

# Repayment Strategies and Money Management after Medical School

## University of Puerto Rico School of Medicine

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April 13, 2018

# Agenda

FIRST PROGRAM



**1** Organize Your Loans  
*Immediately*

**2** Manage Loans Without  
a Grace Period  
*30 days before graduation*

**3** Consolidation Is an Option  
*Upon graduation*

**4** Complete the Employment  
Certification Form (ECF)  
*When residency begins*

**5** Decide if You'll Pay  
or Postpone Payments  
*Before the end of grace*

**6** Submit Annual  
Recertification Paperwork  
*Before the end of the first year*

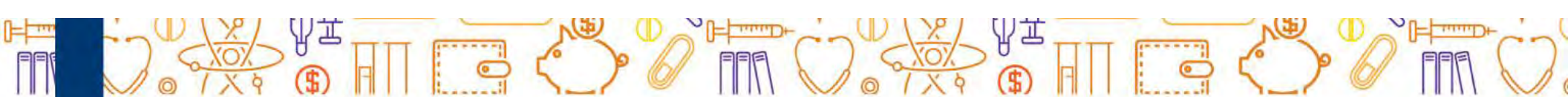
[aamc.org/nextsteps](http://aamc.org/nextsteps)

# Online Resource

FIRST PROGRAM

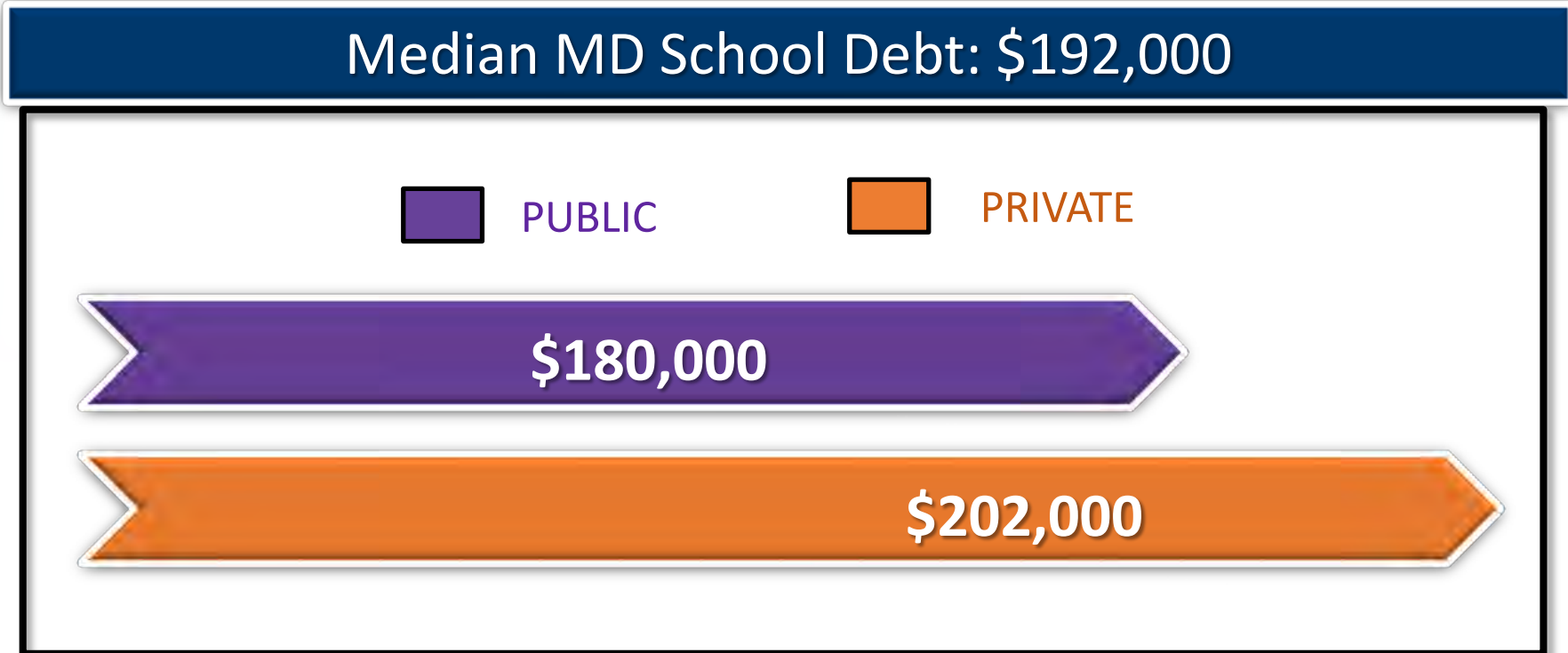


[aamc.org/first/graduating-edm](https://www.aamc.org/first/graduating-edm)



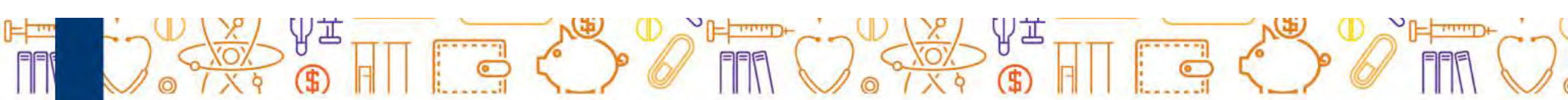
# Class of 2017

FIRST PROGRAM



Source: AAMC 2017 Graduate Questionnaire (GQ)

75% of class report having educational debt  
48% report debt of \$200,000 or higher



# Debt Fact Card

FIRST PROGRAM

October 2017			
AAMC			
Medical Student Education: Debt, Costs, and Loan Repayment Fact Card			
Class of 2017	Public	Private	All
Pct. with Ed. Debt	77%	77%	75%

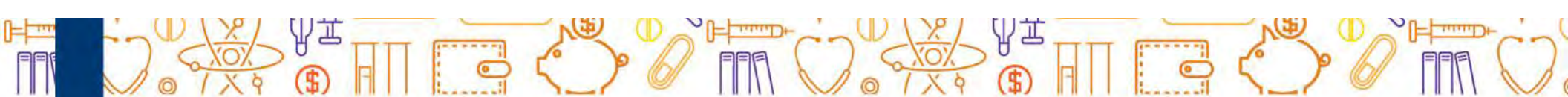
Univ. of Puerto Rico SOM

Education Debt

GQ Data  
Median Medical Debt Per 2017  
Grads

\$100,000

Median Cost of Attendance (COA)	\$60,945 (↑3%)	\$82,278 (↑2%)
Median 4-Yr. COA for Class of 2018	\$243,902 (↑1%)	\$322,767 (↑3%)
Source: AAMC TSF Survey data from 88 public schools and 54 private schools.		
<a href="http://aamc.org/FIRST">aamc.org/FIRST</a>		



# Find Your Loans

FIRST PROGRAM

**Federal Student Aid**

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## NSLDS STUDENT ACCESS

### National Student Loan Data System

#### Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

[Financial Aid Review](#)

[Enrollment](#)

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[Your Contact Information](#)

[Exit Counseling](#)

[Authorization](#)

[Glossary of Terms](#)

[Frequently Asked Questions](#)

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View your federal loans, grants, and aid overpayments.

View your current enrollment, or let NSLDS know about future enrollment.

View the status of your loans that are subject to subsidized usage limits.

View or add your contact information.

Complete exit counseling for your TEACH grant.

Authorize a loan servicer to view your information on the NSLDS Professional Access site.

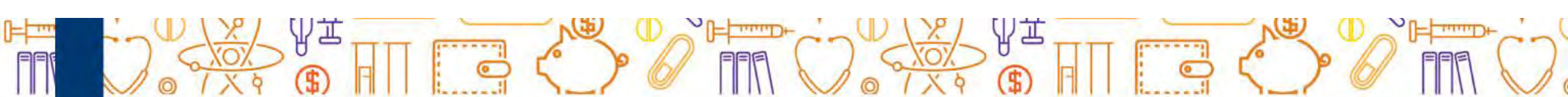
Find definitions of the terms used on this site.

View answers to common questions about this website and your financial aid.

Learn how to contact us.


**MyStudentData  
Download**

NSLDS.ed.gov



# Know Your Portfolio

FIRST PROGRAM



**START HERE  
GO FURTHER**  
FEDERAL STUDENT AID™

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**National Student Loan Data System (NSLDS) for Students**

[Financial Aid Review](#) [Exit Counseling](#) [Address](#) [Enroll](#) [Glossary of Terms](#) [Browser Info/Setup](#) [FAQs](#) [Contact Us](#) [Logoff](#)

Aid Summary for

Your enrollment status is **FULL TIME** , effective **07/07/2010**.

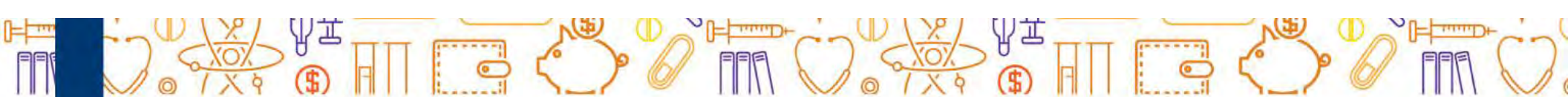
**MyStudentData  
Download**

**Loans**

Please click on number in first column to see details

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
<a href="#">1</a>	DIRECT STAFFORD UNSUBSIDIZED	\$47,160	07/10/2012	\$47,160	\$0	\$47,160	\$1,036
<a href="#">2</a>	DIRECT PLUS GRADUATE	\$36,393	07/10/2012	\$36,393	\$0	\$36,393	\$928
<a href="#">3</a>	DIRECT STAFFORD UNSUBSIDIZED	\$32,000	08/19/2011	\$32,000	\$0	\$32,000	\$2,767
<a href="#">4</a>	DIRECT STAFFORD SUBSIDIZED	\$8,500	08/19/2011	\$8,500	\$0	\$8,500	\$0
<a href="#">5</a>	DIRECT PLUS GRADUATE	\$33,484	08/19/2011	\$33,484	\$0	\$33,484	\$3,364
<a href="#">6</a>	DIRECT STAFFORD SUBSIDIZED	\$8,500	08/25/2010	\$8,500	\$0	\$8,500	\$0
<a href="#">7</a>	DIRECT PLUS GRADUATE	\$31,547	08/25/2010	\$31,547	\$0	\$31,547	\$5,636
<a href="#">8</a>	DIRECT STAFFORD UNSUBSIDIZED	\$32,000	08/25/2010	\$32,000	\$0	\$32,000	\$4,920
<a href="#">9</a>	DIRECT STAFFORD UNSUBSIDIZED	\$5,500	08/31/2007	\$5,500	\$0	\$5,889	\$1,668
<a href="#">10</a>	DIRECT STAFFORD SUBSIDIZED	\$5,500	08/31/2006	\$5,500	\$0	\$5,500	\$35
<a href="#">11</a>	DIRECT CONSOLIDATED UNSUBSIDIZED	\$6,297	06/26/2006	\$6,297	\$0	\$7,219	\$1,412
<a href="#">12</a>	DIRECT STAFFORD UNSUBSIDIZED	\$3,500	08/31/2005	\$3,500	\$0	\$0	\$0
<a href="#">13</a>	DIRECT STAFFORD UNSUBSIDIZED	\$2,625	10/10/2004	\$2,625	\$0	\$0	\$0
Total DIRECT STAFFORD UNSUBSIDIZED						\$117,049	\$10,391
Total DIRECT PLUS GRADUATE						\$101,424	\$9,928
Total DIRECT STAFFORD SUBSIDIZED						\$22,500	\$35
Total DIRECT CONSOLIDATED UNSUBSIDIZED						\$7,219	\$1,412
Total All Loans						\$248,192	\$21,766

NSLDS.ed.gov

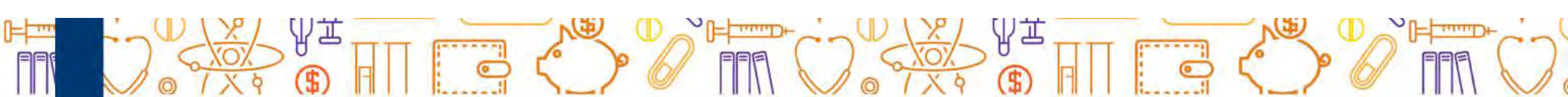


# Review Each Loan Record

FIRST PROGRAM

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
1	DIRECT STAFFORD UNSUBSIDIZED	\$47,160	07/10/2012	\$47,160	\$0	\$47,160	\$1,036
2	DIRECT PLUS GRADUATE	\$36,393	07/10/2012	\$36,393	\$0	\$36,393	\$928
3	DIRECT STAFFORD UNSUBSIDIZED	\$32,000	08/19/2011	\$32,000	\$0	\$32,000	\$2,767
4	DIRECT STAFFORD SUBSIDIZED	\$8,500	08/19/2011	\$8,500	\$0	\$8,500	\$0
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6	DIRECT STAFFORD SUBSIDIZED	\$8,500	08/25/2010	\$8,500	\$0	\$8,500	\$0
7	DIRECT PLUS GRADUATE	\$31,547	08/25/2010	\$31,547	\$0	\$31,547	\$5,636
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Total All Loans						\$248,192	\$21,766

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# Who Is Your Loan Servicer?

FIRST PROGRAM

Type of Loan: **1 DIRECT STAFFORD UNSUBSIDIZED**

Next

Loan obtained while attending the

Scheduled Start of Repayment: **12/02/2012**

Loan Period Begin Date: **07/02/2012**

Loan Period End Date: **05/17/2013**



MyStudentData  
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## Amounts and Dates

Loan Amount	Outstanding Principal Balance	Outstanding Principal Balance As of Date	Outstanding Interest Balance	Outstanding Interest Balance As of Date	Interest Rate	Canceled Amount	Canceled Date
\$47,160	\$47,160	02/18/2013	\$1,036	02/18/2013	FIXED	\$0	

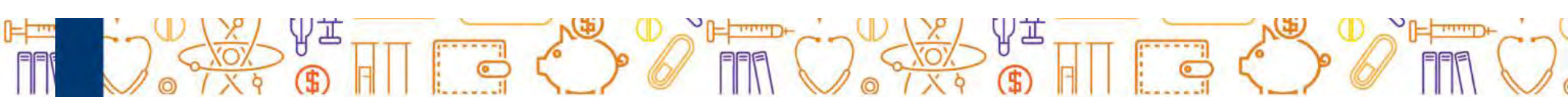
## Disbursement(s) and Status(es)

Disbursement Date	Disbursement Amount	Loan Status	Status Description	Status Effective Date
01/02/2013	\$23,580	IA	LOAN ORIGINATED	07/10/2012
07/10/2012	\$23,580			

## Servicer/Lender/Guaranty Agency/ED Servicer Information

Contact Type	Contact
Current ED Servicer:	DEPT OF ED/SALLIE MAE PO BOX 740351 ATLANTA GA 30348 800-722-1300 www.salliemae.com

NSLDS.ed.gov



# Other Debt?

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## AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

[Home](#) [All about credit reports](#) [Request yours now!](#) [What to look for](#) [Protect your identity](#) [Frequently asked questions](#) [Contact us](#)

### Spot identity theft early. Review your credit reports.

Suspicious activity or accounts you don't recognize can be signs of identity theft. Review your credit reports to catch problems early.

[Learn more about Identity Theft](#)

PAUSE

SPOT IDENTITY THEFT

GOOD CREDIT

DON'T BE FOOLED

MORE THAN A SCORE

NOT LIKE THE OTHERS

#### Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

[Request your free credit reports](#)

#### FREE Credit Reports. Federal law allows you to:

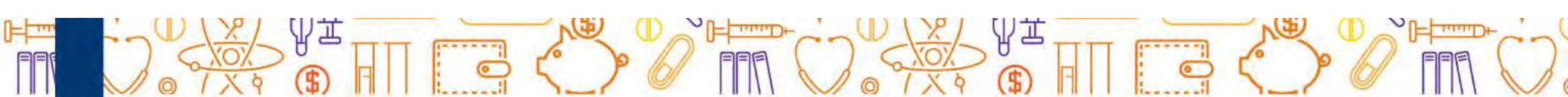
- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

#### BROUGHT TO YOU BY

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# Types of Loans

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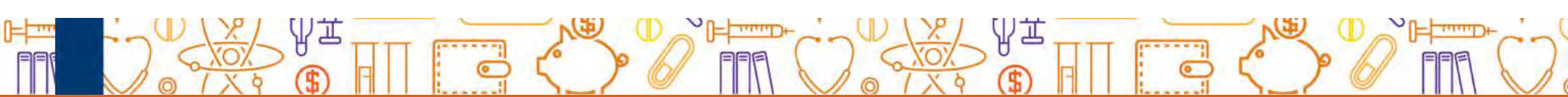
## Subsidized

- Direct Subsidized
- Perkins Loans \*
- Primary Care Loans
- Loans for Disadvantaged Students (LDS)
- Institutional Loans *(some)*
- Consolidation Loans  
*(underlying subsidized loans)*

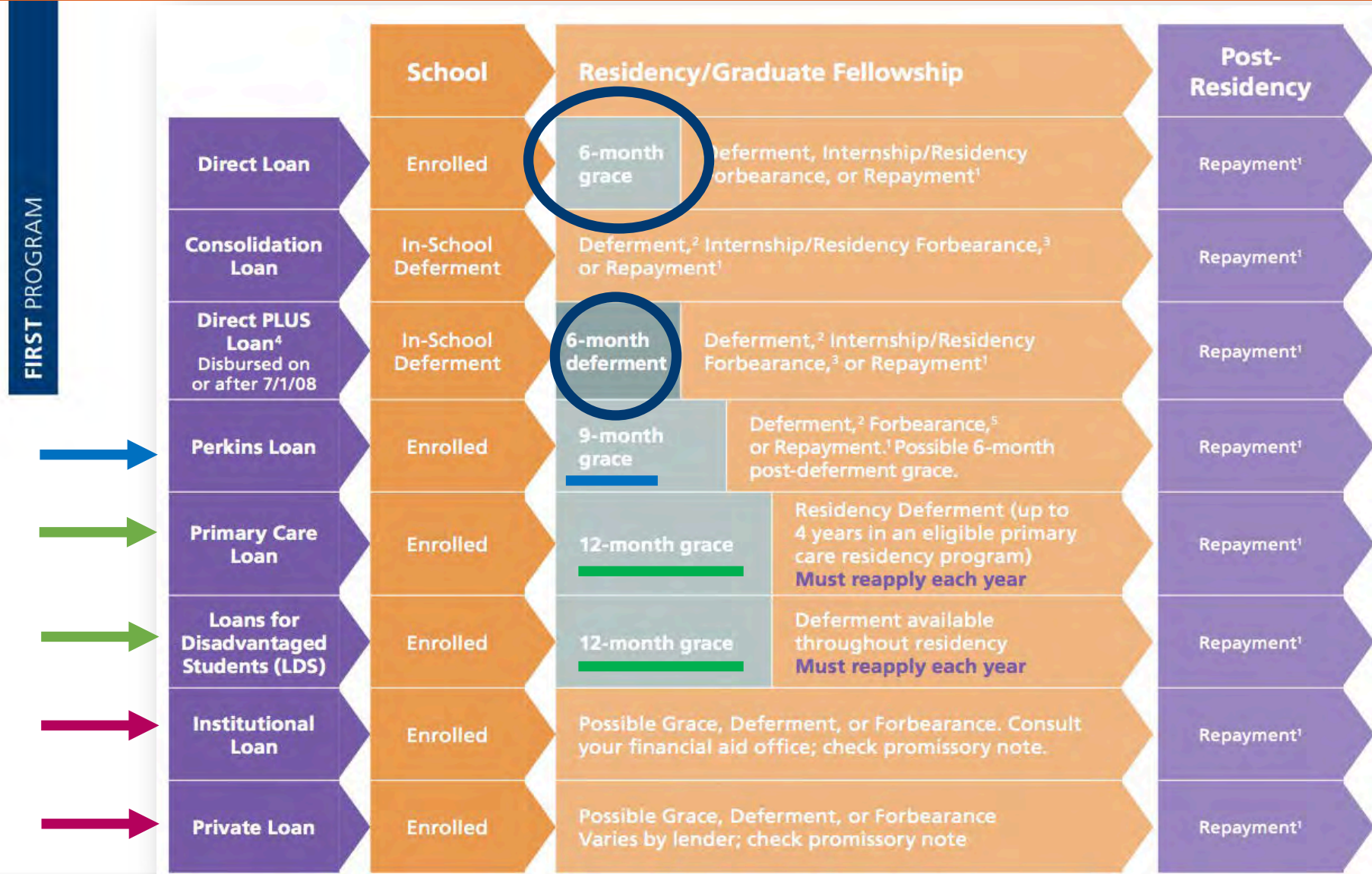
## Unsubsidized

- Direct Unsubsidized
- Direct PLUS
- Private Loans
- Institutional Loans *(some)*
- Consolidation Loans  
*(underlying unsubsidized loans)*

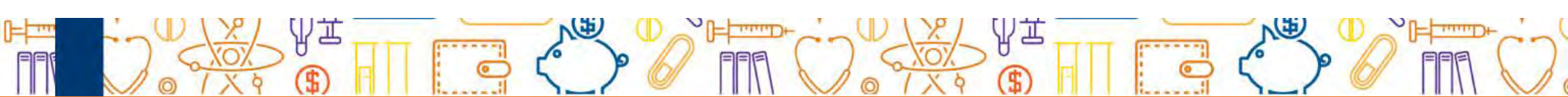
\* Subsidy and deferment rights are lost in a consolidation loan



# Loan Repayment Timeline



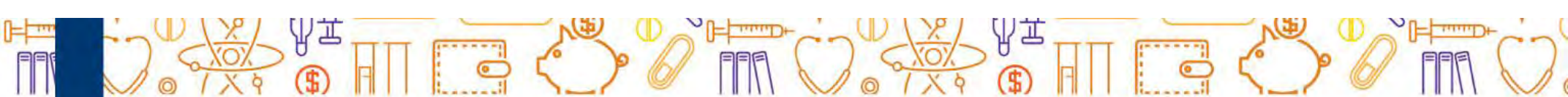
[aamc.org/first/timeline](http://aamc.org/first/timeline)



# Interest Rates

FIRST PROGRAM

Graduate and Professional Loans	Interest Rates
<b>Direct Unsubsidized Loans</b> (disbursed between 7/1/17 and 6/30/18)	<b>6.00%</b> Fixed
<b>Direct Unsubsidized Loans</b> (disbursed between 7/1/16 and 6/30/17)	<b>5.31%</b> Fixed
<b>Direct Unsubsidized Loans</b> (disbursed between 7/1/15 and 6/30/16)	<b>5.84%</b> Fixed
<b>Direct Unsubsidized Loans</b> (disbursed between 7/1/14 and 6/30/15)	<b>6.21%</b> Fixed
<b>Direct Unsubsidized Loans</b> (disbursed between 7/1/13 and 6/30/14)	<b>5.41%</b> Fixed
<b>Stafford Loans</b> (disbursed between 7/1/06 and 6/30/13)	<b>6.80%</b> Fixed
<b>Direct PLUS Loans</b> (disbursed between 7/1/17 and 6/30/18)	<b>7.00%</b> Fixed
<b>Direct PLUS Loans</b> (disbursed between 7/1/16 and 6/30/17)	<b>6.31%</b> Fixed
<b>Direct PLUS Loans</b> (disbursed between 7/1/15 and 6/30/16)	<b>6.84%</b> Fixed
<b>Direct PLUS Loans</b> (disbursed between 7/1/14 and 6/30/15)	<b>7.21%</b> Fixed
<b>Direct PLUS Loans</b> (disbursed between 7/1/13 and 6/30/14)	<b>6.41%</b> Fixed
<b>Direct PLUS Loans</b> (disbursed between 7/1/06 and 6/30/13)	<b>7.90%</b> Fixed
<b>PCL/LDS</b>	<b>5.00%</b> Fixed
<b>Private Loans</b>	<b>Varies by loan –</b> Check the Promissory Note
<b>Institutional Loans</b>	<b>Varies by loan –</b> Check the Promissory Note
<b>Consolidation Loans</b>	<b>Fixed rate</b> based on weighted average interest rate of underlying loans rounded up to the nearest one-eighth of a percent



# Reduce the Impact of Capitalization

FIRST PROGRAM



**\$192,000**  
**M1 to M4 Loans**

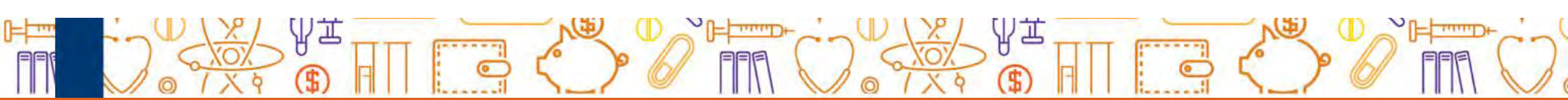


**\$30,400**  
**Accrued Interest Med School and Grace Period**



A clear glass jar is shown, completely filled with a large quantity of US coins. The coins are a mix of copper-colored pennies and silver-colored dimes. They are piled haphazardly, with some showing their heads and others their tails. The jar is set against a plain white background, and the lighting highlights the metallic sheen of the coins and the transparency of the glass.

After  
capitalization, you  
will owe  
**\$222,400**



# Reduce the Cost of Capitalization

FIRST PROGRAM

If possible, pay some (or all) accrued interest before it capitalizes.





# Impact of Capitalization

FIRST PROGRAM

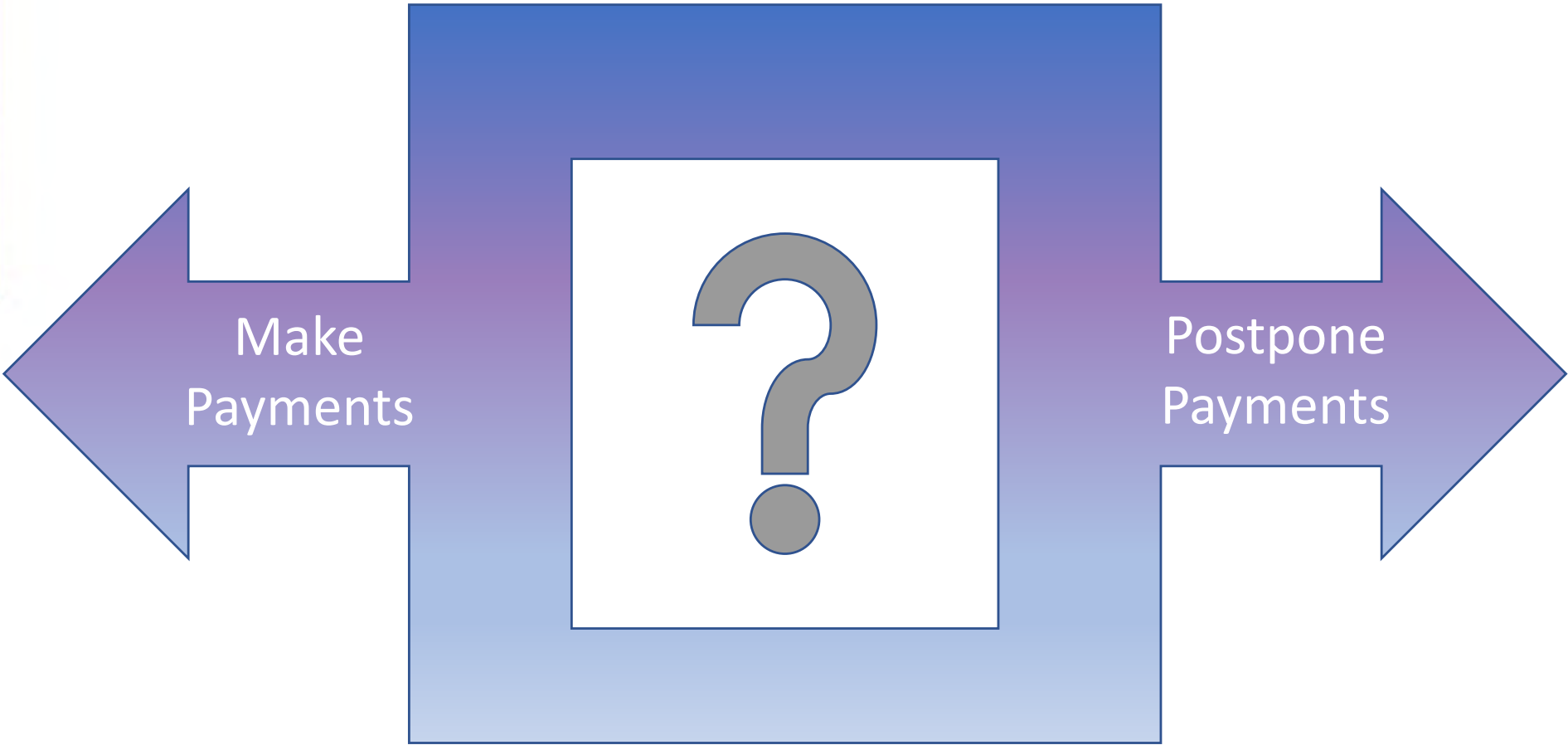
Principal Borrowed	Interest	Owed after Grace	Interest During Residency
\$125K	\$20K	\$145K	~\$700/mo
\$190K	\$30K	\$220K	~\$1,100/mo
\$200K	\$32K	\$232K	~\$1,200/mo
\$250K	\$41K	\$291K	~\$1,500/mo
\$300K	\$50K	\$350K	~\$1,800/mo

\* Numbers are rounded.



# Decision Time

FIRST PROGRAM





# Postpone Payments

FIRST PROGRAM

## Deferment

- Subsidized loans are interest free
- Interest accrues on unsubsidized loans
- Contact each loan servicer to apply
- *Strict requirements to qualify*



# Postpone Payments

FIRST PROGRAM

## Forbearance

- Interest accrues on all loans
- Interest will capitalize
- Contact each loan servicer to apply
- *Request 30-days before needed*



# Repayment After Forbearance

FIRST PROGRAM

	Balance After Grace	Residency Interest	Post- Residency Balance
TOTAL	\$222k	+ \$40k	= \$262k

\* Based on \$192k originally borrowed and a 3-year residency. Numbers are rounded.



# Is Forbearance A Good Option For You?

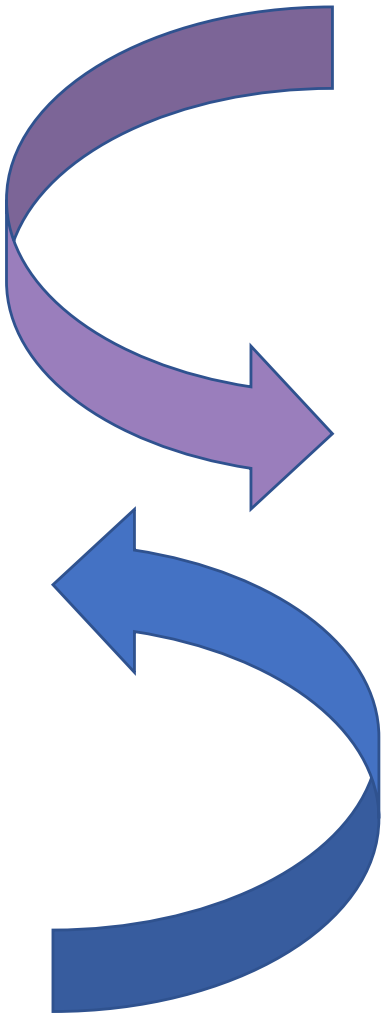
FIRST PROGRAM

**BEST for You, IF...**

Seeking to **REDUCE** stress and financial obligations

Desiring to **INCREASE** disposable income

Have **PRIVATE** loans with higher interest rates

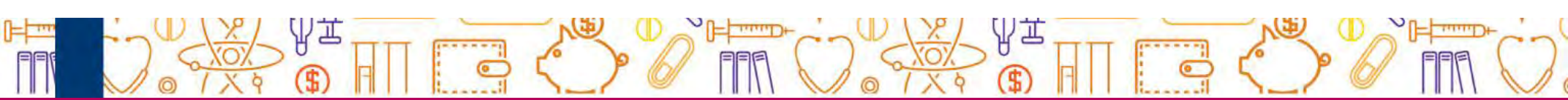


**NOT for You, IF...**

Seeking Public Service Loan Forgiveness (PSLF)

Seeking an Income-Driven Repayment (IDR) plan forgiveness

Want to begin repayment immediately



# Choosing a Repayment Plan

FIRST PROGRAM

There is no right or  
wrong answer!

REPAYMENT PLANS

**YOUR decision depends  
on YOUR goals!**

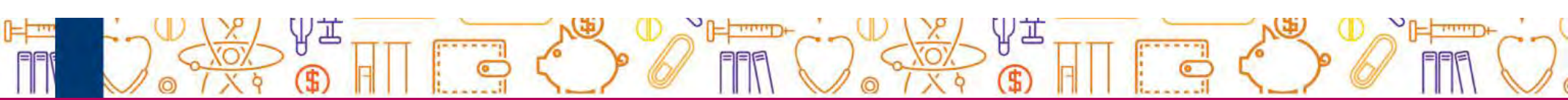
No monthly  
payment  
during  
residency

Low monthly  
payment  
during  
residency

Pay off loan  
in shortest  
amount of  
time

Minimize  
total  
repayment  
cost

Minimize  
total  
interest cost

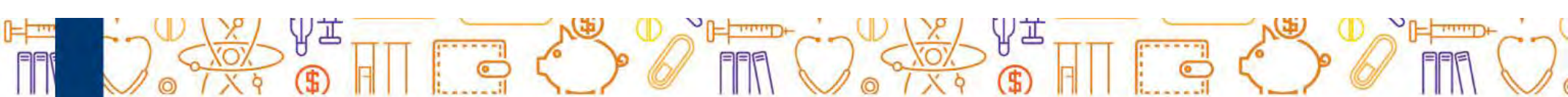


# Repayment Plans Compared

## FIRST PROGRAM

- Which loans qualify for the plan?
- What are the advantages of each plan?
- How will the monthly payment be determined?
- How long does this plan give you to pay off your loans?
- What are the eligibility requirements?
- Does this plan qualify for Public Service Loan Forgiveness?
- What else do you need to know about this plan?

[aamc.org/repayplans](https://www.aamc.org/repayplans)



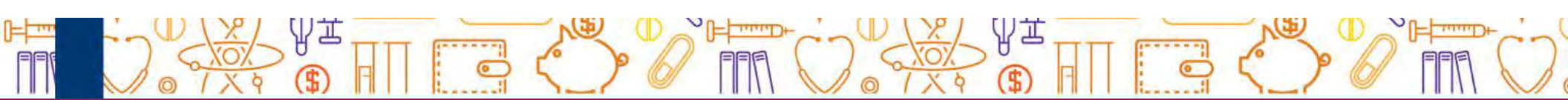
# Discretionary Income

FIRST PROGRAM

Example of a PGY-1 Resident			
In IBR		In PAYE	
Monthly Adjusted Gross Income <sup>1</sup>	<b>\$4,640</b>	Monthly Adjusted Gross Income <sup>1</sup>	<b>\$4,640</b>
(minus) 150% of Poverty Line <sup>2</sup>	<b>– \$1,530</b>	(minus) 150% of Poverty Line <sup>2</sup>	<b>– \$1,530</b>
Discretionary Income	<b>= \$3,110</b>	Discretionary Income	<b>= \$3,110</b>
(multiplied by) <sup>3</sup>	<b>× 15%</b>	(multiplied by) <sup>3</sup>	<b>× 10%</b>
Monthly IBR Payment	<b>\$470<sup>4</sup></b>	Monthly PAYE Payment	<b>\$310<sup>5</sup></b>

- 1. Based on AAMC estimate for the 2018 first post-MD-year median stipend.
- 2. Based on AAMC estimate of 2018 federal poverty guideline for a family size of one in the 48 contiguous states.
- 3. Based on 2015 federal regulations.
- 4. New borrowers on or after July 7, 2014, qualify for the “new” IBR plan, but the PAYE plan may lead to lower total repayment cost.
- 5. Rounded to the nearest tenth.

[aamc.org/first/graduating-edm](http://aamc.org/first/graduating-edm)



# Partial Financial Hardship

FIRST PROGRAM

The Partial Financial Hardship (PFH) test for entering IBR or PAYE:

**IS YOUR STANDARD MONTHLY PAYMENT . . .**

(the 10-year monthly payment amount determined when you enter the plan)

greater  
than

> your monthly  
payment in  
IBR or PAYE ?

(whichever plan you are applying for)

If "yes," you have a PFH.

[aamc.org/first/graduating-edm](https://www.aamc.org/first/graduating-edm)



# Partial Financial Hardship (PFH)

\$2,500 / mo

>

\$470 (IBR) or  
\$310 (PAYE)

## Must have PFH to enter into IBR or PAYE

- Can remain in IBR or PAYE in subsequent years, even without a PFH
- Must submit annual documentation
- **Max payment in IBR or PAYE is the Standard amount (determined when entering the plan)**

Based on \$180k borrowed, PGY1 stipend of \$55,700, and a family size of 1. Numbers are estimates.



# Repayment Plan Options

## Traditional Repayment Plans

## Income – Driven Repayment Plans

### Standard

10 years

\$2,500

Direct  
and FFEL

### Extended

25 years

\$1,400

Direct  
and FFEL

### Graduated

10 years

\$1,100

Direct  
and FFEL

### Income Contingent Repayment (ICR)

25 years

\$720

Direct  
only

### Income- Based Repayment (IBR)

25 years

\$470

Direct  
and FFEL

### Pay As You Earn (PAYE)

20 years

\$310

Direct  
only

### Revised Pay As You Earn (REPAYE)

25 years

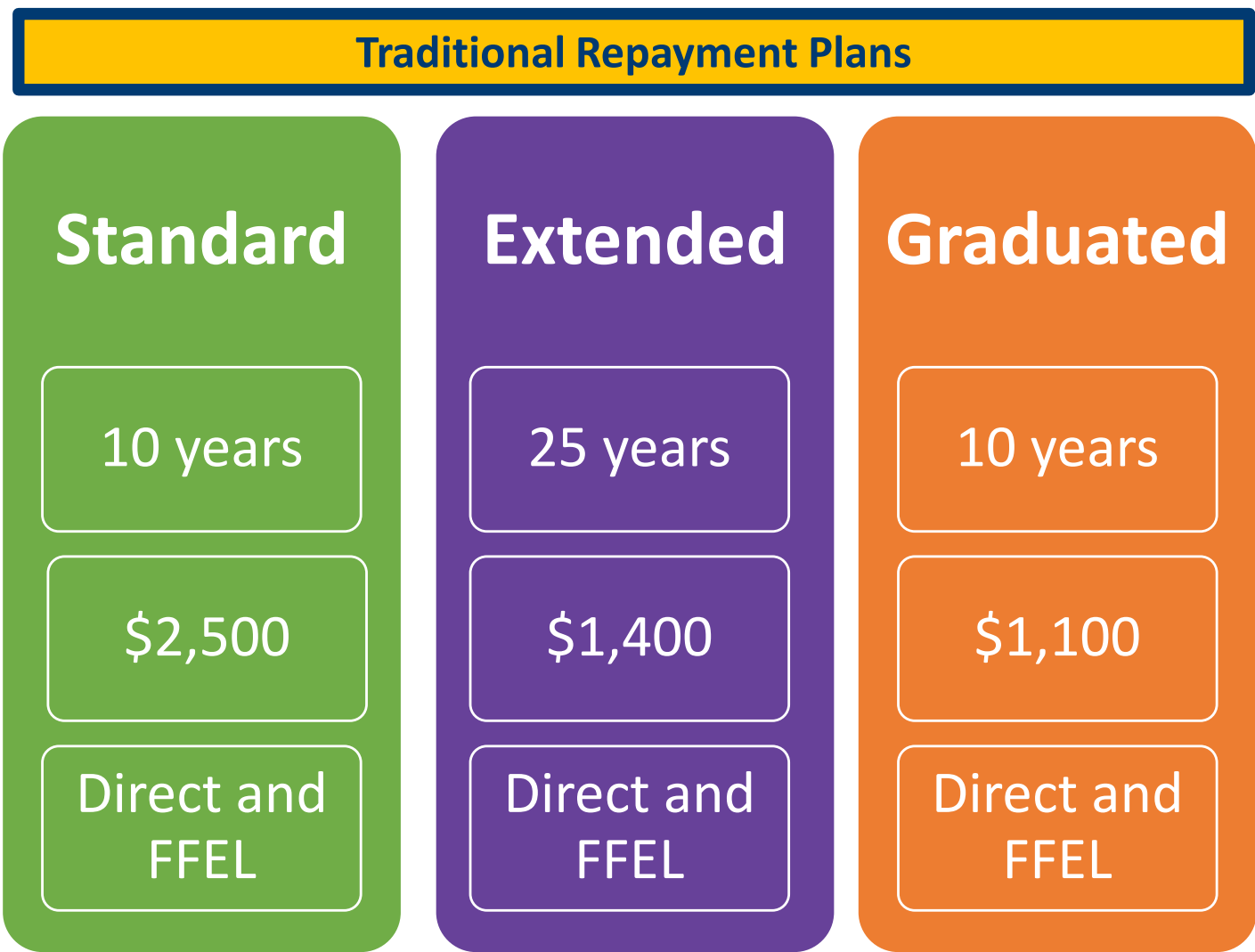
\$310

Direct  
only

Based on \$192k borrowed. Income-Driven Plans use PGY1 stipend of \$55,700 and a family size of 1. Numbers are estimates.



# Traditional Repayment Plans



Based on \$192k borrowed. Numbers are estimates.



# Income – Driven Repayment Plans

## Income – Driven Repayment Plans – Payments During Residency

Income Contingent Repayment (ICR)	Income-Based Repayment (IBR) <small>Borrowed before 7/1/14</small>	Pay As You Earn (PAYE)	Revised Pay As You Earn (REPAYE)
25 years	25 years*	20 years	25 years
\$720	\$470*	\$310	\$310
Direct only	Direct and FFEL*	Direct only	Direct only

Numbers are based on PGY1 stipend of \$55,700, and a family size of 1. Numbers are estimates.

\* New Direct Loan borrowers on or after July 1, 2014 that select IBR will see payment amounts equal to that of PAYE, and the repayment term will be up to 20 years.



# PAYE

## Income – Driven Repayment Plans

# Pay

20 years

\$310

Direct  
only

# As

Capitalized interest  
can't exceed 10% of  
original balance

Payments = 10% of  
disc. income,  
household size &  
AGI

Payment capped –  
won't be higher  
than Standard

# You

After 20 years,  
remaining balance  
forgiven (but  
taxable)

Must have PFH

Spousal income  
used if filed jointly

# Earn

Must be new  
borrower



No federal loan  
balance on 10/1/07

AND



Direct Loan  
disbursed on or after  
10/1/11

Numbers are based on PGY1 stipend of \$55,700, and a family size of 1. Numbers are estimates.



# REPAYE

## Income – Driven Repayment Plans

### Revised

25 years

\$310

Direct  
only

### Pay

If monthly payment  
doesn't cover  
interest, only  
responsible for 50%

Payments = 10%  
of disc. income,  
household size &  
AGI

Payment CAN be  
higher than  
Standard

### As

After 25 years,  
remaining  
balance forgiven  
(but taxable)

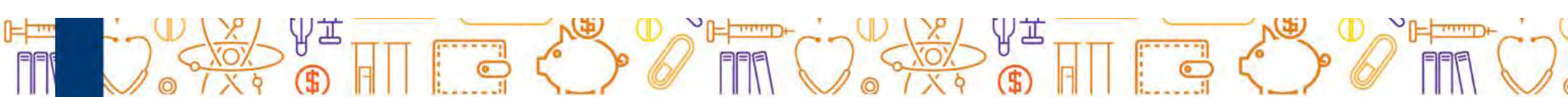
PFH NOT required

Spousal income  
ALWAYS used

### You Earn

No new  
borrower  
requirement

Numbers are based on PGY1 stipend of \$55,700, and a family size of 1. Numbers are estimates.



# IDR Plan Request Form

FIRST PROGRAM

May submit application for income-driven repayment as early as 90 days before the end of grace.



**INCOME-DRIVEN REPAYMENT PLAN REQUEST:**  
For the Revised Pay As You Earn (REPAYE), Pay As You Earn (PAYE), Income-Based (IBR), and Income-Contingent (ICR) repayment plans under the William D. Ford Federal Direct Loan (Direct Loan) and Federal Family Education Loan (FFEL) Programs

OMB No. 1845-0102  
Form Approved  
Exp. Date 10/31/2018

**IDR**

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

**SECTION 1: BORROWER IDENTIFICATION**

Please enter or correct the following information.

☐ Check this box if any of your information has changed.

SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Telephone - Primary ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

Telephone - Alternate ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

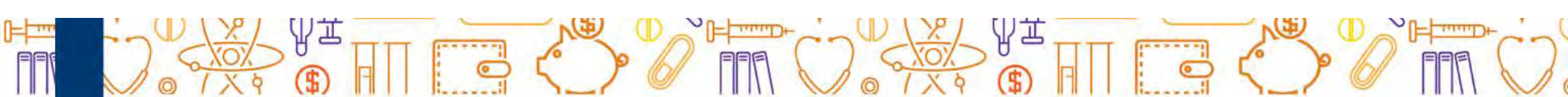
Email (Optional) \_\_\_\_\_

**SECTION 2: REPAYMENT PLAN OR RECERTIFICATION REQUEST**

**READ BEFORE COMPLETING THIS FORM:**

- You can apply online at [StudentLoans.gov](https://studentloans.gov). It is faster and easier to complete this form online.
- Income-driven repayment plans offer many benefits, but may not be right for everyone.
- You can learn more about these plans at [StudentAid.gov/IDR](https://studentaid.gov/IDR) and by reading Sections 9 and 10.
- It's simple to explore all of your repayment options at [StudentAid.gov/repayment-estimator](https://studentaid.gov/repayment-estimator).
- You can find out which types of loans you have and who your loan holder or servicer is at [nslds.ed.gov](https://nslds.ed.gov).
- If you need help completing this request, contact your loan holder or servicer for free assistance.
- You may have to pay income tax on any loan amount forgiven under an income-driven plan.

studentloans.gov



# IDR Plan Request Form

FIRST PROGRAM

## SECTION 4A: INCOME INFORMATION FOR SINGLE BORROWERS

8. Did you file a federal income tax return for either of the past two tax years?

- ☐ Yes - Continue to Item 9.
- ☐ No - Skip to Item 10.

9. Has your income **significantly** changed since you filed your last federal income tax return? For example, have you lost your job, gotten divorced, or experienced a drop in income?

- ☐ Yes - Continue to Item 10.
- ☐ No - Provide your most recent federal income tax return or transcript. Skip to Section 6.

10. Do you currently have taxable income? Check "No" if you do not have any income or receive only untaxed income.

- ☐ Yes - Skip to Section 5.
- ☐ No - Skip to Section 6.

Remember, any person who makes a knowingly false statement or misrepresentation on this form may be subject to fines, imprisonment, or both.

Your answers determine what paperwork is requested.

[studentloans.gov](http://studentloans.gov)

# Dr. Primary Care

**Career: Internal Medicine**

**Residency Length: 3 years**

**Starting Residency Stipend: \$55,700**

**Post Residency Starting Salary: \$190,000 (2016\$)**

**Net Monthly Income:    residency \$3,400  
   post residency \$10,000**



# Repayment Example

3 Year Residency - \$100,000 Loan Debt					
Repayment Plan	Payment During Residency	Total Years Including Residency	Payment After Residency	Total Repayment Amount	Forgiven
Forbearance then Standard	\$0	13	\$1,500	\$180k	\$0
PAYE	\$310 - \$360	14	\$1,300	\$180k	\$0
REPAYE	\$310 - \$360	10	\$1,600 - \$1,800	\$160k	\$0

Numbers are based on PGY1 stipend of \$55,700, and a family size of 1. Salary after residency = \$190k. Numbers are estimates.



# Repayment Example

3 Year Residency - \$192,000 Loan Debt					
Repayment Plan	Payment During Residency	Total Years Including Residency	Payment After Residency	Total Repayment Amount	Forgiven
Forbearance then Standard	\$0	13	\$2,900	\$348k	\$0
PAYE	\$310 - \$360	20	\$1,600 - \$2,300	\$404k (+ ~ \$7,600)	\$23k (taxable)
REPAYE	\$310 - \$360	20	\$1,600 - \$2,300	\$396k	\$0

Numbers are based on PGY1 stipend of \$55,700, and a family size of 1. Salary after residency = \$190k. Numbers are estimates.

# Dr. Cardiology

**Career: Cardiology**

**Residency Length: 6 years**

**Starting Residency Stipend: \$55,700**

**Post Residency Starting Salary: \$463,000 (2016\$)**

**Net Monthly Income:    residency \$3,400  
   post residency \$21,500**



# Repayment Example

## 6 Year Residency - \$100,000 Loan Debt

Repayment Plan	Payment During Residency	Total Years Including Residency	Payment After Residency	Total Repayment Amount	Forgiven
Forbearance then Standard	\$0	16	\$1,700	\$207k	\$0
PAYE	\$310 - \$450	18	\$1,300	\$205k	\$0
REPAYE	\$310 - \$450	9	\$4,400 - \$4,500	\$159k	\$0

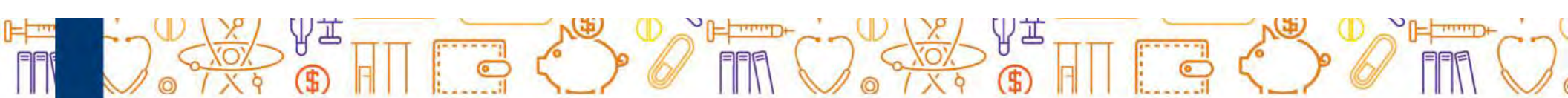
Numbers are based on PGY1 stipend of \$55,700, and a family size of 1. Salary after residency = \$463k. Numbers are estimates.



# Repayment Example

6 Year Residency - \$192,000 Loan Debt					
Repayment Plan	Payment During Residency	Total Years Including Residency	Payment After Residency	Total Repayment Amount	Forgiven
Forbearance then Standard	\$0	16	\$3,300	\$401k	\$0
PAYE	\$310 - \$450	19	\$2,500	\$423k	\$0
REPAYE	\$310 - \$450	11	\$4,400 - \$4,900	\$318k	\$0

Numbers are based on PGY1 stipend of \$55,700, and a family size of 1. Salary after residency = \$463k. Numbers are estimates.



# Determine the Impact

FIRST PROGRAM



**MedLoans® Organizer  
and Calculator**

**Know your numbers so you can  
make educated repayment decisions.**

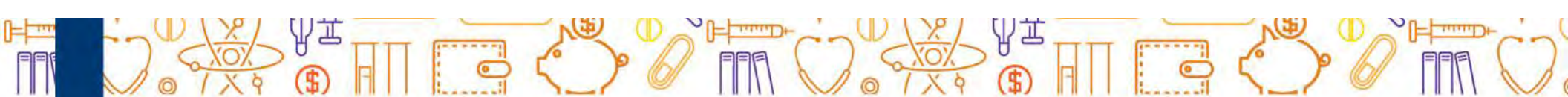
To log in to the MedLoans Organizer and Calculator,  
use your AAMC username and password.

**[aamc.org/medloans](https://aamc.org/medloans)**

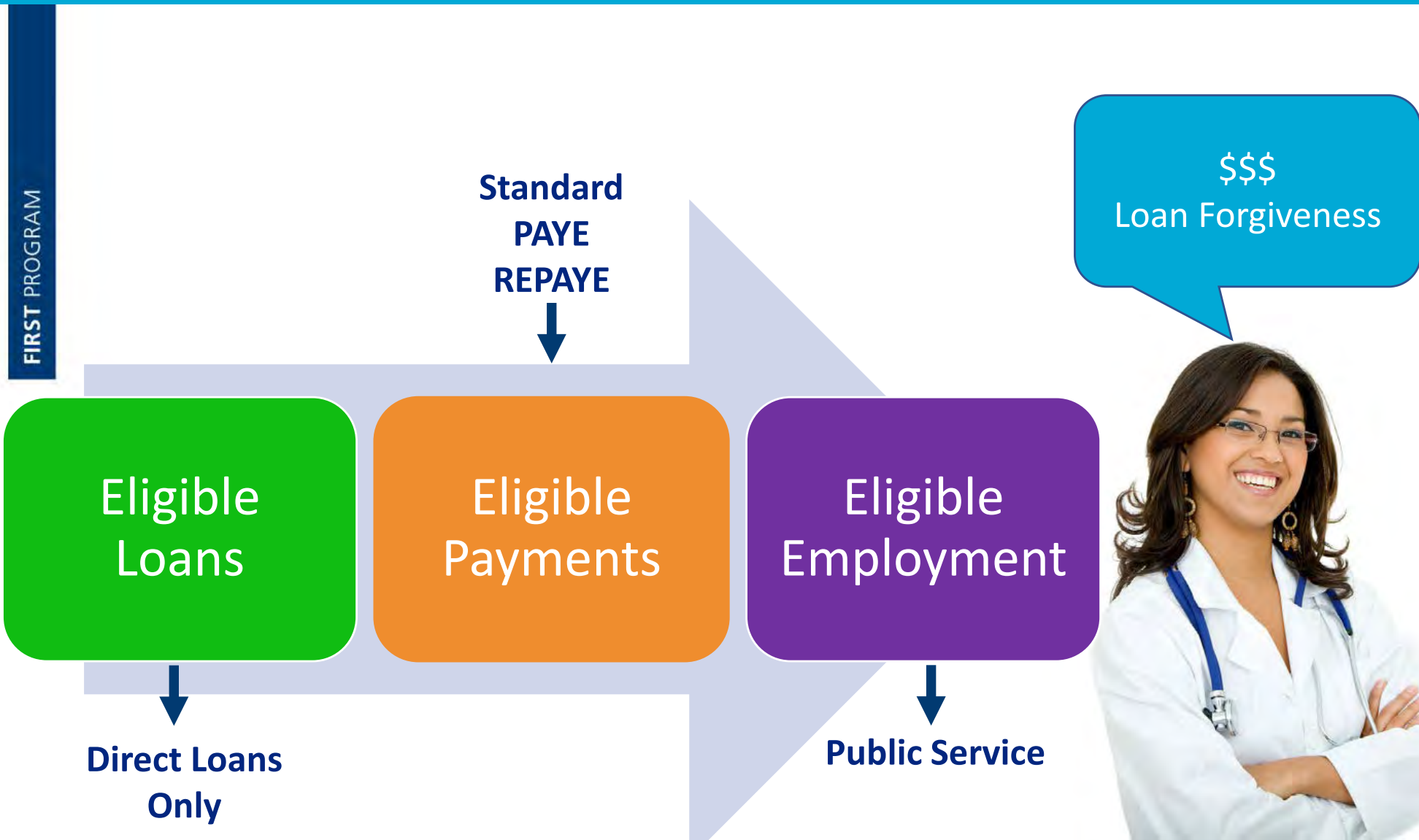
To see your repayment options quickly,  
export your loan information from NSLDS and then  
upload it into the Organizer for calculation.

For log in assistance, email **[dhailes@aamc.org](mailto:dhailes@aamc.org)**.

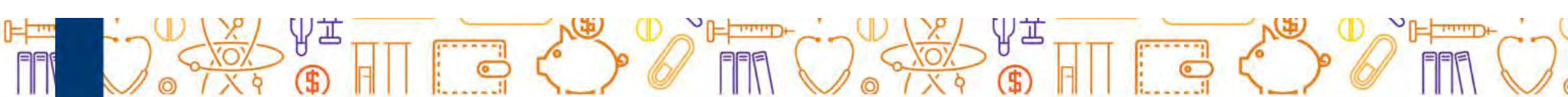
**[aamc.org/medloans](https://aamc.org/medloans)**



# Public Service Loan Forgiveness



[aamc.org/first/pslfebook](https://aamc.org/first/pslfebook)



# PSLF Example - Dr. Pediatrician – Starting Salary \$160k

FIRST PROGRAM

**PAYE**  
↓

**\$222,400**

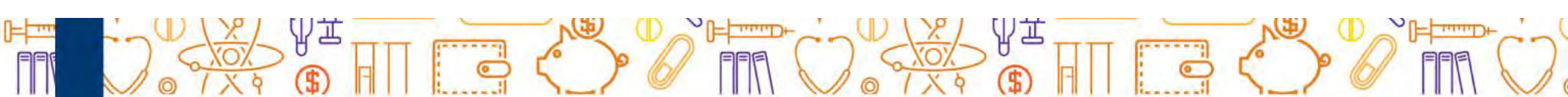
**\$310-\$360 (3)  
\$1,300-\$1,500 (7)**

**Repays \$130K**

**\$225k  
Loan Forgiveness**



\* Based on \$192k borrowed and a 3-year residency. Numbers are estimates.



# Five Steps for PSLF

FIRST PROGRAM

## Checklist for Public Service Loan Forgiveness



### Public Service Loan Forgiveness (PSLF): Eligibility and Action Plan

If you decide to work in public service, you may be eligible for federal student loan forgiveness after 10 years of full-time work. The information below outlines the qualifying components of the PSLF program, and a timeline of action to enter PSLF is included on page 48.

#### Five steps to ensure eligibility for Public Service Loan Forgiveness

- Step 1:** Request a qualifying repayment plan for your eligible loans (re-request annually).
- Step 2:** If necessary, consolidate eligible FFEL, LDS, and Perkins Loans into a Direct Consolidation Loan.
- Step 3:** Submit an Employment Certification Form (ECF) to FedLoan Servicing (resubmit annually).
- Step 4:** Make 120 qualifying payments while completing eligible work.
- Step 5:** Upon completion of requirements, apply with FedLoan Servicing for the actual forgiveness.

organization, agency, or entity  
• A branch of the military  
FedLoan Servicing ([myfedloan.org](https://myfedloan.org)). They are the servicer that oversees PSLF.

\* Full-time work is considered to be 30 hours per week or the number of hours the employer considers to be full-time.

[aamc.org/first/pslfeligibility](https://aamc.org/first/pslfeligibility)



# Why Is PSLF Important to You?



## SHARE YOUR STORY

Why did you decide to become a doctor, and why does Public Service Loan Forgiveness matter to you? **Share your story today — every submission helps us make the case for preserving PSLF:**

Email\*

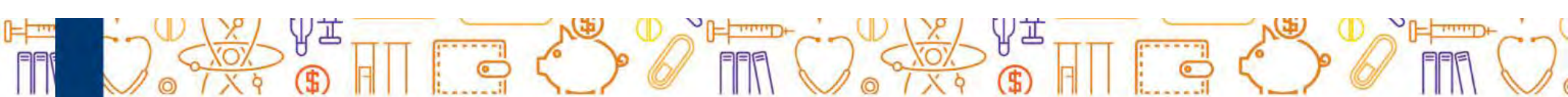
First Name\*

Last Name\*

ZIP Code\*

Share your story:\*

[aamcaction.org/ShareYourPSLFStory](http://aamcaction.org/ShareYourPSLFStory)

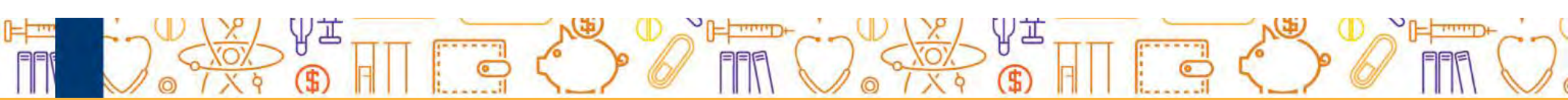


# Loan Forgiveness

FIRST PROGRAM



[aamc.org/repayasst](http://aamc.org/repayasst)



# Why Consolidate?

FIRST PROGRAM

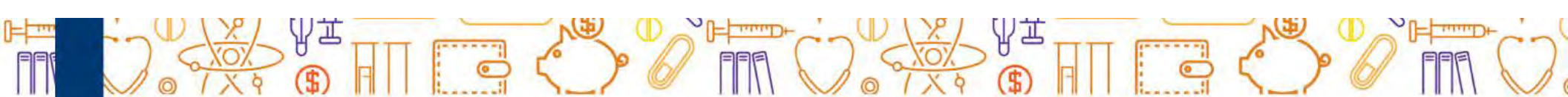
## Reasons to Consolidate

Reduce # of  
Servicers/Choose  
Different Servicer

Give up Grace  
Period/Start  
Repayment  
Sooner

Make Loans  
Eligible for  
PSLF

Make Loans  
Eligible for PAYE  
or REPAYE



# Should You Consolidate?

FIRST PROGRAM



Should You Consider a Direct Consolidation Loan?  
Are you wondering if consolidation is right for you? Answer these questions to find out.

1. Do you have multiple servicers for your federal student loans?

Yes

**Yes**, a consolidation with Direct Loans may offer you the much-needed benefit of simplification: one loan, one point of contact, and one payment. In fact, one of the top reasons medical residents consolidate is to simplify the management of their federal student loans during residency.

No

**No**, loan consolidation would not provide an obvious benefit in managing your loans.

2. Are you considering work in public service and Public Service Loan Forgiveness (PSLF)?

Yes

**Yes**, a Direct Consolidation Loan may be necessary to make some of your debt eligible for this forgiveness program. You would NOT need to include all your loans in the consolidation. Only the federal loans that do not already have the word "Direct" in their name would need to be consolidated—since these are ineligible for PSLF in their current form. For a list of all your federal student loans, visit [nslds.ed.gov](https://nslds.ed.gov).  
(Note: Consolidation erases all prior payments that qualified for PSLF.)

No

**No**, loan consolidation would not provide an obvious benefit based on your career goals.

Possibly

**Possibly** . . . see the advice for those who answered "No" (to the left), and then strongly consider consolidation. This approach leaves your options open: in the end, you can choose between continuing on the path of consolidation or not consolidating.

5. Are you considering an income-driven repayment plan?

Yes

**Yes**, a Direct Consolidation may be needed to make some of your loans eligible for these repayment plans. Specifically, Perkins and LDS Loans are not eligible for income-driven repayment plans—so these loans would need to be consolidated to become eligible. Your federal student loans that do not have the word "Direct" in their name would need to be consolidated to gain eligibility for the PAYE/REPAYE repayment plans. For questions about eligibility, call your servicers.

No

**No**, loan consolidation would not provide an obvious benefit in regard to your repayment plan options.

6. After graduating, do you want to start making required payments as soon as possible?

Yes

**Yes**, although there is no way to forfeit or skip the grace period on federal student loans; when these loans are included in a Direct Consolidation Loan, any existing grace periods are gone/lost/forfeited . . . or "skipped" when the new consolidation loan is disbursed. Therefore, consolidation provides an unintended consequence that can benefit those seeking to begin repayment immediately (which may allow borrowers to obtain loan forgiveness four to six months earlier because the sooner you start making required payments, the earlier you are possibly able to reach forgiveness).

No

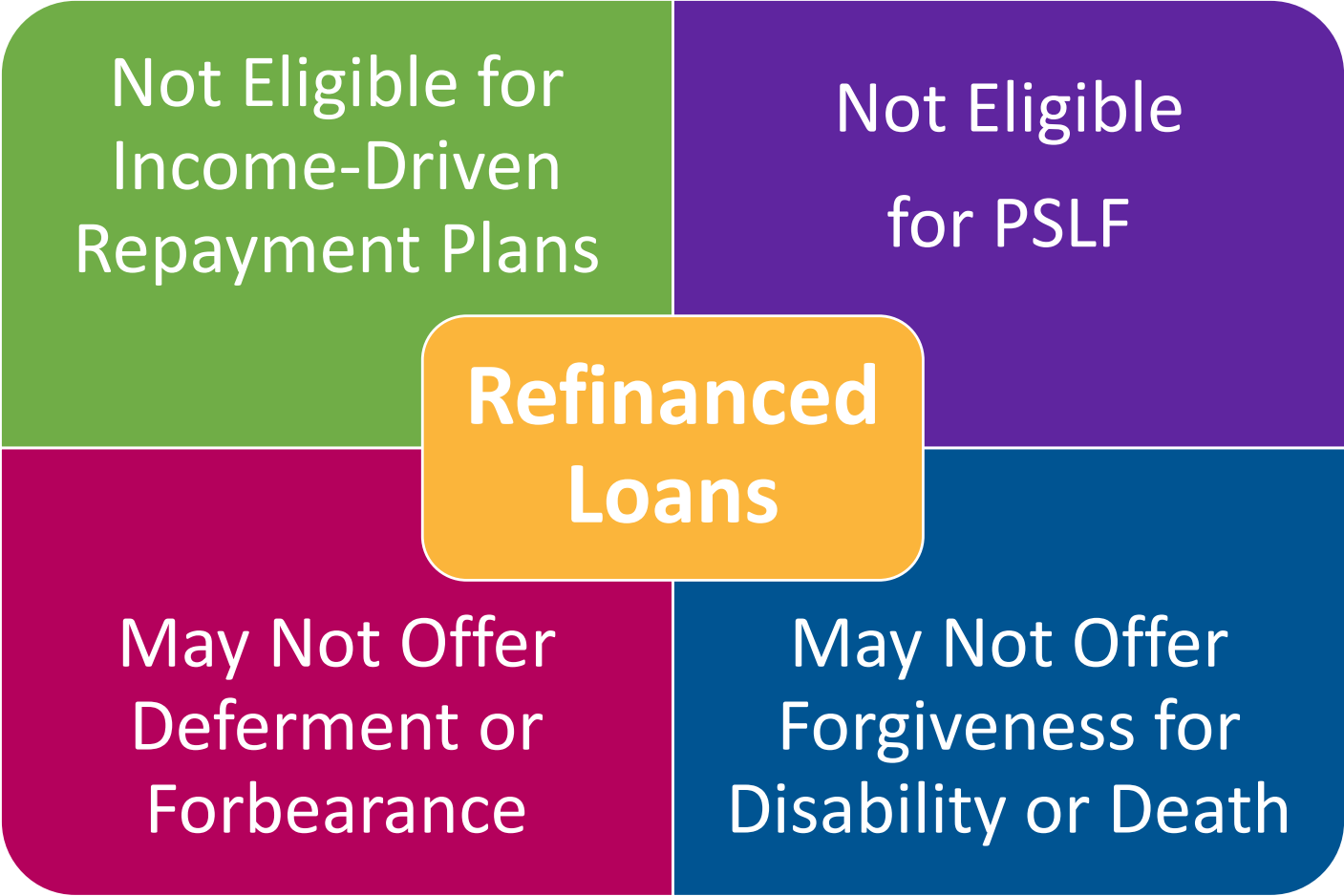
**No**, loan consolidation would not provide an obvious benefit to your financial situation. By not consolidating, you leave your grace period intact—allowing you the time you need to transition (financially and physically) out of medical school and into residency.

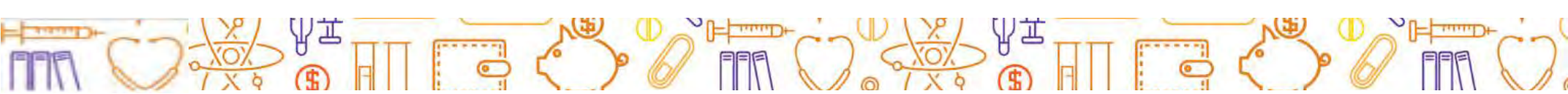
[aamc.org/first/consolidatequiz](https://aamc.org/first/consolidatequiz)



# Differences Between Consolidation and Refinancing

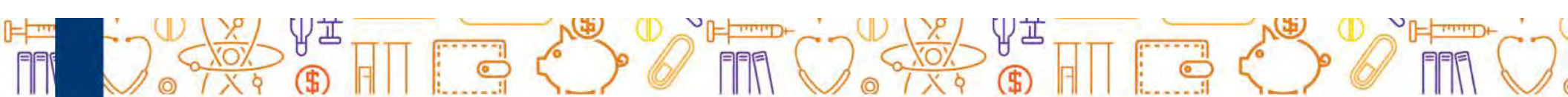
FIRST PROGRAM



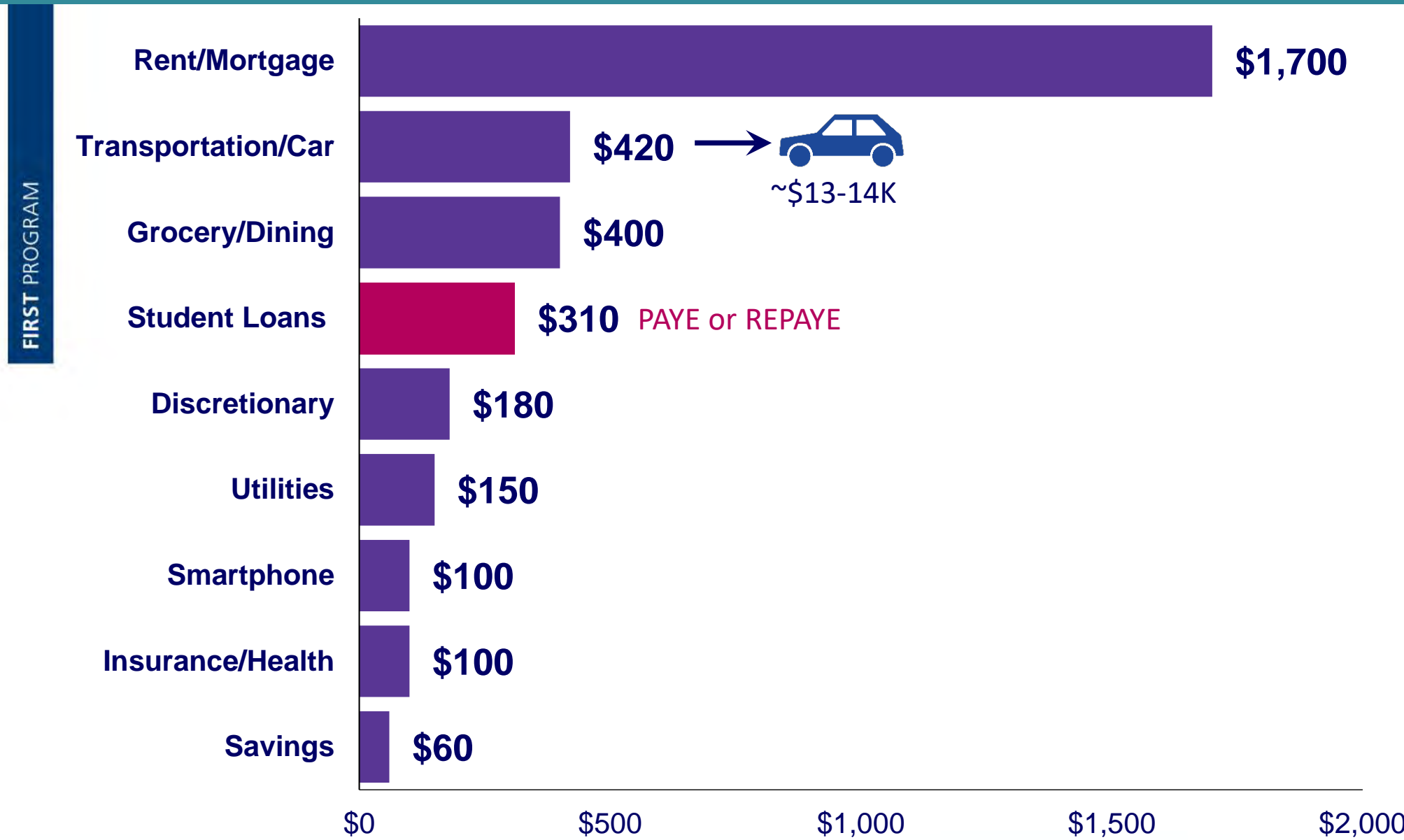


# Are Payments Possible On Your Resident Salary?





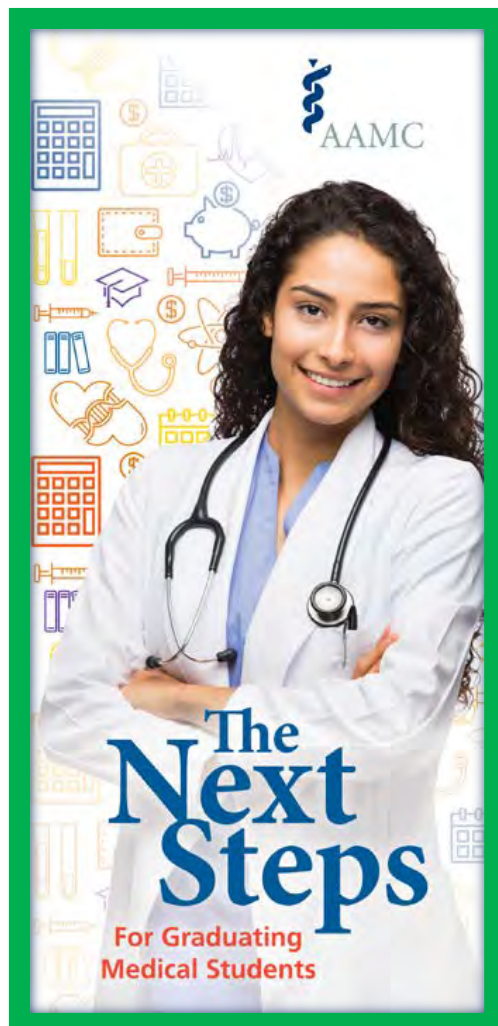
# Budgeting During Residency



Assumptions: ~\$3,420 per month after taxes, Social Security, Medicare, etc. Stipend = \$55,700, single resident, 2018 Grad

# Wrap Up

FIRST PROGRAM



**1** Organize Your Loans  
*Immediately*

**2** Manage Loans Without  
a Grace Period  
*30 days before graduation*

**3** Consolidation Is an Option  
*Upon graduation*

**4** Complete the Employment  
Certification Form (ECF)  
*When residency begins*

**5** Decide if You'll Pay  
or Postpone Payments  
*Before the end of grace*

**6** Submit Annual  
Recertification Paperwork  
*Before the end of the first year*

[aamc.org/nextsteps](https://www.aamc.org/nextsteps)



The AAMC's **FIRST** program provides financial information, resources, services, and tools for students and residents regarding debt management and student loan repayment.

**[aamc.org/FIRST](https://aamc.org/FIRST)**

**Questions?**  
**Contact [first@aamc.org](mailto:first@aamc.org).**

**Please Evaluate This Presentation:**  
**[aamc.org/puertorico](https://aamc.org/puertorico)**