

AAPD 2019 LEGISLATIVE FACT SHEET

RESIDENT EDUCATION DEFERRED INTEREST ACT



AMERICA'S PEDIATRIC DENTISTS
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REQUEST: Co-sponsor the *Resident Education Deferred Interest Act (H.R. 5734 from the 115th Congress)*, legislation to be re-introduced by Congressman (and dentist) *Dr. Brian Babin (R- Texas-36th)*.

Background/Problem: While most pediatric dental residents receive a modest stipend while in training, many are unable to begin repaying student loan debt immediately. As a result, they qualify to have their payments halted during residency through two options: deferment or forbearance. However, they continue to accrue interest that is added to their loan balance. Under current law, residents have to meet strict requirements to qualify for deferment – usually either military service or fellowship. Subsidized loans remain interest free during deferment, but unsubsidized loans accrue interest. Subsidized graduate loans were eliminated following the passage of the Balanced Budget Act of 2011, so dental/medical school loans are unsubsidized. Therefore, at a minimum, residents accrue interest on their medical/dental school loans even if they qualify for deferment during residency. Those who do not qualify for deferment—but seek to halt their payments during residency—seek forbearance. Residents in forbearance also accrue interest on both subsidized and unsubsidized loans.

Solution: The “Resident Education Deferred Interest Act” will allow interest-free deferment on student loans for borrowers serving in a dental or medical residency. This means that any resident who obtains a deferment will not accrue student loan interest during the residency training period. Passage of this legislation is an important part of student loan repayment reform. **This bill would save dentists in residency training thousands of dollars in student loan interest.** Providing such interest accrual relief during residency also makes options of opening practices in underserved areas or entering faculty or research positions more attractive and affordable to residents.

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