

# **Important New Information Regarding the Resident Loan Interest Relief Program**

*Ministry of Health and Long-Term Care Update for Residents and Medical Students*

**July 2010**

## **Update for Residents**

This update is a follow up to the March 2010 update on the Resident Loan Interest Relief Program. We continue to work diligently to operationalize this program.

Implementation of the program has been delayed due to unforeseen administrative complications but we recently made significant progress and are proceeding to the launch in the coming months. The March 25th Budget Bill included a legislative change to the Ministry of Training, Colleges and Universities' Act. This change enables residents to qualify for student loans. This is a significant step towards resolving the complications surrounding the resident loan interest relief program.

In recognition of the implementation delays, MOHLTC will retroactively cover interest payments on government student loans post July 1, 2009.

The Government of Ontario would like to acknowledge the patience residents have shown while waiting for this program to be implemented. We realize that the delay has been stressful and want to thank the OMA and PAIRO for working with us to implement a solution.

Information regarding the application process for the Program will be communicated once it becomes fully implemented. Assuming no further complications, the program should launch in late fall - just as residents who graduated from medical school this year are required to begin paying back their loans.

### **Options to reduce current payments**

There are options available to reduce your payment until the program is implemented. Residents may contact the National Student Loan Service Centre to:

- Apply for repayment assistance on government student loans. Eligibility for repayment assistance is based on gross family income (borrower and spouse), family size, and government student loan debt.
- Request Revision of Terms. By revising the loan amortization period from 9½ years to 14 ½ years, you can lower your monthly payment by about 25 per cent. Revision of Terms is available to all borrowers and is not income tested.

## **More Information**

Please see the attached [Q&As](#) for more information regarding program details.

Further information about the Resident Loan Interest Relief Program will be emailed to residents as it becomes available.

To learn more about the 2008 Physician Services Agreement, contact the Ontario Medical Association at [negotiations@oma.org](mailto:negotiations@oma.org) or 1-800-268-7215.

La version française de ce document sera disponible sur le site [ProfessionsSantéOntario](#) à partir du 15 juillet 2010.

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## **About the Program**

### **Resident Loan Interest Relief Program**

The Resident Loan Interest Relief Program was negotiated as part of the 2008 Physician Services Agreement to provide eligible Ontario medical residents with financial assistance during a critical time of professional development. During residency, the program will pay interest and defer principal payment on any outstanding Canadian federal or provincial government student loan.

HealthForceOntario is the government's strategy to ensure Ontario has the right supply and mix of appropriately educated health care providers where and when they are needed – now and into the future. The Resident Loan Interest Relief Program – a product of the Ontario Medical Association's and the ministry's commitment to improving resident well-being – supports this strategy.

### **Current Status**

Implementation of the program has been delayed due to unforeseen administrative complications. The Ministry would like to acknowledge the patience residents have shown while waiting for this program to be implemented. We realize that the delay has been stressful and want to assure residents that we are working quickly to resolve these issues.

### **Eligibility**

All full time post-graduate medical trainees in Ontario programs sponsored by the Ministry of Health and Long-Term Care (MOHLTC) will be eligible for the program. This includes residents who are already in training as well as undergraduate medical students from other provinces who will pursue residency in Ontario. Residents must have outstanding government debt that is in good standing. In return for this commitment to residents, residents participating in the program will agree to practise in Ontario for five years after finishing PG training.

### **Implementation**

Once the program is implemented, information will be communicated to residents about how to register.

It is important to note that with most government student loan programs, students have at least six months after the completion of post-secondary studies before repayment must begin, although interest accumulates during that time period. The program will retroactively pay interest that accrues on eligible loans after July 1, 2009.

The Resident Loan Interest Relief Program will cover only government loans (provincial and Government of Canada).

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For this reason residents who are interested in the program should not consolidate their government student loan debt with a private loan.

## **Loan Payment Information and Resident Eligibility**

### **When will the Resident Loan Interest Relief Program begin?**

Information regarding the application process for the program will be communicated once it becomes fully implemented – we anticipate this happening in the fall of 2010. Because residents are eligible for the program only if their loans are in good standing, in the interim, interested residents must make monthly payments on their government student loans. When the program is fully implemented, MOHLTC will cover interest payments on government student loans back to July 1, 2009.

### **Are there any options available to reduce payment by residents until the program is implemented?**

Yes, by contacting the National Student Loans Service Centre, residents who are having difficulty making their government student loan payment can:

- Apply for repayment assistance on government student loans. Eligibility for repayment assistance is based on gross family income (borrower and spouse), family size, and government student loan debt.
- Request revision of terms. By revising the loan amortization period residents can lower their monthly payment. Revision of Terms is available to all borrowers and is not income tested.

Residents who are interested in the program should not consolidate or pay out their loans. Consolidated loans are not eligible for the program because they're non-government loans.

### **Will the Resident Loan Interest Relief Program pay for accumulated interest dating to July 1, 2009?**

Yes, the program will be retroactive. This includes all interest payments dating back to July 1, 2009, and any accumulated interest due since July 1. Interest owing prior to July 1, 2009 is the responsibility of the borrower and must be addressed by the borrower before participating in the program. Interest accumulated in the six-month grace period after medical school that is not covered by retroactive interest payments from MOHLTC can be added the student loan principal or residents can choose to pay the interest as it accrues. (In the case of a new resident, this would typically represent April and May interest expenses). In order to qualify for a retroactive payment, residents must apply to the program within 6 months of launch.

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**Is eligibility for the program affected if some of the loans are paid back?**

Any outstanding government student loan is eligible for the program. As long as residents have not consolidated their outstanding government debt with a private loan they are eligible for the program.

**Once operational, how will the Ministry calculate the interest owed?**

The Ministry will work with the program's financial administrator to calculate and cover interest payments during residency. Residents will not be required to make any payments for the duration of their residency programs.

**Does the program work for non-Ontario government student loans?**

Yes, the program works for all Canadian (federal and provincial) government student loans.

**Are residents eligible for the program if they've already consolidated or paid off their government loans?**

Currently, only active government loans are eligible for the program. This may be revised in the future.

**Can residents repay the outstanding principal while participating in the program?**

Yes, residents can pay back the outstanding principal at any time without any penalty. However, residents will still be required to return service in Ontario for five years.

**Is the program only for new residents?**

No, the program is available to residents in all years of study. However, anyone who participates in the program is required to fulfill a five-year commitment to Ontario.

**Can residents qualify for the program if their undergraduate medical degree is not from Canada?**

Yes, anyone completing residency in Ontario who has government student loans from Canadian provinces or the federal government is eligible for this program.

**Commitment Required**

The Ministry is proud of this program and our commitment to improving resident well-being. In return for the Government of Ontario covering all interest charges on eligible loans during residency, residents are expected to commit to spending five years practicing in Ontario. Residents will be given three months upon completion of their residency to

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find a job, after which they will begin their five-year commitment to practise in Ontario. Deferrals will be granted for parental leave.

Immediately after residency, residents will assume responsibility for making payments (principal and interest) on government loans.

**What if a resident wants to assist in relief efforts overseas?**

The Ministry is investigating how it might allow program participants to practise overseas, but at present this is not allowed.

**If a resident enters a fellowship program upon completion of their residency, is the resident still eligible for the Resident Loan Interest Relief Program?**

At this time, fellowship programs are not covered by the program. Fellows are required to assume responsibility for payments (principal and interest) on government loans upon commencement of their fellowship. The Ministry is currently analyzing this decision and may revise it in the future.

**How many hours are required per year?**

Residents are expected to work full-time, which is defined as a minimum of 40 hours a week.

**What happens if a resident decides to leave Ontario before practising for five years?**

Under the agreement, residents agree to pay back to Ontario all the interest it has paid on their behalf, as well as accrued interest on this amount.

**Does the length of the required commitment vary depending on my residency?**

No, all residents who enter the program are required to practise in Ontario for five years.

**Are residents with other Return of Service Agreements with Ontario eligible for this program?**

Yes – residents could fulfill the requirements of this program and the other Ontario Return of Service Agreement requirements concurrently.