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Banks no longer banking on earning potential of medical students

The Canadian Imperial Bank of Commerce (CIBC) says medical education costs are now so high relative to potential earnings that it will no longer grant medical students preferred lending rates.

"We have [set] limits on the debt amounts that we feel medical students can incur and reasonably expect to repay in the years following their training," says John Mayes, CIBC's general manager for professional programs.

"Right now many students are bumping up against those limits because they must finance high medical education costs through loans."

Those "limits" lie in the \$100 000 to \$130 000 range and represent substantial burdens because, unlike government-sponsored student loans, interest begins accruing immediately, up to a decade before a medical student starts earning a full income.

And that has people like Mayes worried. In a letter sent to the Canadian Federation of Medical Students (CFMS) in March, he wrote: "[Your] request for below-prime loans and free premium credit cards was considered, but we aren't in a position to provide reductions of this sort when we consider the overall potential client profitability... The amount of debt appears to be growing far faster than the income potential of [medical students'] subsequent earning years."

The CFMS and other organizations have also been trying to pry more grants and loans from different levels of government, but with little success. In fact, the CFMS vice-president for education says Mayes' calculations about the future earning potential provided by a medical degree appear to conflict with the opinions of government grant and loan officials. "Government officials don't understand the problem," James Clarke, a fourth-year student at Dalhousie, told *CMAJ*. "They say, 'You're going to make tonnes of money when

you graduate, so what's the problem?' They don't realize there's at least 2 years of residency between graduation and practice."

The main factor in the rising bill for a medical degree is the cost of tuition. The University of Toronto now tops the list in Canada with a first-year fee of \$14 500; Western



ranks second, at \$14 000.

"I am a physician," says Dr. Keith Martin, a Canadian Alliance member from British Columbia who graduated from the University of Toronto in 1986, "but I could not have gone to medical school if costs had been what they are today." —

Steven Wharry, CMAJ

Another day older, deeper in debt

When Andrew Nice finishes medical school at McGill this spring, he will have accrued debts totalling about \$75 000. His wife Karen, an actuary who has also earned 2 degrees, will probably owe more. "At the end of this year we're starting out with \$150 000 to \$170 000 debt between the 2 of us," he says. "It's daunting at times."



Andrew Nice: the debt is daunting at times

When Nice started medical school it wasn't difficult to get a loan, although a preferential loan rate was more elusive. "My banker knows me quite well and is quite [helpful] to me," he says as he prepares to graduate. However, "whether they'll give me any more is the next question."

As a Quebec resident, Nice is not obliged to pay back his \$15 000 in student loans or the interest on the principal until he completes his residency in anesthesia 5 years from now. But he hopes to pay down the "big hunk" on his line of credit gradually. "You don't have the opportunity to work summers as a medical student," he says. "So you really need a line of credit. Paying down bits of that would be a first step."

His immediate plan is to keep his personal line of credit flat at \$60 000 and then to pay down 10% to 15% of it annually once he starts his residency this summer. Unlike graduates who leave the province,

Nice doesn't have to pay back his student loans right away. However, with his debt load and a medical resident's salary fixed at \$36 000 annually by the Quebec government, he doesn't have much room to manoeuvre, at least for the moment.

Ultimately, with a well-paying position virtually assured and his wife having a good job, he feels things will be under control. He certainly feels more fortunate than some fellow students. "There are 25 to 30 international students in McGill medicine and these people are leaving with \$200 000 to \$250 000 US in debt. At the end of the day, I still see myself in a lucky position." — *Susan Pinker, Montreal*