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Postponing Repayment of Your Access Group Student Loans When You Enter a Medical Residency Program *Spring/Summer 2009*

As an Access Group borrower, you may be entitled to postpone repayment of your federal and/or private student loans while participating in a medical residency program using either a deferment or forbearance. The following instructions are intended to help you request the proper option for your situation. Please keep in mind that for your **subsidized** federal loans, it's a good idea to utilize a deferment (if eligible) before applying for a forbearance if you need to postpone repayment. During a deferment, the federal government will pay (subsidize) the interest on a subsidized loan whereas during a forbearance, interest will accrue (there is no subsidy). Please call us at 877-472-3227 if you have any questions, or if you can't download the deferment/forbearance request form(s) you need at AccessGroup.Org. We'll be happy to assist you.

Federal Stafford, Grad PLUS and Consolidation Loans

In past years, many medical residents initially postponed repayment of their federal student loans using an Economic Hardship Deferment (HRD). They qualified for this deferment because their income was low relative to their total federal student loan debt. However, due to passage of the College Cost Reduction and Access Act of 2007 (CCRAA), the conditions under which a borrower may qualify for an Economic Hardship Deferment have changed and are limited to the following as of 7/1/2009:

To qualify for the Economic Hardship Deferment, you must meet **one** of the conditions listed below and must provide the required documentation to your loan holder/servicer.

- (1) You have been granted an Economic Hardship Deferment under the Federal Direct Loan (Direct Loan) Program or the Federal Perkins Loan Program for the same period of time for which you're requesting this deferment.
- (2) You're receiving or received payments under a federal or state public assistance program, such as Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, or state general public assistance.
- (3) You're serving as a Peace Corps volunteer.
- (4) You currently are working full time and your monthly income does not exceed the **larger of** (A) the Federal Minimum Wage Rate (\$1,256.67 in 2009), or (B) 150% of the poverty guideline for your family size and state (e.g., \$10,830 for a household size of 1 living in the 48 states or DC in 2009).

Medical residents typically earn more than the amounts specified in condition (4) and usually don't meet any of the other three conditions listed above. And although you might be able to qualify for this deferment prior to 7/1/2009 under the old eligibility rules assuming you have not started your residency yet and have no income, you do certify on the deferment request form when you sign it that you'll notify your loan holder/servicer once your circumstances change (such as starting your residency and beginning to earn a salary) and that would cause you to no longer qualify for this deferment. As such, most borrowers entering or continuing their medical residency in July 2009 or beyond will only be eligible for the (Mandatory) Residency/Internship Forbearance. This forbearance is available in increments of up to 12 months, for as long as it takes to complete your residency. You can download the request form at: www.accessgroup.org/student-loans/docfiles/FedForbearance.pdf.

Please note the additional information below regarding Federal Stafford, Grad PLUS and Consolidation Loans as it applies to deferment and forbearance following graduation from medical school.

Federal Stafford Loans

Your Federal Stafford Loan(s) have a six-month “grace” period following graduation. Once that grace period expires, you may apply for a **(Mandatory) Residency/Internship Forbearance** if you need to postpone repayment during residency.

Federal Graduate PLUS Loans and/or Federal Consolidation Loans

There is no “grace” period on Federal Grad PLUS and Federal Consolidation Loans, so they enter repayment as soon as you’re no longer enrolled at least half time. However, for Grad PLUS loans first disbursed on or after July 1, 2008, there’s an *automatic* 6-month deferment that is provided by the loan holder/servicer in accordance with current federal regulations. For all Grad PLUS Loans first disbursed prior to July 1, 2008, and for all Federal Consolidation Loans, you can request a **(Mandatory) Residency/Internship Forbearance** if you need to postpone repayment during residency.

Alternatively, you might be thinking you could apply for the Economic Hardship Deferment on these loans. Although you might initially qualify for this deferment based on the rules that are in effect until 7/1/2009, it would provide very little added value to you (if any) over that of forbearance. For example, since the Grad PLUS is an unsubsidized federal loan, it’s not eligible for any subsidy during a deferment. So postponing repayment of a Grad PLUS with forbearance would accomplish the same outcome with no difference in cost to you.

PLEASE NOTE: For all federal loans, you must reapply for deferments and forbearance annually if you want to continue to postpone repayment until you complete your residency.

Access Group Private Loans for Medical Students

You can postpone repayment of these Access Group loans while you are participating in a residency by completing a **Residency/Postdoctoral/Fellowship Forbearance Request Form for Access Group Private Loans**. If you apply before the grace period ends on your private loan (within 9 months after leaving school), the “separation date” on your loan, which triggers entry into the repayment period, will be extended for one year. Once you complete your residency, or the 48-month maximum forbearance period expires, whichever comes first, your loan will be placed into a “grace period” for an additional nine months before you must begin repaying your loan(s).

- To apply, go to: www.accessgroup.org/student-loans/docfiles/residency-internship-forbearance.pdf.
- You can request this forbearance annually, for up to 48 months.
- If you wait until your grace period expires, you can still apply for a residency forbearance, but at the end of the 48 months or upon completion of your residency, whichever comes first; you’ll have no grace period remaining and must begin repaying your loans immediately.

IMPORTANT: Once you’ve completed and signed the borrower portions of the request form and your residency program director has completed and signed the school sections, return the form to us at the address above or via fax to (302) 476-3555.