I. PURPOSE:
To provide information for residents with regard to loan deferments/forbearance.

II. POLICY:
Student loans have various payback requirements. Some are deferrable while in training; most are not. Residents can no longer be considered students per the Omnibus Budget Reconciliation Act of 1989.

A deferment means there are no payments required during an approved period of time. For subsidized Stafford Loans, interest does not accrue during the approved period. Federal Stafford/Direct Loans made prior to July 1, 1993, are deferrable for up to two years. Loans made after that date may only be deferred through an economic hardship deferment and are deferrable for up to three years if the individual meets the qualifications. As of 7/01/2009, most institutions will not accept deferment requests from residents due to new “poverty level” requirements. Most residents are forced to forbear. Both types of deferments must be renewed every twelve months.

Many loans will allow forbearance while in training. A forbearance permits a student borrower a temporary period of time in which s/he may not make any payments on the loan, pay interest only, or make a payment less than the normal repayment amount. Interest still accrues during forbearance. A forbearance must be requested through the lender or loan service.

Many loans must be paid back in full within a set time period (i.e. 10 years). Forbearance time is separate from the repayment time for some loans. Forbearance may serve to shorten the time period for payback and increase the payments as well, so it is not generally recommended unless all other options have been explored.

Residents wishing to obtain a deferment for longer than 2 years may try to use the "fellowship deferment" category. Fellowship deferment forms usually outline requirements that the fellow must meet in order to be eligible for deferment. The Graduate Medical Education Office cannot attest to the fulfillment of these requirements. The Graduate Medical Education Committee voted to direct responsibility for working with the lending institutions and fellows on establishing fellowship guidelines back to the program directors. The fellowship forms must be
submitted to the appropriate department or division for completion and verification.

Residents and fellows are responsible for obtaining and completing appropriate forms for deferments and forbearance; however, they are free to contact the GME Office for assistance. The Graduate Medical Education Office will certify the dates of residency and submit the forms to the lender.

The Director of the Student Loan Service Center on the University of Utah campus (Ext. 1-8786) will also provide advice about loans and repayment to houseofficers upon request.

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