FIRST PROGRAM

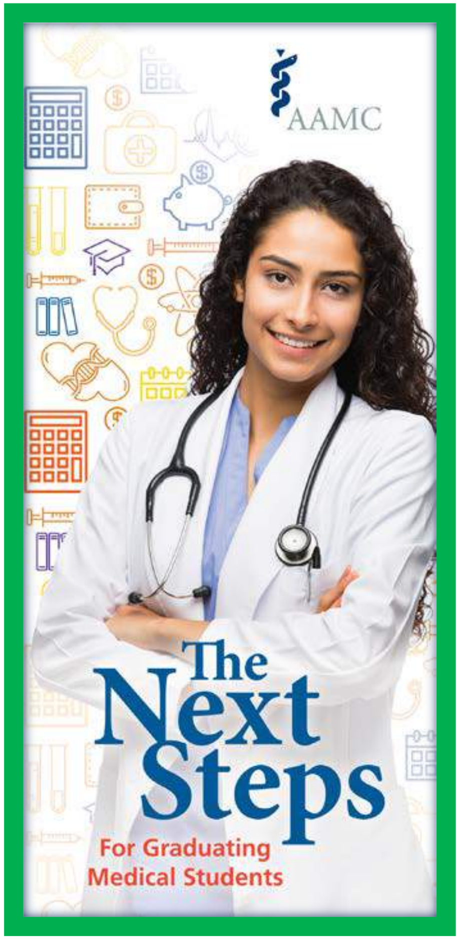
Tomorrow's Doctors, Tomorrow's Cures®

# Repayment Strategies

# Quillen College of Medicine

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

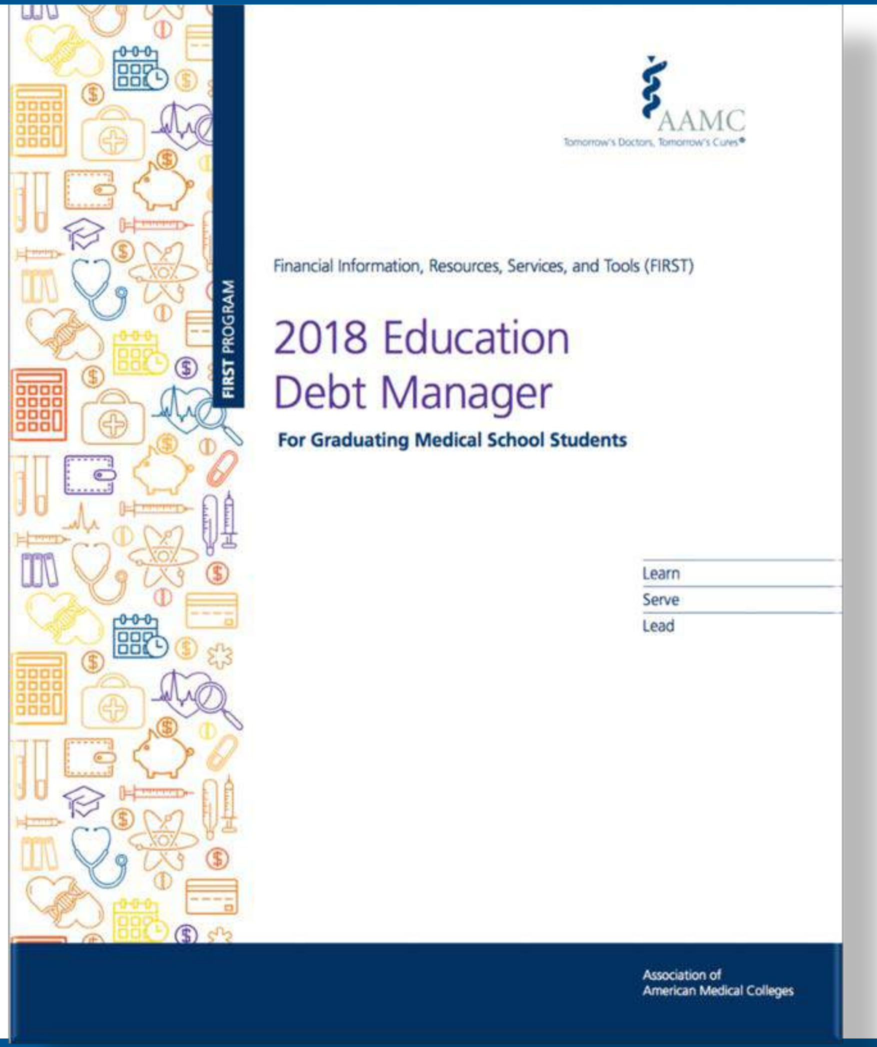
# Agenda




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**

# Online Resource




**aamc.org/first/graduating-edm**

# Class of 2017

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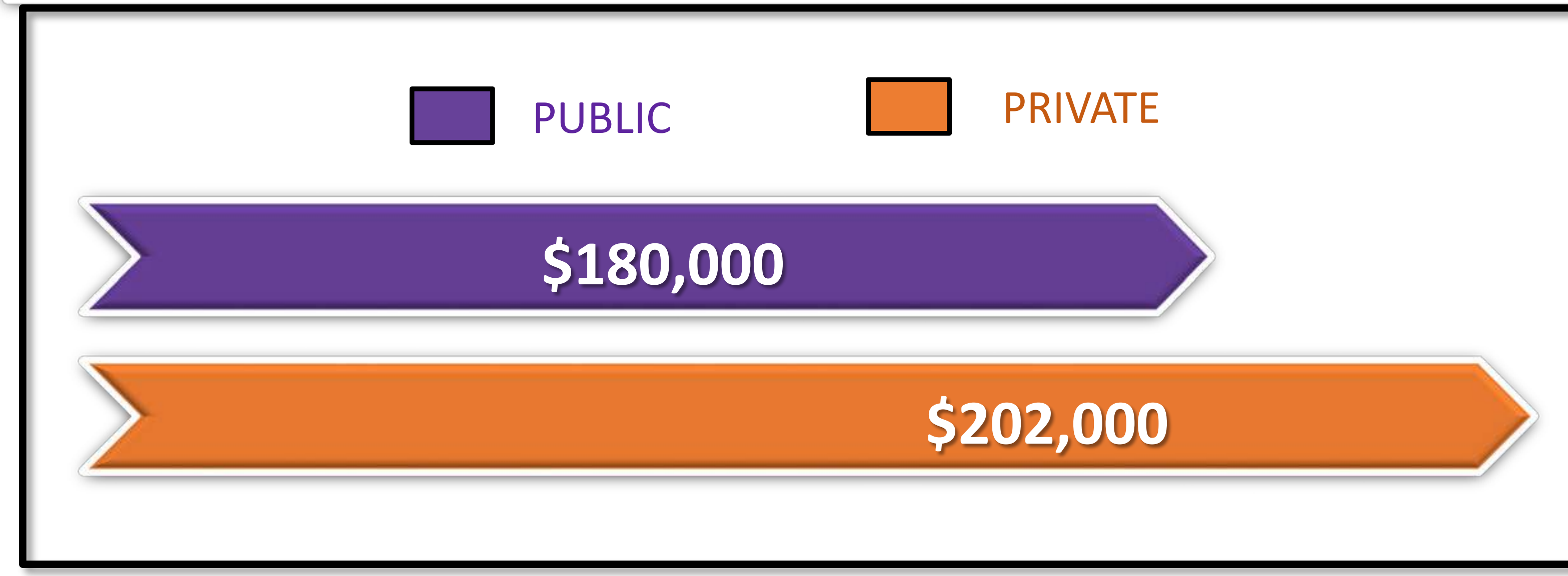
## Median MD School Debt: $192,000




Source: AAMC 2017 Graduate Questionnaire (GQ)

75% of class report having educational debt

48% report debt of $200,000 or higher

# Debt Fact Card

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October 2017

AAMC

**Medical Student Education: Debt, Costs, and Loan Repayment Fact Card**

| Class of 2017 | Public | Private | All |
|---|---|---|---|
| Pct. with Ed. Debt | 77% | 72% | 75% |

| | |
|---|---|
| **Quillen COM** | **Education Debt** |
| **LCME I-B Data**<br>**Average MS Debt Per 2017 Grads** | **$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.

| Cost, M1 In-State, 2017-18 | Public | Private |
|---|---|---|
| Median Tuition & Fees | $36,937 (↑1%) | $59,605 (↑4%) |
| 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.

aamc.org/FIRST

# Find Your Loans

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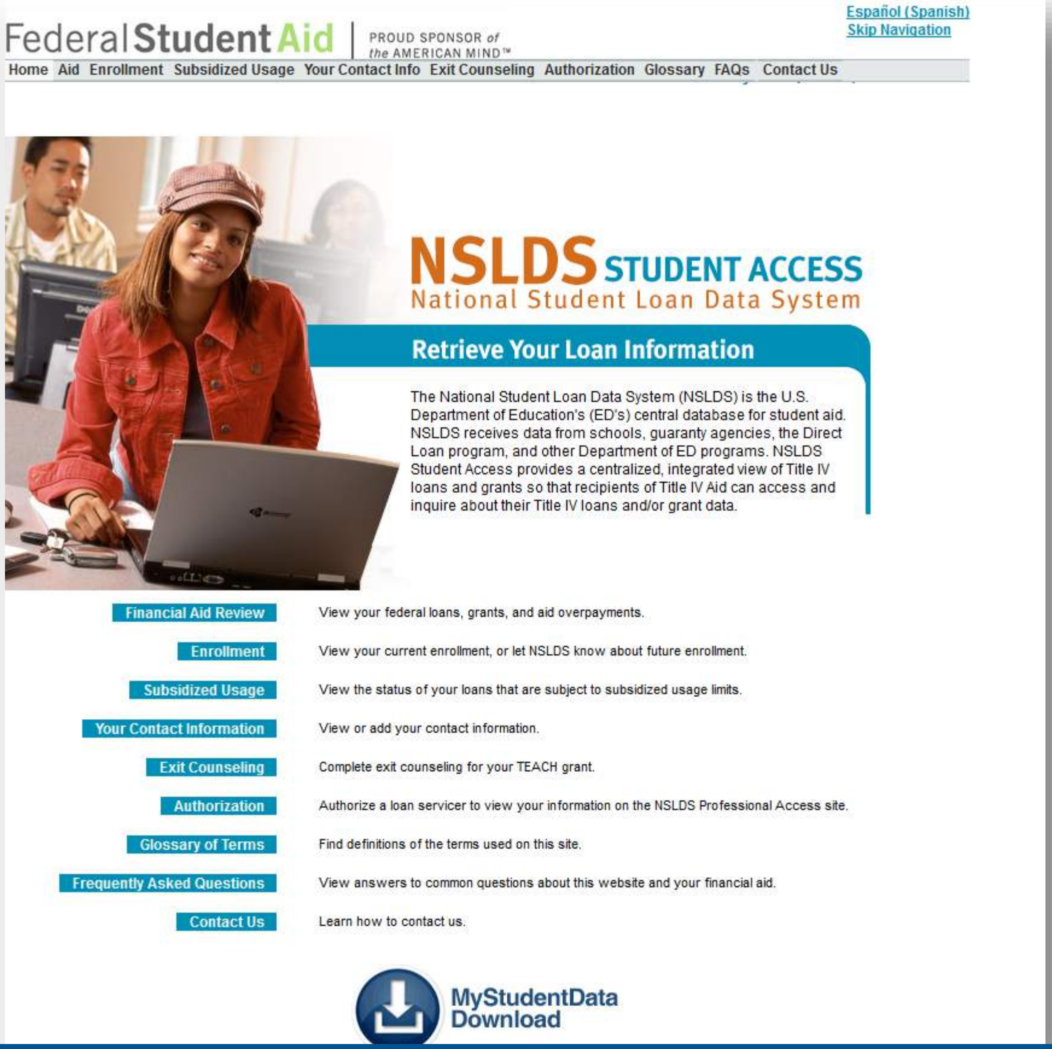


**NSLDS.ed.gov**





Association of American Medical Colleges

# Know Your Portfolio

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START HERE GO FURTHER FEDERAL STUDENT AID

Skip Navigation

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 |
|---|---|---|---|---|---|---|---|
| 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 |
| 5 | DIRECT PLUS GRADUATE | $33,484 | 08/19/2011 | $33,484 | $0 | $33,484 | $3,364 |
| 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 |
| 8 | DIRECT STAFFORD UNSUBSIDIZED | $32,000 | 08/25/2010 | $32,000 | $0 | $32,000 | $4,920 |
| 9 | DIRECT STAFFORD UNSUBSIDIZED | $5,500 | 08/31/2007 | $5,500 | $0 | $5,889 | $1,668 |
| 10 | DIRECT STAFFORD SUBSIDIZED | $5,500 | 08/31/2006 | $5,500 | $0 | $5,500 | $35 |
| 11 | DIRECT CONSOLIDATED UNSUBSIDIZED | $6,297 | 06/26/2006 | $6,297 | $0 | $7,219 | $1,412 |
| 12 | DIRECT STAFFORD UNSUBSIDIZED | $3,500 | 08/31/2005 | $3,500 | $0 | $0 | $0 |
| 13 | 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

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| | 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 |
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| **Total All Loans** | | | | | | **$248,192** | **$21,766** |

**NSLDS.ed.gov**

# Who Is Your Loan Servicer?

Type of Loan: 1 DIRECT STAFFORD UNSUBSIDIZED

Loan obtained while attending the

Scheduled Start of Repayment: 12/02/201

Loan Period Begin Date: 07/02/2012

Loan Period End Date: 05/17/2013

Next

MyStudentData Download

### 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<br>PO BOX 740351<br>ATLANTA<br>GA 30348<br>800-722-1300<br>www.salliemae.com |

## NSLDS.ed.gov

# Other Debt?


**annualcreditreport.com**

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# Types of Loans

| Subsidized | Unsubsidized |
| --- | --- |
| • Direct Subsidized<br>• Perkins Loans *<br>• Primary Care Loans<br>• Loans for Disadvantaged Students (LDS)<br>• Institutional Loans *(some)*<br>• Consolidation Loans *(underlying subsidized loans)* | • Direct Unsubsidized<br>• Direct PLUS<br>• Private Loans<br>• Institutional Loans *(some)*<br>• Consolidation Loans *(underlying unsubsidized loans)* |

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

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# Loan Repayment Timeline

| | School | Residency/Graduate Fellowship | | Post-Residency |
|---|---|---|---|---|
| Direct Loan | Enrolled | 6-month grace | Deferment, Internship/Residency Forbearance, or Repayment[1] | Repayment[1] |
| Consolidation Loan | In-School Deferment | Deferment,[2] Internship/Residency Forbearance,[3] or Repayment[1] | | Repayment[1] |
| Direct PLUS Loan[4] Disbursed on or after 7/1/08 | In-School Deferment | 6-month deferment | Deferment,[2] Internship/Residency Forbearance,[3] or Repayment[1] | Repayment[1] |
| Perkins Loan | Enrolled | 9-month grace | Deferment,[2] Forbearance,[5] or Repayment.[1] Possible 6-month post-deferment grace. | Repayment[1] |
| Primary Care Loan | Enrolled | 12-month grace | Residency Deferment (up to 4 years in an eligible primary care residency program) **Must reapply each year** | Repayment[1] |
| Loans for Disadvantaged Students (LDS) | Enrolled | 12-month grace | Deferment available throughout residency **Must reapply each year** | Repayment[1] |
| Institutional Loan | Enrolled | Possible Grace, Deferment, or Forbearance. Consult your financial aid office; check promissory note. | | Repayment[1] |
| Private Loan | Enrolled | Possible Grace, Deferment, or Forbearance Varies by lender; check promissory note | | Repayment[1] |

**aamc.org/first/timeline**

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# Interest Rates

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

# Reduce the Impact of Capitalization

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**$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**

# Reduce the Cost of Capitalization

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

# Impact of Capitalization

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| Principal Borrowed | Interest | Owed after Grace | Interest During Residency |
|---|---|---|---|
| $140K | $22K | $162K | ~$800/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



# Postpone Payments



## Deferment

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

# Postpone Payments



**Forbearance**

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

# Repayment After Forbearance

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| | Balance After Grace | | Residency Interest | | Post-Residency Balance |
|---|---|---|---|---|---|
| **TOTAL** | $208k | + | $37k | = | $245k |

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

# Is Forbearance A Good Option For You?



| BEST for You, IF… | NOT for You, IF… |
| --- | --- |
| Seeking to REDUCE stress and financial obligations | Seeking Public Service Loan Forgiveness (PSLF) |
| Desiring to INCREASE disposable income | Seeking an Income-Driven Repayment (IDR) plan forgiveness |
| Have PRIVATE loans with higher interest rates | 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

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- 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

# Discretionary Income

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

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**

# 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.

**aamc.org/first/graduating-edm**

# Partial Financial Hardship (PFH)

**$2,300 / 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 | Extended | Graduated | Income Contingent Repayment (ICR) | Income-Based Repayment (IBR) | Pay As You Earn (PAYE) | Revised Pay As You Earn (REPAYE) |
| 10 years | 25 years | 10 years | 25 years | 25 years | 20 years | 25 years |
| $2,300 | $1,300 | $1,000 | $720 | $470 | $310 | $310 |
| Direct and FFEL | Direct and FFEL | Direct and FFEL | Direct only | Direct and FFEL | Direct only | Direct only |

**Based on $180k borrowed. Income-Driven Plans use PGY1 stipend of $55,700 and a family size of 1. Numbers are estimates.**

# Traditional Repayment Plans

## Traditional Repayment Plans

| Standard | Extended | Graduated |
|---|---|---|
| 10 years | 25 years | 10 years |
| $2,300 | $1,300 | $1,000 |
| Direct and FFEL | Direct and FFEL | Direct and FFEL |

**Based on $180k borrowed. Numbers are estimates.**

# Income – Driven Repayment Plans

## Income – Driven Repayment Plans – Payments During Residency

| Income Contingent Repayment (ICR) | Income-Based Repayment (IBR) Borrowed before 7/1/14 | 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 | As | You | Earn |
|---|---|---|---|
| 20 years | Capitalized interest can't exceed 10% of original balance | After 20 years, remaining balance forgiven (but taxable) | Must be new borrower |
| $310 | Payments = 10% of disc. income, household size & AGI | Must have PFH | No federal loan balance on 10/1/07 AND |
| Direct only | Payment capped – won't be higher than Standard | Spousal income used if filed jointly | 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 | Pay | As | You Earn |
| --- | --- | --- | --- |
| 25 years | If monthly payment doesn't cover interest, only responsible for 50% | After 25 years, remaining balance forgiven (but taxable) | No new borrower requirement |
| $310 | Payments = 10% of disc. income, household size & AGI | PFH NOT required | |
| Direct only | Payment CAN be higher than Standard | Spousal income ALWAYS used | |

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

# IDR Plan Request Form

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**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**

IDR

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

**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. 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 and by reading Sections 9 and 10.
- It's simple to explore all of your repayment options at 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.
- 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.

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

**studentloans.gov**

# IDR Plan Request Form

**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**

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# 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 - $180,000 Loan Debt | | | | | |
|---|---|---|---|---|---|
| Repayment Plan | Payment During Residency | Total Years Including Residency | Payment After Residency | Total Repayment Amount | Forgiven |
| Forbearance then Standard | $0 | 13 | $2,700 | $324k | $0 |
| PAYE | $310 - $360 | 19 | $1,600 - $2,300 | $380k | $0 |
| REPAYE | $310 - $360 | 18 | $1,600 - $2,300 | $354k | $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 - $250,000 Loan Debt | | | | | |
|---|---|---|---|---|---|
| Repayment Plan | Payment During Residency | Total Years Including Residency | Payment After Residency | Total Repayment Amount | Forgiven |
| Forbearance then Standard | $0 | 13 | $3,900 | $462k | $0 |
| PAYE | $310 - $360 | 20 | $1,600 - $2,300 | $404k (+ ~ $79k) | $237k (taxable) |
| REPAYE | $310 - $360 | 25 | $1,600 - $2,700 | $556k (+ ~ $34k) | $102k (taxable) |

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

FIRST PROGRAM

# 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 - $180,000 Loan Debt | | | | | |
|---|---|---|---|---|---|
| **Repayment Plan** | **Payment During Residency** | **Total Years Including Residency** | **Payment After Residency** | **Total Repayment Amount** | **Forgiven** |
| Forbearance then Standard | $0 | 16 | $3,100 | $373k | $0 |
| PAYE | $310 - $450 | 19 | $2,300 | $392k | $0 |
| REPAYE | $310 - $450 | 11 | $4,400 - $4,700 | $294k | $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

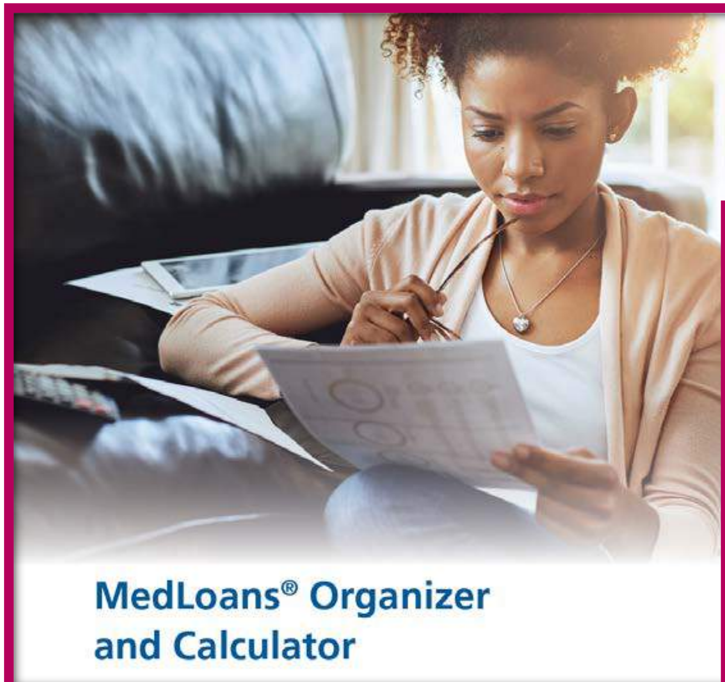
## 6 Year Residency - $250,000 Loan Debt

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

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

FIRST PROGRAM

# 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

Standard
PAYE
REPAYE

Eligible Loans

Eligible Payments

Eligible Employment

Direct Loans Only

Public Service

$$$
Loan Forgiveness

**aamc.org/first/pslfebook**

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

FIRST PROGRAM

**PAYE**

| $208,200 | $310-$360 (3)<br>$1,300-$1,500 (7) | Repays $130K |
|---|---|---|

**$200k**
**Loan Forgiveness**

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

# Five Steps for PSLF

FIRST PROGRAM

Checklist for Public Service Loan Forgiveness

AAMC
Tomorrow's Doctors, Tomorrow's Cures®

## 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.

lation Loans
tudent loans* can be made eligible
em in a Direct Consolidation Loan.**

loan are not eligible.

g public service position,
ing repayment plan.

yment plan (or a repayment plan
thly amount paid is not less than
nount required under the 10-year
yment plan)

ork.

0 years in a public service position.
ne of the following:

rganization—a private
roviding a public service

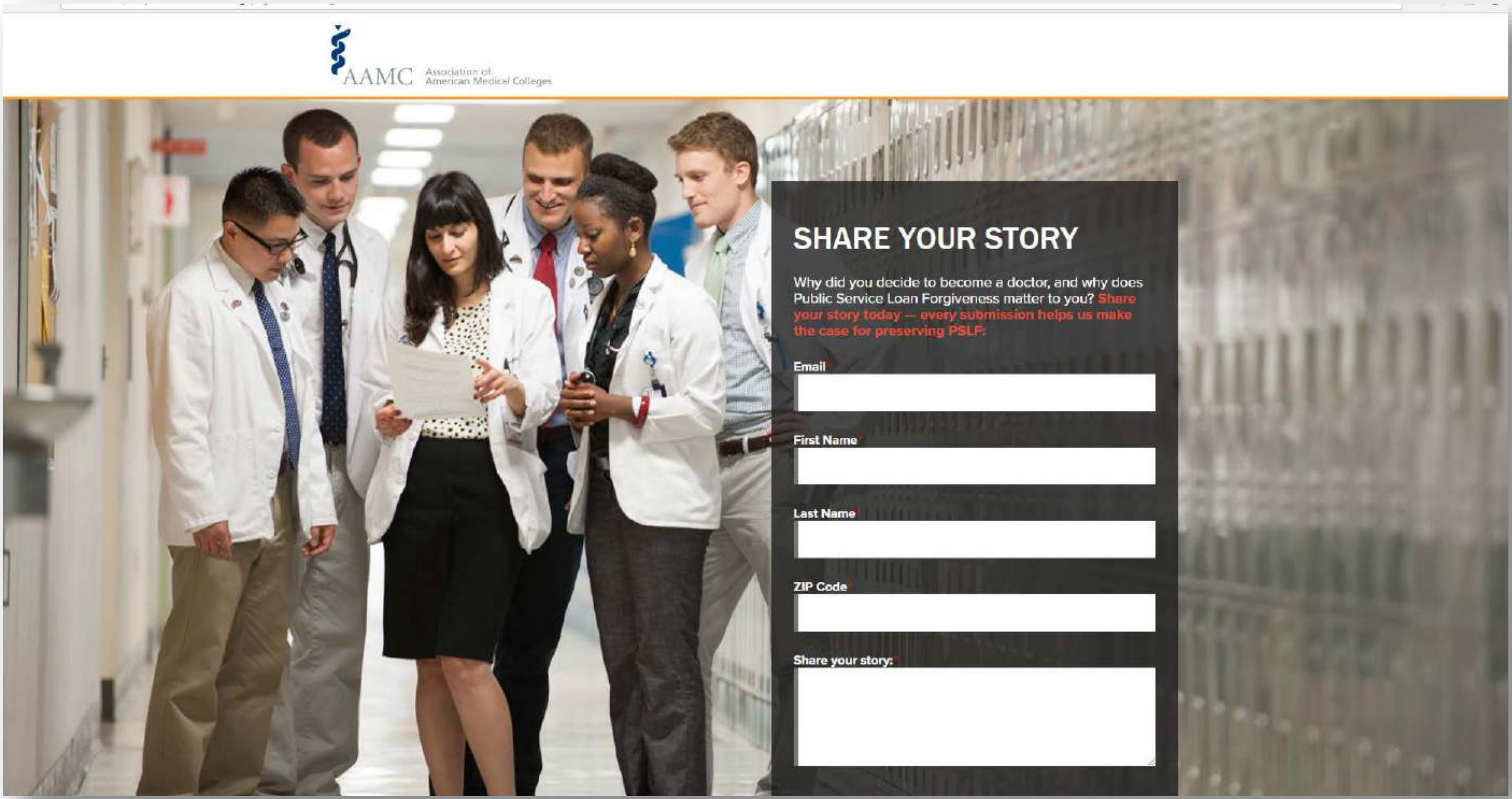
organization, agency, or entity
- A branch of the military

*bout eligible employers to FedLoan 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.

**aamc.org/first/pslfeligibility**

# Why Is PSLF Important to You?




aamcaction.org/ShareYourPSLFStory

# Loan Forgiveness

NATIONAL HEALTH SERVICE CORPS

INDIAN HEALTH SERVICE PHS • 1955

NIH National Institutes of Health

USPHS COMMISSIONED CORPS 1889 - CENTENNIAL - 1989

DEPARTMENT OF VETERANS AFFAIRS UNITED STATES OF AMERICA

U.S. AIR FORCE

DEPARTMENT OF THE NAVY UNITED STATES OF AMERICA

U.S. ARMY

**aamc.org/repayasst**

FIRST PROGRAM

# 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 Consolidate?

AAMC
Tomorrow's Doctors, Tomorrow's Cures®

## 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 prov
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.

(Note: Consolidation erases all prior payments that qualified for PSLF.)

No

**No,** loan consolidation would not provi
benefit based on your career goals.

Possibly

**Possibly** . . . see the advice for those w
(to the left), and then strongly consider
approach leaves your options open: in t
choose between continuing on the path

**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**

# Differences Between Consolidation and Refinancing

FIRST PROGRAM

Not Eligible for Income-Driven Repayment Plans

Not Eligible for PSLF

**Refinanced Loans**

May Not Offer Deferment or Forbearance

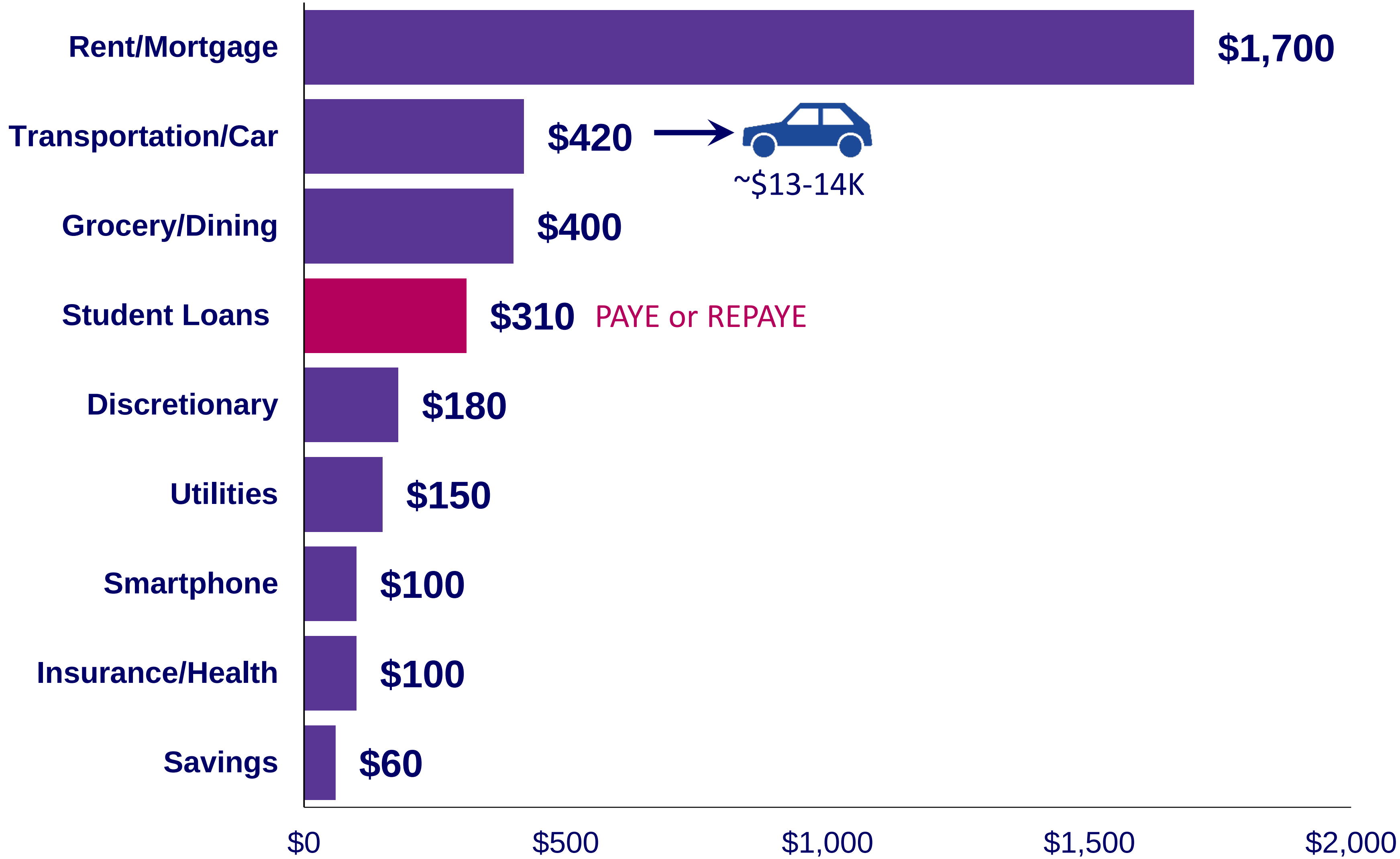
May Not Offer Forgiveness for Disability or Death

# Are Payments Possible On Your Resident Salary?


Champagne
Dom Pérignon
Vintage 2000
B M W

# Budgeting During Residency

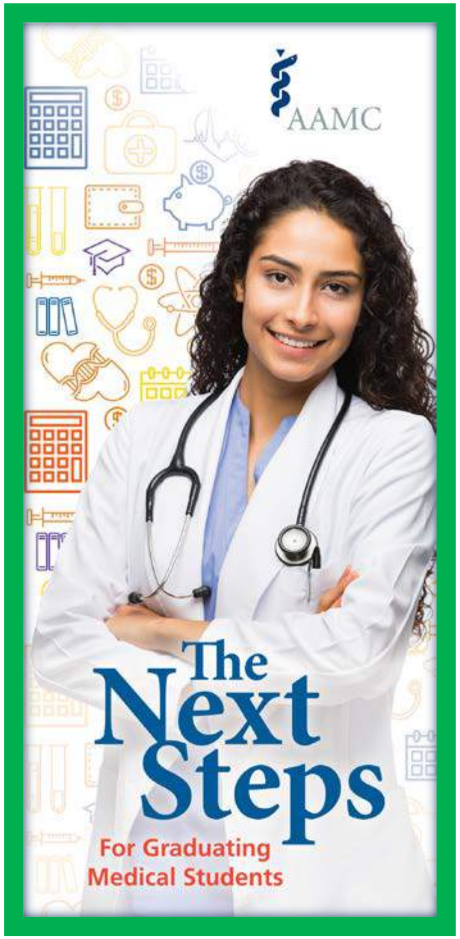
FIRST PROGRAM




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**

FIRST PROGRAM

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**

**Questions?**
**Contact first@aamc.org.**

Please Evaluate This Presentation:
aamc.org/easttennessee