Repayment Strategies

Quillen College of Medicine

Julie Gilbert
Sr. Education Debt Management Specialist
April 10, 2018
Agenda

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
Class of 2017

Median MD School Debt: $192,000

Source: AAMC 2017 Graduate Questionnaire (GQ)

75% of class report having educational debt
48% report debt of $200,000 or higher
Debt Fact Card

Quillen COM

LCME I-B Data
Average MS Debt Per 2017 Grads

Education Debt

$182,971

Source: FIRST analysis of AAMC 2017 GQ data. Education debt figures include premedical education debt plus medical education debt. Non-education debt collected by category.

<table>
<thead>
<tr>
<th>Cost, M1 In-State, 2017-18</th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Tuition &amp; Fees</td>
<td>$36,937 (↑1%)</td>
<td>$59,605 (↑4%)</td>
</tr>
<tr>
<td>Median Cost of Attendance (COA)</td>
<td>$60,945 (↑3%)</td>
<td>$82,278 (↑2%)</td>
</tr>
<tr>
<td>Median 4-Yr. COA for Class of 2018</td>
<td>$243,902 (↑1%)</td>
<td>$322,767 (↑3%)</td>
</tr>
</tbody>
</table>

Source: AAMC TSF Survey data from 88 public schools and 54 private schools.
Find Your Loans

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 grant debts.

Financial Aid Review
View your federal loans, grants, and any overpayments.

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

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

Your Contact Information
View or add your contact information.

Exit Counseling
Complete exit counseling for your TEACH grant.

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

Glossary of Terms
Find definitions of the terms used on this site.

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

Contact Us
Learn how to contact us.

NSLDS.ed.gov
Know Your Portfolio

NSLDS.ed.gov
## Review Each Loan Record

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Loan Amount</th>
<th>Loan Date</th>
<th>Disbursed Amount</th>
<th>Canceled Amount</th>
<th>Outstanding Principal</th>
<th>Outstanding Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$47,160</td>
<td>07/10/2012</td>
<td>$47,160</td>
<td>$0</td>
<td>$47,160</td>
<td>$1,036</td>
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<tr>
<td>DIRECT PLUS GRADUATE</td>
<td>$36,393</td>
<td>07/10/2012</td>
<td>$36,393</td>
<td>$0</td>
<td>$36,393</td>
<td>$928</td>
</tr>
<tr>
<td>DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$32,000</td>
<td>08/19/2011</td>
<td>$32,000</td>
<td>$0</td>
<td>$32,000</td>
<td>$2,767</td>
</tr>
<tr>
<td>DIRECT STAFFORD SUBSIDIZED</td>
<td>$8,500</td>
<td>08/19/2011</td>
<td>$8,500</td>
<td>$0</td>
<td>$8,500</td>
<td>$0</td>
</tr>
<tr>
<td>DIRECT PLUS GRADUATE</td>
<td>$33,484</td>
<td>08/19/2011</td>
<td>$33,484</td>
<td>$0</td>
<td>$33,484</td>
<td>$3,364</td>
</tr>
<tr>
<td>DIRECT STAFFORD SUBSIDIZED</td>
<td>$8,500</td>
<td>08/25/2010</td>
<td>$8,500</td>
<td>$0</td>
<td>$8,500</td>
<td>$0</td>
</tr>
<tr>
<td>DIRECT PLUS GRADUATE</td>
<td>$31,547</td>
<td>08/25/2010</td>
<td>$31,547</td>
<td>$0</td>
<td>$31,547</td>
<td>$5,636</td>
</tr>
<tr>
<td>DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$32,000</td>
<td>08/25/2010</td>
<td>$32,000</td>
<td>$0</td>
<td>$32,000</td>
<td>$4,920</td>
</tr>
<tr>
<td>DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$5,500</td>
<td>08/31/2007</td>
<td>$5,500</td>
<td>$0</td>
<td>$5,500</td>
<td>$1,668</td>
</tr>
<tr>
<td>DIRECT STAFFORD SUBSIDIZED</td>
<td>$5,500</td>
<td>08/31/2006</td>
<td>$5,500</td>
<td>$0</td>
<td>$5,500</td>
<td>$35</td>
</tr>
<tr>
<td>DIRECT CONSOLIDATED UNSUBSIDIZED</td>
<td>$6,297</td>
<td>06/26/2006</td>
<td>$6,297</td>
<td>$0</td>
<td>$7,219</td>
<td>$1,412</td>
</tr>
<tr>
<td>DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$3,500</td>
<td>08/31/2005</td>
<td>$3,500</td>
<td>$0</td>
<td>$3,500</td>
<td>$0</td>
</tr>
<tr>
<td>DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$2,625</td>
<td>10/10/2004</td>
<td>$2,625</td>
<td>$0</td>
<td>$2,625</td>
<td>$0</td>
</tr>
</tbody>
</table>

### Total

- **DIRECT STAFFORD UNSUBSIDIZED**: $117,049, $10,391
- **DIRECT PLUS GRADUATE**: $101,424, $9,928
- **DIRECT STAFFORD SUBSIDIZED**: $22,500, $35
- **DIRECT CONSOLIDATED UNSUBSIDIZED**: $7,219, $1,412

**Total All Loans**: $248,192, $21,766
Other Debt?

Annual Credit Report.com
The only source for your free credit reports. Authorized by Federal law.

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.

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.

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.

annualcreditreport.com

www.aamc.org/FIRST
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## Types of Loans

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

* Subsidy and deferment rights are lost in a consolidation loan

### Unsubsidized
- Direct Unsubsidized
- Direct PLUS
- Private Loans
- Institutional Loans *(some)*
- Consolidation Loans *(underlying unsubsidized loans)*
Loan Repayment Timeline

Direct Loan
- Enrolled: 6-month grace
- Deferment, Internship/Residency Forbearance, or Repayment

Consolidation Loan
- In-School Deferment: Deferment, Internship/Residency Forbearance, or Repayment

Direct PLUS Loan
- In-School Deferment: 6-month deferment

Perkins Loan
- Enrolled: 9-month grace
- Deferment, Forbearance, or Repayment, Possible 6-month post-deferment grace

Primary Care Loan
- Enrolled: 12-month grace
- Residency Deferment (up to 4 years in an eligible primary care residency program) Must reapply each year

Loans for Disadvantaged Students (LDS)
- Enrolled: 12-month grace
- Deferment available throughout residency Must reapply each year

Institutional Loan
- Possible Grace, Deferment, or Forbearance. Consult your financial aid office; check promissory note.

Private Loan
- Enrolled: Possible Grace, Deferment, or Forbearance Varies by lender; check promissory note

Post-Residency
- Repayment

aamc.org/first/timeline
## Interest Rates

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

$180,000
M1 to M4 Loans

$28,200
Accrued Interest Med School and Grace Period
After Grace Capitalization Occurs

After capitalization, you will owe $208,200
If possible, pay some (or all) accrued interest before it capitalizes.
## Impact of Capitalization

<table>
<thead>
<tr>
<th>Principal Borrowed</th>
<th>Interest</th>
<th>Owed after Grace</th>
<th>Interest During Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>$140K</td>
<td>$22K</td>
<td>$162K</td>
<td>~$800/mo</td>
</tr>
<tr>
<td>$190K</td>
<td>$30K</td>
<td>$220K</td>
<td>~$1,100/mo</td>
</tr>
<tr>
<td>$200K</td>
<td>$32K</td>
<td>$232K</td>
<td>~$1,200/mo</td>
</tr>
<tr>
<td>$250K</td>
<td>$41K</td>
<td>$291K</td>
<td>~$1,500/mo</td>
</tr>
<tr>
<td>$300K</td>
<td>$50K</td>
<td>$350K</td>
<td>~$1,800/mo</td>
</tr>
</tbody>
</table>

* Numbers are rounded.
Decision Time

Make Payments

Postpone Payments
Postpone Payments

Deferment

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

- Interest accrues on all loans
- Interest will capitalize
- Contact each loan servicer to apply
- Request 30-days before needed
<table>
<thead>
<tr>
<th></th>
<th>Balance After Grace</th>
<th>Residency Interest</th>
<th>Post-Residency Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>$208k</td>
<td>$37k</td>
<td>$245k</td>
</tr>
</tbody>
</table>

* Based on $180k originally borrowed and a 3-year residency. Numbers are rounded.
Is Forbearance A Good Option For You?

**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

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

- 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?
## Discretionary Income

### Example of a PGY-1 Resident

<table>
<thead>
<tr>
<th>In IBR</th>
<th>In PAYE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Adjusted Gross Income(^1)</td>
<td>Monthly Adjusted Gross Income(^1)</td>
</tr>
<tr>
<td>($4,640)</td>
<td>($4,640)</td>
</tr>
<tr>
<td>(minus) 150% of Poverty Line(^2)</td>
<td>(minus) 150% of Poverty Line(^2)</td>
</tr>
<tr>
<td>(- $1,530)</td>
<td>(- $1,530)</td>
</tr>
<tr>
<td>Discretionary Income</td>
<td>Discretionary Income</td>
</tr>
<tr>
<td>(= $3,110)</td>
<td>(= $3,110)</td>
</tr>
<tr>
<td>(multiplied by)(^3)</td>
<td>(multiplied by)(^3)</td>
</tr>
<tr>
<td>(\times 15%)</td>
<td>(\times 10%)</td>
</tr>
<tr>
<td>Monthly IBR Payment</td>
<td>Monthly PAYE Payment</td>
</tr>
<tr>
<td>($470^4)</td>
<td>($310^5)</td>
</tr>
</tbody>
</table>

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.
Partial Financial Hardship

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.
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.
<table>
<thead>
<tr>
<th>Repayment Plan Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Traditional Repayment Plans</strong></td>
</tr>
<tr>
<td>Standard</td>
</tr>
<tr>
<td>10 years</td>
</tr>
<tr>
<td>$2,300</td>
</tr>
<tr>
<td>Direct and FFEL</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income – Driven Repayment Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income-Driven Repayment Plans use PGY1 stipend of $55,700 and a family size of 1. Numbers are estimates.</td>
</tr>
</tbody>
</table>
Traditional Repayment Plans

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Payment Term</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>10 years</td>
<td>$2,300</td>
</tr>
<tr>
<td>Extended</td>
<td>25 years</td>
<td>$1,300</td>
</tr>
<tr>
<td>Graduated</td>
<td>10 years</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

Based on $180k borrowed. Numbers are estimates.
## Income – Driven Repayment Plans

<table>
<thead>
<tr>
<th>Plan</th>
<th>Payment During Residency</th>
<th>Repayment Term</th>
<th>Amount</th>
<th>Borrowing Term</th>
<th>Repayment Term</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Contingent Repayment (ICR)</td>
<td>Direct only</td>
<td>25 years</td>
<td>$720</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income-Based Repayment (IBR)</td>
<td>Direct and FFEL*</td>
<td>25 years*</td>
<td>$470*</td>
<td>Borrowed before 7/1/14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>Direct only</td>
<td>20 years</td>
<td>$310</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised Pay As You Earn (REPAYE)</td>
<td>Direct only</td>
<td>25 years</td>
<td>$310</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Revised</th>
<th>Pay</th>
<th>As</th>
<th>You Earn</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 years</td>
<td>If monthly payment doesn’t cover interest, only responsible for 50%</td>
<td>After 25 years, remaining balance forgiven (but taxable)</td>
<td>No new borrower requirement</td>
</tr>
<tr>
<td>$310</td>
<td>Payments = 10% of disc. income, household size &amp; AGI</td>
<td>PFH NOT required</td>
<td></td>
</tr>
<tr>
<td>Direct only</td>
<td>Payment CAN be higher than Standard</td>
<td>Spousal income ALWAYS used</td>
<td></td>
</tr>
</tbody>
</table>

Numbers are based on PGY1 stipend of $55,700, and a family size of 1. Numbers are estimates.
May submit application for income-driven repayment as early as 90 days before the end of grace.
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.
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

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency</th>
<th>Total Years Including Residency</th>
<th>Payment After Residency</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>13</td>
<td>$1,500</td>
<td>$180k</td>
<td>$0</td>
</tr>
<tr>
<td>PAYE</td>
<td>$310 - $360</td>
<td>14</td>
<td>$1,300</td>
<td>$180k</td>
<td>$0</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$310 - $360</td>
<td>10</td>
<td>$1,600 - $1,800</td>
<td>$160k</td>
<td>$0</td>
</tr>
</tbody>
</table>

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 - $180,000 Loan Debt

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency</th>
<th>Total Years Including Residency</th>
<th>Payment After Residency</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>13</td>
<td>$2,700</td>
<td>$324k</td>
<td>$0</td>
</tr>
<tr>
<td>PAYE</td>
<td>$310 - $360</td>
<td>19</td>
<td>$1,600 - $2,300</td>
<td>$380k</td>
<td>$0</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$310 - $360</td>
<td>18</td>
<td>$1,600 - $2,300</td>
<td>$354k</td>
<td>$0</td>
</tr>
</tbody>
</table>

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 - $250,000 Loan Debt

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency</th>
<th>Total Years Including Residency</th>
<th>Payment After Residency</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>13</td>
<td>$3,900</td>
<td>$462k</td>
<td>$0</td>
</tr>
<tr>
<td>PAYE</td>
<td>$310 - $360</td>
<td>20</td>
<td>$1,600 - $2,300</td>
<td>$404k (+ ~ $79k)</td>
<td>$237k (taxable)</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$310 - $360</td>
<td>25</td>
<td>$1,600 - $2,700</td>
<td>$556k (+ ~ $34k)</td>
<td>$102k (taxable)</td>
</tr>
</tbody>
</table>

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

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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

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency</th>
<th>Total Years Including Residency</th>
<th>Payment After Residency</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>16</td>
<td>$1,700</td>
<td>$207k</td>
<td>$0</td>
</tr>
<tr>
<td>PAYE</td>
<td>$310 - $450</td>
<td>18</td>
<td>$1,300</td>
<td>$205k</td>
<td>$0</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$310 - $450</td>
<td>9</td>
<td>$4,400 - $4,500</td>
<td>$159k</td>
<td>$0</td>
</tr>
</tbody>
</table>

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 - $180,000 Loan Debt

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency</th>
<th>Total Years Including Residency</th>
<th>Payment After Residency</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>16</td>
<td>$3,100</td>
<td>$373k</td>
<td>$0</td>
</tr>
<tr>
<td>PAYE</td>
<td>$310 - $450</td>
<td>19</td>
<td>$2,300</td>
<td>$392k</td>
<td>$0</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$310 - $450</td>
<td>11</td>
<td>$4,400 - $4,700</td>
<td>$294k</td>
<td>$0</td>
</tr>
</tbody>
</table>

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 - $250,000 Loan Debt

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency</th>
<th>Total Years Including Residency</th>
<th>Payment After Residency</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>16</td>
<td>$4,500</td>
<td>$535k</td>
<td>$0</td>
</tr>
<tr>
<td>PAYE</td>
<td>$310 - $450</td>
<td>20</td>
<td>$3,300</td>
<td>$574k ($~ $1,300)</td>
<td>$4k (taxable)</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$310 - $450</td>
<td>13</td>
<td>$4,400 - $5,100</td>
<td>$441k</td>
<td>$0</td>
</tr>
</tbody>
</table>

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

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Determine the Impact

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

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 dhales@aamc.org.

aamc.org/medloans
Public Service Loan Forgiveness

- Eligible Loans
- Eligible Payments
- Eligible Employment

Direct Loans Only

Standard PAYE REPAYE

Public Service

$$$
Loan Forgiveness

aamc.org/first/pslfebook
PSLF Example - Dr. Pediatrician – Starting Salary $160k

* Based on $180k borrowed and a 3-year residency. Numbers are estimates.
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

Servicing (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.
Why Is PSLF Important to You?

aamcaction.org/ShareYourPSLFSStory
Loan Forgiveness

FIRST PROGRAM

NATIONAL HEALTH SERVICE CORPS

INDIAN HEALTH SERVICE

PHS · 1955

NIH

National Institutes of Health

U.S. AIR FORCE

DEPARTMENT OF VETERANS AFFAIRS

UNITED STATES OF AMERICA

U.S. ARMY

DEPARTMENT OF THE NAVY

UNITED STATES OF AMERICA

aamc.org/repayasst
Why Consolidate?

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 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
   - No

   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, loan consolidation would not prove in managing your loans.

2. Are you considering work in public service and Public Service Loan Forgiveness (PSLF)?
   - Yes
   - No

   Yes, a Direct Consolidation Loan may be necessary to make some of your loans eligible for the 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 mldb.ed.gov.
   
   No, loan consolidation would not prove benefit based on your career goals.

   Possibly...see the advice for those who are not, and then strongly consider an approach that leverages your options open. In choosing between continuing on the path...
Differences Between Consolidation and Refinancing

Refinanced Loans

- Not Eligible for Income-Driven Repayment Plans
- May Not Offer Deferment or Forbearance
- May Not Offer Forgiveness for Disability or Death

- Not Eligible for PSLF
Are Payments Possible On Your Resident Salary?
Budgeting During Residency

- Rent/Mortgage: $1,700
- Transportation/Car: $420
- Grocery/Dining: $400
- Student Loans: $310 (PAYE or REPAYE)
- Discretionary: $180
- Utilities: $150
- Smartphone: $100
- Insurance/Health: $100
- Savings: $60

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

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
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](http://aamc.org/FIRST)

**Questions?**

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

**Please Evaluate This Presentation:**

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