Student Loans and Repayment Strategies

Prepared for the Graduating Class of 2019

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Presenter’s title: Assistant Director, Financial Aid, UT Health San Antonio
Spring 2019

Disclaimer: All information and estimates are based on AAMC interpretation of federal regulations as of January 2019 and are subject to change. These are estimates only. Students should contact their servicer(s) to discuss exact loan balances and repayment options.
Required Online Exit

Students are still required to complete the online Department of Education Loan Exit session at studentloans.gov
Why Do I Need to Know This?
Oh, That’s Why!
Agenda

Know Your Loans

What Happens After Graduation

Repayment Plans

How Repayment Looks in Residency

Other Considerations
Free Online Resource *(PDF Download)*

Education Debt Manager (EDM)

[Link to EDM website]

aamc.org/first/edm
Download Your Free PDF

Education Debt Manager Booklet
Know Your Loan Portfolio
Class of 2018 Indebtedness

Median MD School Debt: $200,000

PUBLIC: $180,000
PRIVATE: $202,000

Source: AAMC 2018 Graduate Questionnaire (GQ)

75% of class report having educational debt
48% report debt of $200,000 or higher
Master Promissory Note

- Is a contract with the lender
- Has a multi-loan feature
- Details terms and conditions
- Includes rights & responsibilities
Rights and Responsibilities

**RIGHTS**

- Prepay any federal loan without penalty
- Change repayment plans
- Request a deferment or forbearance
- Request a shorter repayment schedule
- Review the promissory note for all rights
Rights and Responsibilities

**RESPONSIBILITIES**

- Make on time loan payments
- Make payments despite non-receipt of bill
- Notify servicer if contact information changes
- Complete exit counseling
- Review promissory note for all responsibilities
A Serious Obligation

Manage your debt - don’t let it manage you

Student loans must be repaid
Consequences of ...

Delinquency
- Reported to credit bureaus.
- Negatively affects credit.

Default
- Reported to credit bureaus.
- Entire balance becomes due immediately.
- Additional charges, fees, and collection costs are assigned.
- Negatively affects credit.
- Wages and tax returns are garnished.
- Social Security and disability benefits are withheld.
- Legal fees and court costs are your responsibility.
- You are ineligible for additional student aid.
- Other federal debt collection methods are used.

What Should I Do If I Cannot Pay?

Call your servicers immediately!
Loan Discharge

Discharge may be available in cases of:

- **Death or Total/Permanent Disability**
  In the case of death, a death certificate must be submitted. In the case of disability, the borrower must apply to have the loans discharged and submit disability certification from a medical doctor.

- **Bankruptcy (Rarely)**
  In rare situations of bankruptcy, where undue hardship can be proven in court.

- **School Closure or False Certification**
  If the school closed before you completed your program, falsely certified your loan eligibility, or failed to return funds to the lender on your behalf.

- **Identity Theft**
  If you are a victim of identity theft and the loans are not yours.

- **Unpaid Refund**
  If you withdrew from school but the school didn't pay a refund it owed the lender.
Finding Your Federal Loans

To access, provide your FSA ID, including:

Username & Password

For questions, visit https://fsaid.ed.gov

nslds.ed.gov
### Aid Summary for [Your name here]

Your enrollment status is **FULL TIME**, effective **07/29/2013**.

#### Authorization

#### Subsidized Usage

![MyStudentData Download](image)

Click here for Grant Information

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### Loans

Please click on numbers in first column to see details including point of contact.

<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>
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</thead>
<tbody>
<tr>
<td>DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$41,952</td>
<td>07/15/2016</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>$0</td>
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<td>$0</td>
<td>$2,000</td>
<td>$712</td>
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<td>$2,758</td>
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<tr>
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<td>$0</td>
<td>$3,500</td>
<td>$0</td>
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<tr>
<td><strong>Total DIRECT STAFFORD UNSUBSIDIZED</strong></td>
<td><strong>$183,457</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total DIRECT STAFFORD SUBSIDIZED</strong></td>
<td><strong>$8,854</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total FFEL STAFFORD UNSUBSIDIZED</strong></td>
<td><strong>$2,000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total FFEL STAFFORD SUBSIDIZED</strong></td>
<td><strong>$3,500</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total All Loans</strong></td>
<td><strong>$197,811</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$21,962</strong></td>
</tr>
</tbody>
</table>
Detail Loan Information for **Your name here too**

Your enrollment status is **FULL TIME**, effective 07/29/201

Type of Loan: 4 **DIRECT STAFFORD UNSUBSIDIZED**
Loan obtained while attending the **UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT SAN ANTONIO**

Scheduled Start of Repayment: 10/29/2017
Next Payment Due Date: 11/28/2017
Loan Period Begin Date: 07/29/2013
Loan Period End Date: 05/23/2014
Income-Driven Repayment Plan Anniversary Date: N/A

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### Amounts and Dates

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Outstanding Principal Balance</th>
<th>Outstanding Principal Balance As of Date</th>
<th>Outstanding Interest Balance</th>
<th>Outstanding Interest Balance As of Date</th>
<th>Interest Rate Type</th>
<th>Interest Rate</th>
<th>Canceled Amount</th>
<th>Canceled Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$42,364</td>
<td>$42,364</td>
<td>02/05/2017</td>
<td>$7,636</td>
<td>02/05/2017</td>
<td>FIXED</td>
<td>5.41%</td>
<td>$0</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Most Recent Pay. Eff. Date: N/A
Cumulative Payment Amount: 0
Repayment Plan Type: N/A
PSLF Cumulative Matched Months: 0

### Disbursement(s) and Status(es)

<table>
<thead>
<tr>
<th>Disbursement Date</th>
<th>Disbursement Amount</th>
<th>Loan Status</th>
<th>Status Description</th>
<th>Status Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/27/2013</td>
<td>$21,182</td>
<td>IA</td>
<td>LOAN ORIGINATED</td>
<td>07/10/2013</td>
</tr>
<tr>
<td>07/10/2013</td>
<td>$21,182</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Servicer/Lender/Guaranty Agency/ED Servicer Information**

<table>
<thead>
<tr>
<th>Contact Type</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current ED Servicer:</td>
<td>DEPT OF ED/NAIVENT</td>
</tr>
<tr>
<td></td>
<td>PO BOX 740351</td>
</tr>
<tr>
<td></td>
<td>ATLANTA GA 30348</td>
</tr>
<tr>
<td></td>
<td>800-722-1390</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.navient.com">http://www.navient.com</a></td>
</tr>
</tbody>
</table>
Subsidized Loans vs. Unsubsidized Loans

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
## Fixed Interest Rates for the Class of 2019

<table>
<thead>
<tr>
<th></th>
<th>M1 2015-16</th>
<th>M2 2016-17</th>
<th>M3 2017-18</th>
<th>M4 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERKINS</strong>*</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>DIRECT UNSUBSIDIZED</td>
<td>5.84%</td>
<td>5.31%</td>
<td>6.0%</td>
<td>6.6%</td>
</tr>
<tr>
<td>DIRECT PLUS</td>
<td>6.84%</td>
<td>6.31%</td>
<td>7.0%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

* Perkins, PCL and LDS Loans are disbursed at a fixed rate of 5%. All loans shown have a fixed interest rate.
Capitalization

Addition of unpaid interest to the principal

$200,000 + $31,400 = $231,400

Principal + Interest = Larger Principal
Repayment Tip

When Sending a Voluntary Payment

1) Send as a Separate Payment
   - Instruct servicer to APPLY NOW
   - Specify WHERE to apply it
     (high interest rate loans are the priority)

2) Verify Payment was Applied Accurately

Pay the interest on your loans before they capitalize – when possible.
After Graduation
Your Official Last Day of Attendance

April 26, 2019
Loan Repayment Timeline

The path for many federal student loans
### When are the First Payments Due?

**Loan Repayment Timeline**

<table>
<thead>
<tr>
<th>School</th>
<th>Residency/Graduate Fellowship</th>
<th>Post-Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Loan</td>
<td>Enrolled</td>
<td>6-month grace</td>
</tr>
<tr>
<td>Consolidation Loan</td>
<td>In-School Deferment</td>
<td>Deferment,$^1$ Internship/Residency Forbearance,$^2$ or Repayment$^3$</td>
</tr>
<tr>
<td>Direct PLUS Loan$^4$ Disbursed on or after 7/1/08</td>
<td>In-School Deferment</td>
<td>6-month post-enrollment deferment</td>
</tr>
<tr>
<td>Perkins Loan</td>
<td>Enrolled</td>
<td>9-month grace</td>
</tr>
<tr>
<td>Primary Care Loan</td>
<td>Enrolled</td>
<td>12-month grace</td>
</tr>
<tr>
<td>Loans for Disadvantaged Students (LDS)</td>
<td>Enrolled</td>
<td>12-month grace</td>
</tr>
<tr>
<td>Private Loan</td>
<td>Enrolled</td>
<td>Possible Grace, Deferment, or Forbearance Varies by lender; check promissory note</td>
</tr>
</tbody>
</table>

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[aamc.org/first/timeline](https://aamc.org/first/timeline)
Postponement Options

Contact the loan servicer to apply
- Request 30-days before needed -

Forbearance

Deferment
Postponement Options

Deferment

Subsidized loans are interest free
Interest accrues on unsubsidized loans
Contact each loan servicer to apply

Strict requirements to qualify

NOTE: For more details, or to request a deferment or forbearance, contact each loan servicer
Postponement Options

Forbearance

Interest accrues on all loans
Interest will capitalize
Contact each loan servicer to apply

Request 30-days before needed

NOTE: For more details, or to request a deferment or forbearance, contact each loan servicer
Postponement Options

Medical Residency Forbearance

Postpones payments in annual increments

Capitalization may occur at end of residency
(if increments occur back-to-back throughout residency)

An option for medical residents/interns

NOTE: Request increments in a timely manner to avoid unnecessary and additional capitalization.
Repayment Plans
STOP
Education Debt Manager Booklet
Key Pages to Review

32 -38 Repayment Plans Compared, Monthly Payment Estimator
Monthly Payment Estimator

This chart shows the repayment plans most commonly chosen by medical school borrowers. For a full list of all possible repayment plans, consult your servicer or the federal student loan website (https://studentaid.ed.gov). You may choose a loan term extending beyond the 10-year standard plan. These figures provide a borrower with estimates of balances and monthly payment amounts. They are estimates only, based on federal regulations, and are subject to change. Values are rounded to the nearest dollar. Contact your servicer to discuss your exact balance and payment amounts. The loan amount is assumed to be spread out over four years in equal monthly payments.

All values above are based on the following assumptions:
- Direct unsubsidized loans with interest rates of 5.31% for the first year, then 5.31%, 6.63%, and 7.90% for each subsequent year.
- Four years of medical school and then a six-month grace period with no capitalization of all accrued interest occurring at the end of the grace period. The federal regulations, income-driven repayment amounts are based on federal poverty guidelines, family size, and repayment plan.
- The IBR, PAYE, and REPAYE values above are based on the following assumptions:
  - Family size of one in all 50 contiguous states.
  - Monthly payment amounts increase gradually each year starting at an estimated $200 ($400 and $800) in your first year, or lower if your annual income is below the limits specified in the IBR, PAYE, and REPAYE guidelines.

aamc.org/first/estimator
Managing Loans During Residency

The Impact of Popular Management Strategies

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Total Repayment</th>
<th>Interest Cost</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAYE</td>
<td>$350,000</td>
<td>$200,000</td>
<td>$550,000</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$350,000</td>
<td>$200,000</td>
<td>$550,000</td>
</tr>
<tr>
<td>IBR</td>
<td>$350,000</td>
<td>$200,000</td>
<td>$550,000</td>
</tr>
</tbody>
</table>

Assumptions: Medical student borrow $350,000 principal during medical school via Direct Stafford (7.8%, 8 years) and Direct PLUS (8% 10 years) loans with variable rates that change annually. After graduating, the borrower immediately begins a 10-year grace period and then chooses Pay As You Earn (PAYE), Revised Pay As You Earn (REPAYE), or Income-Driven Repayment (IBR) during a four-year residency. Post-residency starting salary is $350,000 for 2019 dollars. Unpaid interest from residency will capitalize per payment plan regulations. Total repayment includes payments made during four-year residency. Values are rounded.
"The lower the monthly payment, the higher the overall cost"
Repayment Plans

Traditional

Monthly payments for the entire repayment term are calculated **up-front** and disclosed to you.

Based on total education debt (median) as self-reported by 2018 grads on the GQ survey.
Repayment Plans

Income-Driven*

Based on total education debt (median) as self-reported by 2018 grads on the GQ survey, a PGY1 stipend of $556,800 and a family size of 1.

* New Borrowers on or after July 1, 2014 that select IBR will receive payment amounts equal to that of PAYE.

Payments are based on household income (AGI) and family size - recalculated annually.

- $740/mo
- $480/mo
- $320/mo
- $320/mo
What’s the Catch?

How are these payments possible?
We will briefly compare plans based on

- Payment Amounts
- Payment Limits
- Term Length
- Eligible Loans
- Financial Need
- Borrower Eligibility
- Interest Subsidy
Income-Driven Repayment (IDR) Plans

ICR = 20%
IBR = 15%
PAYE = 10%
REPAYE = 10%

Different Payment Amounts
IDR Plans: Payments

ICR = No Max

IBR = Max

PAYE = Max

REPAYE = No Max

Different Payment Limits
IDR Plans: Terms

- **ICR** = 25 years
- **IBR** = 25 years
- **PAYE** = 20 years
- **REPAYE** = 25 years

Different Term Lengths
IDR Plans Eligibility: Eligible Loans

ICR = Eligible Loans

IBR = Eligible Loans

PAYE = Eligible Loans

REPAYE = Eligible Loans

Perkins and LDS loans are not eligible… unless included in a Direct Consolidation Loan
IDR Plans Eligibility: Financial Need

**ICR**
- Eligible Loans

**PAYE**
- Eligible Loans

**IBR**
- Eligible Loans

**REPAYE**
- Eligible Loans

**Must have a Partial Financial Hardship (PFH)**

**LIKELY DURING RESIDENCY**

PFH Required

PFH Required
The Test for a PFH

Partial Financial Hardship (PFH)

$2,600 / mo \Rightarrow \text{Must have PFH to enter into IBR or PAYE}

$480 \text{ (IBR)} \text{ or } \$320 \text{ (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 indebtedness of 200K with a PGY1 stipend of $56,800 and a family size of one.
IDR Plan Eligibility: New Borrowers Only

**Easiest**
- **ICR**
  - Eligible Loans

**Easiest**
- **REPAYE**
  - Eligible Loans

**Hardest**
- **PAYE**
  - Eligible Loans

- Show Need
- NEW Borrower

*Must be a “new” borrower*
“New Borrower” Defined

Two Requirements

1) No outstanding loans on October 1, 2007 or paid-off all outstanding loans before receiving a new loan on or after 10/1/07

AND

2) Received a Direct Loan disbursement on/after October 1, 2011
Interest Benefit

- **ICR**: None
- **IBR**: If your monthly payment doesn't cover the full amount of interest that accrues on your **subsidized** loans, the government pays the difference for the first three years.
- **PAYE**: If your monthly payment doesn't cover the full amount of interest that accrues, the government pays the full amount of the difference on your **subsidized** loans for the first three years, and half of the difference after the first three years, and half of the difference on your **unsubsidized** loans during all periods.
- **REPAYE**: None
How to Know Your “Best” Strategy

It’s not about the best one

It’s about what fits with your life and financial goals
Decision Time: 6 Months Post-Graduation

Make Payments
PAYE
REPAYE
IBR

Postpone Payments
Medical Residency
Forbearance
Which Option to Choose?
The FIRST Stop

MedLoans® Organizer and Calculator (MLOC)

- Upload your NSLDS loan data
- Keep track of your student loan information
- Develop personalized repayment strategies

"Loans are less scary, and I’ve made a strategy to confront them. I’m also more confident that I can manage my debt during residency and beyond after using the MedLoans® Calculator."

Nathaniel Bayer,
2015 Graduate, URochester SOM

aamc.org/medloans
Other Considerations
Public Service Loan Forgiveness (PSLF)

Eligible Loans

+ Qualifying Payments

+ Qualifying Work

Public Service Loan Forgiveness

myfedloan.org
Checklist for Public Service Loan Forgiveness

- **ELIGIBLE LOANS** Only the following loan types are eligible:
  - Direct Loans (Subsidized and Unsubsidized)
  - Direct PLUS and parent PLUS Loans
  * FFEL Stafford, Grad PLUS, Federal Consolidation, Perkins, LDS
  ** For more information, visit studentloans.gov
  NOTE: Defaulted loans, private loans, and any consolidation loans do not qualify.

- **QUALIFYING PAYMENTS** While simultaneously working full-time as a public service employee, you must make 120 on-time and scheduled payments toward your eligible loans. The following plans qualify:
  - Income-Based Repayment (IBR)
  - Pay As You Earn (PAYE)
  - Revised Pay As You Earn (REPAYE)
  - Income-Contingent Repayment (ICR)
  * Payments do not have to be consecutive, allowing for changes as needed.

- **QUALIFYING WORK** You must be employed as a public service employee for the work to be considered public service. For the work to be considered public service:
  - Nonprofit tax-exempt 501(c)(3) organization (or other equivalent organization) that employs many medical schools and residency programs
  - A branch of the military
  * Full-time work is considered to be 30 hours per week or the number of hours defined by the employer as full-time.

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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:** Make 120 qualifying payments while completing eligible work.
- **Step 5:** Upon completion of requirements, apply with FedLoan Servicing for the actual forgiveness.

[www.aamc.org/first/pslfeligibility](www.aamc.org/first/pslfeligibility)
Public Service Loan Forgiveness (PSLF)
Loan Forgiveness & Repay Assistance

aamc.org/stloan
aamc.org/repayasst
Reasons to Consolidate

- Reduce # of Servicers
- Eligibility for PAYE or REPAYE
- Eligibility for PSLF
- Eligibility for IBR
Should You Consolidate?

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, 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
   - No
   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.
   - No
   No, loan consolidation would not provide any obvious benefit based on your career goals.

3. Would you benefit from a lower required monthly payment?
   - Yes
   - No
   Yes, loan consolidation may benefit your monthly budget because it can dramatically reduce your required monthly payment. This is accomplished by stretching the term of the
   - No
   No, loan consolidation would not provide an obvious benefit to your financial situation. By not consolidating, you avoid stretching out the term of the loan. Therefore,

4. Do you have private student loans in addition to your federal student loans?
   - Yes
   - No
   Yes, medical residents sometimes find it difficult to repay both private and federal loans—at least during residency. A helpful strategy may be to consolidate all federal loans, to obtain a single servicer (a benefit discussed in Question 1), and then to request a postponement of payment while in residency. Repayment is easily accomplished with a Mandatory Medical Residency Forbearance. Then, while payments on your federal loans are postponed, you can focus on the private debt and attempt to repay it in full as soon as possible.
   - No
   No, loan consolidation would not provide an obvious benefit in managing your loans.

5. Are you considering an income-driven repayment plan?
   - Yes
   - No
   Yes, a Direct Consolidation Loan may be needed to make some of your loans eligible for these repayment plans. Specifically, Perkins and unsubsidized 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
   - No
   Yes, a Direct Consolidation Loan may be needed to make some of your loans eligible for these repayment plans. Specifically, Perkins and unsubsidized 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.

Note: Consolidation erases all prior payments that qualified for PSLF.
Should I Refinance?

Private Consolidation (Refinancing)

There are companies willing to consolidate your federal student loans into a private Consolidation. This process is also known as refinancing. There is a significant difference between a private consolidation loan and a federal consolidation loan. If your federal loans are put into a private Consolidation, you will lose all rights, terms, and conditions that are currently guaranteed to you (like student loan tax deductions, discharge in case of death or disability, and forbearance while in residency, to name a few). Additionally, most of the repayment options discussed in these pages for federal loans are not an option for private loans.

For details on the repayment options for a private loan, you must contact the private loan lender.

Should I Refinance My Federal Loans?

Answer these questions to find out.

If you have excellent credit, you may be able to refinance your existing federal student loans into a private loan. Before doing that, it's important to understand the full impact of making this permanent change to your loans.

1. Will this new private loan have a variable interest rate?

   Yes, if you refinance into a private loan with a low variable rate today, over time, the rate could rise higher than the current fixed rate on your federal loans. Variable rates are tied to an index causing the rate to rise or fall, which makes the total cost of variable rate debt impossible to calculate.

   No, if you refinance into a private loan with a fixed rate, the rate will not change, making the total cost of your debt predictable.

2. Will you be working in public service? (This may include work during residency or a fellowship or while you are employed at an academic institution.)

   Yes, if you plan to work in public service, your current student loans may be eligible for Public Service Loan Forgiveness (PSLF), but after completing 10 years of public service work, as well as satisfying several other requirements, forgiveness may be granted on some or all of your remaining federal student loans.

   No, if you do not meet the requirements for PSLF.

3. Are you currently repaying student loans under an income-driven repayment plan?

   No or not sure, repaying private student loans can be burdensome, but you still have access to certain federal repayment and postponement options that federal student loans offer. So, knowing your current options in the federal program such as income-driven repayment plans that limit the payment amount and can lead to forgiveness if the ability to easily postpone payments during residency and then pass on the private lender can save you money.

   Yes, if you are currently repaying student loans under an income-driven repayment plan.

4. Are you considering refinancing all of your loans?

   Yes, if you are considering refinancing some or all of your loans.

   No, if you are only considering refinancing a portion of your loans.

In your financial life?

You are highly motivated to repay your student debt, have a secure job, and are looking for a more efficient way to repay your debt. However, if you do not meet these criteria, many financial advisors recommend you to explore your options carefully.

Other factors to consider:

- You may lose certain benefits, such as reduced interest rates, tax deductions, and access to certain forgiveness programs.
- You may be subject to additional risks.
- You may have to pay a processing fee.
- You may have to pay a higher interest rate.
- You may have to pay a lump sum payment at the end of the loan term.

Before making any decision, consider the long-term impact on your financial situation.

To find out more, visit aamc.org/first/shouldirefinance
# Taxpayer Relief Act of 1997*

<table>
<thead>
<tr>
<th></th>
<th>Full Deduction</th>
<th>Partial Deduction</th>
<th>NO Deduction</th>
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<td>$65,000 or less</td>
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<td>$135,000 or less</td>
<td>$135,001 to $164,999</td>
<td>$165,000 or more</td>
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</table>

Max student loan interest deduction: $2,500/year

May be eligible: Voluntary payments & capitalization

* Source: IRS Publication 970, January 2018.

Considering Buying a House

Students are strongly encouraged to watch this recorded webinar to help them understand their options as graduating medical students when considering buying a home.

2018 Home Financing for Students and Resident presented by PhysicianLoans and hosted by AAMC
https://youtu.be/QCaU-LoDrI0
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
Support Along The Way

feedback.studentaid.ed.gov

Federal Student Aid
An Office of the U.S. Department of Education

Financial Aid Office & Residency Programs

aamc.org/advocacy/meded

MedLoans Organizer & Calculator
aamc.org/medloans

studentloans.gov

aamc.org/FIRST

aamc.org/financialwellness
101 Sessions

- Appointments for one-on-one sessions are available at Veteran Services and Financial Aid for students that have completed the online StudentLoans.gov exit counseling.
- The purpose of this session is to help students better understand their loan portfolio, next steps, and where to find additional resources to formulate their own debt management strategy. Call 210 567 2635 after March 27, 2019 to schedule your session.
“An investment in knowledge always pays the best interest”