

'Forbearance is a last resort'

How to keep your student loan payment at \$0

By Ryan Lane NerdWallet

President Biden announced on Jan. 20 that most federal student loan payments would be suspended interest-free through September 2021 due to the ongoing pandemic.

Once the suspension lifts, though, a \$0 payment still may be a necessity for some borrowers.

According to an October 2020 survey from NerdWallet conducted by The Harris Poll, 45% of Americans with federal student loans of their own weren't confident they'd be able to afford their loan payments when the payment freeze was scheduled to end last December.

Borrowers will hopefully be better off financially by September. But if you'll need to keep paying less, here are your options.

Enroll in income-driven repayment

For a manageable payment, start with an income-driven repayment plan.

"Look at income-driven repayment first because it offers the most benefits," says Persis Yu, director of the nonprofit National Consumer Law Center's Student Loan Borrower Assistance Project.

Those benefits can include forgiveness after 20 or 25 years of payments, partial interest subsidies and monthly bills as low as \$0.

Payments are based on adjusted gross income, family size and federal poverty guidelines. For example, if you had an AGI of \$19,000, were single and lived in the lower 48 states, you'd pay \$0 for 12 months under most income-driven plans.

If you already use one of these plans and your income has decreased, your payments can too.

"It's important for borrowers to realize that they can ask to have their plans recertified at any time," Yu says.

You can estimate payments under different income-driven plans with the Department of Education's Loan Simulator.

Defer student loan payments

Federal student loan payments can be paused via deferment and forbearance.

Deferment is tied to events like losing your job or undergoing cancer treatment. If you're eligible, this option can keep payments at \$0.

For example, an unemployment deferment may be possible if you work fewer than 30 hours per week. If your hours were cut, but your household's earnings are too high for an income-driven plan, deferment may make sense.

The government also covers all the accruing interest on subsidized loans during deferment.

"There are some subsidies on income-driven plans, but they're more generous with deferment," says Betsy Mayotte, president and founder of The Institute of Student Loan Advisors, a nonprofit that offers borrowers free advice.

Deferment is often available for up to three years, but you have to reapply periodically. For an unemployment deferment, the duration is every six months.

Place loans in forbearance

Payments are currently suspended interest-free via a special administrative forbearance. When that breaks down, your servicer can grant you a discretionary forbearance, potentially without paperwork.

But besides no bills, that type of forbearance offers few benefits.

"Forbearance is a last resort," Mayotte says. "It's either that or you're going to go delinquent or default."

Interest usually accrues during forbearance. When it ends, that interest can be added to the amount you owe, meaning future interest grows on a bigger balance.

With any \$0 payment strategy, it's possible you'll repay more overall.

"If you can afford it, I would always recommend paying versus not paying," Mayotte says.

Getting ready

The most important thing to do now is understand your options, says Scott Buchanan, executive director of the Student Loan Servicing Alliance, a nonprofit that represents student loan servicers.

In part, that's because servicers can't change your payments yet.

"It's a matter of regulation and process," Buchanan says. "We can't actually put you into (a) plan right now because you're not in repayment." (AP)

Bezos to step

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While Scott drove, Bezos wrote up the business plan for what would become Amazon.com. Bezos convinced his parents and some friends to invest in the idea, and Amazon began operating out of the Bezos' Seattle garage on July 16, 1995.

Amazon has gone far beyond selling paperbacks. It now produces movies, makes sofas, owns a grocery chain and even has plans to send satellites into space to beam internet service to earth. The company is one of the most valuable in the world, worth nearly \$1.7 trillion.

During the pandemic, Amazon was one of the few retailers to benefit as shoppers stayed clear of malls and shopped from their phones.

On the same day Amazon announced Bezos would step down, the company reported making a record profit in the last three months of 2020, and its quarterly revenue shot past \$100 billion for the first time.

Bezos' riches have also swelled: His stake in Amazon is currently worth about \$180 billion. For years he stayed behind the scenes, running the company.

More recently, he sometimes stepped into the spotlight, showing up at movie premieres and Hollywood parties.

In 2019, he announced he was divorcing Scott in a tweet, just before the National Enquirer published a cover story saying Bezos had an affair with a former TV host. Scott received a stake in Amazon after the divorce worth nearly \$40 billion at the time. She has pledged to give away half her fortune to charities.

As Amazon has grown, so has scrutiny. Amazon and other tech giants have enjoyed light-touch regulation and star status in Washington for decades, but calls for greater regulation are growing.

A report by the House Judiciary Committee in October called for possibly breaking up Amazon and others, making it harder for them to acquire companies and imposing new rules to safeguard competition.

US stocks move modestly higher as Alphabet jumps

World shares mostly higher, investors focus on US stimulus

NEW YORK, Feb 3, (AP): Stocks edged higher in afternoon trading Wednesday, as investors turn their focus to some strong earnings reports and hopes for getting more economic stimulus passed in Washington.

Investors also continue to watch shares of companies such as GameStop and AMC Entertainment, which have been targeted by a community of online investors seeking to force their stock prices higher. Both stocks were up modestly in early trading, after plunging sharply the last two days.

The S&P 500 was up 0.3% as of 12:06 p.m. Eastern. The Dow Jones Industrial Average was little changed. The tech-heavy Nasdaq gained 0.4%.

Google's parent company, Alphabet, jumped more than 8.2% after reporting a blowout quarter as its digital advertising machine regained momentum.

It's a technology-heavy week for earnings. After the closing bell, investors will get results from technology giant Cisco Systems as well as payments behemoth PayPal.

Meanwhile, shares of Amazon rose just 0.4%, despite the company reporting a huge rise in quarterly profits. Amazon also said its founder and CEO Jeff Bezos would be stepping down as CEO to focus on broader work at the company.

With Democrats and Republicans remaining far apart on support for President Joe Biden's \$1.9 trillion stimulus package, investors are betting that the administration will opt for a reconciliation process to get the legislation through Congress.

GameStop and other recently high-flying stocks were up modestly. GameStop rose 4.2% and AMC added 7.7%. The stocks have been caught up in a speculative frenzy by traders in online forums and on social media



In this photo provided by the New York Stock Exchange, Robert Moran, (left), works with fellow traders on the floor. (AP)

who seek to inflict damage on Wall Street hedge funds that have bet these stocks would fall.

GameStop plunged 60% to \$90 a share on Tuesday, and AMC Entertainment lost 41.2% to \$7.82. Both companies have been in the spotlight for more than two weeks as investors pushed the stocks to astronomical levels.

Treasury Secretary Janet Yellen has called for a meeting with the Securities and Exchange Commission, Federal Reserve Board and others to discuss the recent volatility in markets.

GameStop, whose shares have traded mostly on investor opinion instead of actual company news, announced it was hiring Matt Francis, formerly an engineering leader with Amazon Web Services, to the newly created role of chief technology officer.

Investors also had some economic reports to work through. A gauge of the service sector, where most Americans work, came in at its highest level in almost two years last month. The measure published by the Institute for Supply Management climbed to 58.7% in January, up a full percentage point from the previous month.

Meanwhile, a report on private sector hiring by payroll data company ADP showed employers hired 174,000 workers in January, which was much

better than economists expected. Energy companies rose as the price of crude oil jumped 2%. Exxon Mobil rose 3.9% and Schlumberger gained 7.1%.

The yield on the 10-year Treasury rose to 1.12% from 1.09% late Tuesday.

Meanwhile, world shares were mostly higher on Wednesday as investors bet on eventual approval of a relatively big version of President Joe Biden's pandemic relief bill.

Markets rose in Paris, London, Tokyo and Hong Kong but shares fell in Shanghai.

Germany's DAX gained 0.71% to 13,933.63 and the CAC 40 in Paris closed nearly flat at 5,633.05. Britain's FTSE 100 was down 0.14% to 6,507.82.

In Asian trading, Tokyo's Nikkei 225 rose 1% to 28,646.50 and the Kospi in South Korea climbed 1.1% to 3,129.68. Australia's S&P/ASX 200 surged 0.9% to 6,824.60. The Hang Seng in Hong Kong recovered from early losses, gaining 0.2% to 29,307.91, while the Shanghai Composite index slipped 0.5% to 3,517.31.

The U.S. dollar rose to 105.06 Japanese yen from 104.98 yen late Tuesday. The euro edged lower, to \$1.2040 from \$1.2042.

Economic Update Oil Markets Oil prices have fallen slightly from recent 11-month highs amid renewed oil demand concerns following the spread of more virulent coronavirus strains. The demand for oil could accelerate in the second half of 2021 as suggested by the IEA, and in line with the IMF's 2021 growth forecasts. For now, Saudi Arabia's production cut has helped tighten supplies and put a floor on prices. Supply restraint may have to continue for longer.

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the bottomline

TOKYO: Sony Corp's its fiscal third quarter profit jumped 62%, positioning the Japanese entertainment and electronics giant for a record annual profit as its bottom line got a healthy boost from its mega-hit animation film 'Demon Slayer.'

Tokyo-based Sony reported Wednesday a 371.9 billion yen (\$3.5 billion) profit for the October-December period, up from 229.5 billion yen a year earlier.

Sony's video-games sector thrived as people stuck at home for the coronavirus pandemic turned to such entertainment content.

Sony's quarterly sales edged up 9% to 2.7 trillion yen (\$25.7 billion).

Sony also got a lift from the popularity of its PlayStation 5 console, which went on sale late last year, and did well in software and online-service sales, despite launch costs, the company said.

Sony has sold more than 4.5 million PlayStation 5 consoles, and more people were waiting to get the machines since production hasn't kept up with demand, company officials told reporters.

Mobile games also did well. Movie releases lagged, with new films being postponed and theaters closed in some places due to coronavirus restrictions.

In Japan, movie theaters have stayed open with social distancing measures, helping 'Demon Slayer' gain massive popularity amid a dearth of rival releases.

Sony's other divisions, such as consumer electronics products, imaging solutions and financial services, had mixed or flat results compared to the previous year. (AP)

NEW YORK: Cosmetics retailer Ulta Beauty said Tuesday that it's investing more than \$25 million this year to improve diversity of its product mix and inclusion in its business practices.

The plan includes doubling the number of beauty products from Black-owned brands by the end of the year, though it declined to say the number.

It will also introduce quarterly, in-store training for all store and salon workers in March to reinforce inclusivity and address unconscious bias.

The Bolingbrook, Illinois-based chain also says Tracee Ellis Ross, CEO and founder of haircare brand Pattern Beauty, will become the company's diversity and inclusion advisor.

Ulta Beauty's announcement comes about two weeks after beauty-products retailer Sephora said it will bolster the number of Black-owned brands it sells, scale back on third-party security guards and offer more inclusive marketing as part of a plan to combat racial bias at its stores. (AP)

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