

May 13, 2021

The Honorable Ron Wyden  
United States Senate  
221 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Sherrod Brown  
United States Senate  
503 Hart Senate Office Building  
Washington, DC 20510

The Honorable Maria Cantwell  
United States Senate  
511 Hart Senate Office Building  
Washington, DC 20510

The Honorable Ben Cardin  
United States Senate  
509 Hart Senate Office Building  
Washington, DC 20510

The Honorable Sheldon Whitehouse  
United States Senate  
530 Hart Senate Office Building  
Washington, DC 20510

Dear Senators Wyden, Brown, Cantwell, Cardin, and Whitehouse:

On behalf of our physician and medical student members, the American Medical Association (AMA) is writing to voice our support for S. 1443, the “Retirement Parity for Student Loans Act.” In 2020, about 42 million Americans, or one in eight, had student loans with the entire amount of student debt equaling around \$1.5 trillion.<sup>1</sup> With Americans feeling the weight of student loan debt, many choose to forgo contributing to their retirement plans, jeopardizing their future financial security. The Retirement Parity for Student Loans Act would permit 401(k), 403(b), SIMPLE, and governmental 457(b) retirement plans to make voluntary matching contributions to workers as if their student loan payments were salary reduction contributions.

Of the outstanding \$1.5 trillion in student loan debt, about 25 percent of those borrowers went to graduate school and account for half of the outstanding debt.<sup>2</sup> Specifically, in 2019, 73 percent of medical students graduated with an average of about \$200,000 in student loan debt.<sup>3</sup> This number will significantly increase as the cost of medical school constantly goes up. In fact, for first year students in 2020-2021, the average cost of attendance increased from the prior year for public medical schools by 10.3 percent, making it likely that medical students will have to carry even larger student loans in the future in order to graduate.<sup>4</sup> With medical students being forced to take on low-paying residency and fellowship positions for up to eight years post-graduation, this generation of students is having to choose between paying back student loans or contributing to their retirement.

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<sup>1</sup> <https://www.brookings.edu/policy2020/votervital/who-owes-all-that-student-debt-and-whod-benefit-if-it-were-forgiven/>.

<sup>2</sup> *Id.*

<sup>3</sup> <https://store.aamc.org/physician-education-debt-and-the-cost-to-attend-medical-school-2020-update.html>.

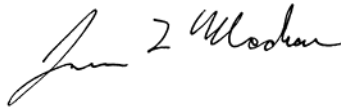
<sup>4</sup> <https://www.aamc.org/data-reports/reporting-tools/report/tuition-and-student-fees-reports/>.

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A study found that student debtors save significantly less for retirement than non-debtors by age 30 and that this gap continues to grow over the student debtors' lifetime.<sup>5</sup> Moreover, 73 percent of Americans say they expect to begin, or increase, their retirement contributions once their student loans are paid off. However, with most Americans unable to pay off student loans until they are in their 40s, decades will pass before individuals are able to invest for their retirement.<sup>6</sup> By delaying saving for retirement, individuals miss out on many of the long-term benefits of compound interest, which will either force them to have to save about 40 percent of their income, if they begin investing for their retirement in their 40s, in order to adequately support themselves in their retirement, or lead to an unsustainable reliance on Social Security, which itself is under threat of being depleted by 2037.<sup>7</sup> As such, comprehensive solutions are needed to ensure that this generation and generations to come can properly save for retirement.

The AMA is dedicated to identifying long-term strategies to mitigate the debt burden of medical students and believes that the Retirement Parity for Student Loans Act is a positive step towards ensuring the financial solvency and the well-being of our young professionals and any individual who must take on student debt. The AMA commends your ongoing commitment to this important issue, and we look forward to working with you to further advance this legislation in the 117th Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Madara". The signature is fluid and cursive, with a large initial "J" and "M".

James L. Madara, MD

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<sup>5</sup> <https://www.forbes.com/sites/michaeldurkheimer/2018/07/03/should-i-save-for-retirement-or-pay-off-my-student-loans/?sh=5c7c3c2143e3>.

<sup>6</sup> <https://www.cnbc.com/2019/08/08/84-percent-of-borrowers-say-student-loans-are-tanking-their-retirement.html>.

<sup>7</sup> <https://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p111.html>.