's current options.

The Trump administration has been urging federal student-loan borrowers back into repayment after an extended forbearance period that started during the pandemic. That break ended in 2024; after an on-ramp period last year, borrowers who missed student loan payments saw their credit score take a hit.

More than three million federal student-loan borrowers recently fell into default status, meaning they haven't made payments in more than 270 days, and many more were seriously delinquent on payments, according to Education Department data. Millions more borrowers haven't made a student-loan payment in nearly a year.

On Friday, the Education Department encouraged borrowers to explore options for resolving their defaulted student loans, and noted it reports defaulted loans to credit reporting agencies.

Federal student-loan borrowers who haven't made payments in more than 360 days could see up to 15% of their wages automatically deducted from paychecks. The government can also withhold money from borrowers' tax refunds and other federal benefits.

This month a group of organizations, including the NAACP, National Education Association, and Student Debt Crisis Center, called on Washington to halt wage garnishment, saying it would add another burden to people struggling to repay their student loans and other bills.