2018 Exit Interview Session

“It Takes A Village to Manage Your Student Loans”

Indiana University School of Medicine
Class of 2018
February 17, 2018
Congratulations! Now that you have nearly finished medical school, it is time to take a detailed look at your educational loan borrowing. We have provided you with the necessary tools and information to successfully manage your educational loans beyond medical school and while in residency.

**Included in this packet:**

   - Reflects your borrowing history through Federal Loan programs (Title IV Perkins Loans, Direct Loans Federal Stafford Loans (DL), and Federal Grad PLUS as well as Federal Family Education Loans (FFEL).
   - Includes all Federal Loan history (undergraduate/graduate/medical/etc.)
   - Provides details on each loan taken historically through Direct Loans and FFEL.

2. **IUSM Exit Interview Form**
   - **Required to complete for graduation**

   *** *** *** ***

   - **If you received loan funding through Title VII Student Aid Programs, which includes the Federal Loans to Disadvantaged Students (LDS) & Federal Primary Care Loan (PCL), these loans will not appear on your NSLDS loan summary. These loans are through the Indiana University Student Loan Administration (SLA) in Bloomington, IN.
     - SLA will communicate via e-mail and provide information to students who borrowed through:
       - Federal Perkins Loan (white or IU)
       - Loans for Disadvantaged Students (LDS)
       - Federal Primary Care Loan (PCL)
       - IU School of Medicine Mable Sieddunnison Loan
     - The SLA will send an email, encouraging applicable students to logon to [www.iulogs.iu.edu](http://www.iulogs.iu.edu), instructing you to click on “Exit Interview” and complete the specific requirements. All requirements are to be completed prior to graduation.

   *** *** *** ***

   - **If you received private loan funding during your time in school or as currently as this semester, we encourage you to make contact with your loan provider(s) and servicer(s) to update them on your most current contact information. This will be vitally important when they attempt to contact you for repayment later.

Although required, we do appreciate your attendance today. This packet contains your personal information. Please be careful with the information included until you can put it in a safe place.
Class of 2018 Federal Student Loan Exit Interview

I have attended the Exit Interview, I understand the intent of this form and have a good understanding of these topics covered in the Exit Interview:

1. My Loan Portfolio
2. Repayment Plans (IBR, REPAYE, PAYE, ICR, etc.)
3. Public Service Loan Forgiveness (PSLF)
4. PSLF Employment Verification Form and FedLoan Servicing’s role in PSLF
5. Borrower Right & Responsibilities
6. Grace Periods
7. Forbearance/Deferment Benefits
8. Delinquency/Default Consequences
9. Capitalization Policies
10. Federal Loan Consolidation

If I have questions about any of the categories above or for counseling about my loans, I will make an appointment with my financial aid office as soon as possible.

If you have not already joined the Class of 2018 IUSM Facebook page, please do so, you will receive updates and guidance on managing your student loans after you graduate:

My Financial Aid Office:

Jose Espada, Director
jespada@iu.edu
317-274-1957

Justin Zieman, Assistant Director
jzieman@iu.edu
317-278-7311

Kollie Walkor, Financial Aid Coordinator
kwalkor@iu.edu
317-274-8568

1130 West Michigan Street, Fesler Hall 224
Indianapolis, Indiana 46202-5120
Fax: 317-278-2591
Class of 2018 Federal Student Loan Exit Interview

Name: «Last_Name», «First_Name»

University ID: «University_ID»

Permanent email address:

Alternative email address:

Telephone number (cell preferred):

**Personal References/Contacts:**

Please provide information on two references that will likely know of your address in the future. At least one of these references must be next-of-kin. Each reference must have a different US address and telephone number.

Reference 1

Name

Street Address

City, State Zip

Email address

Telephone

Relationship to you

Reference 2

Name

Street Address

City, State Zip

Email address

Telephone

Relationship to you

Having attended the Exit Interview, I understand the intent of this form and have a good understanding of these topics covered in the exit interview:

1. My Loan Portfolio
2. Repayment Plans (IBR, REPAYE, PAYE, ICR, etc.)
3. Public Service Loan Forgiveness (PSLF)
4. PSLF Employment Certification Form and FedLoan’s Servicing role in PSLF
5. Borrower Rights and Responsibilities
6. Grace Periods
7. Forbearance/Delay Benefits
8. Delinquency/Default Consequences
9. Capitalization Policies
10. Federal Loan Consolidation

If I have questions about any of the categories above or for counseling about my loans, I will make an appointment with my financial aid office as soon as possible.

Signature ___________________________ Date ___________________________

**********Turn in this form at the end of today’s Exit Interview Session**********
Summary of Non-Medical and Medical School Borrowing

Casey Seizys

Below is a snapshot of your borrowing information, as shown in your NSLDS, ELM and SLA records. Not all students have educational debt through each of these entities. Keep in mind you have interest-accruing loans, meaning the amount of debt will increase since this information was collected in late January.

<table>
<thead>
<tr>
<th></th>
<th>Pre-Med Principal:</th>
<th>Med Principal</th>
<th>Pre-Med Accrued Interest:</th>
<th>Med Accrued Interest</th>
<th>OVERALL TOTAL:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9,055.00</td>
<td>239,819.00</td>
<td>3,660.00</td>
<td>25,625.00</td>
<td>278,359.00</td>
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</table>

Your Loan Servicer(s) is/are: Great Lakes

Want to know the daily/monthly/annual interest accrued on your loan(s)?
Interest Rate / 365 days x Amount of Loan x # of Days
Example: (100,000 debt, all at 6.8% interest)
0.068/365 *100,000*31 = $577.53 Interest per 31 days, OR $18.63/daily

Based on our review, are you eligible for Public Service Loan Forgiveness? (Y = YES, N = NO): Yes

If you are not eligible:
You will need to consider consolidating your loans under Direct Loans, through the application portal at www.studentloans.gov. We suggest you begin this process as early as July 1, 2015.

We encourage you to be familiar with your servicer(s)’ requirements and suggest you contact them to understand what they will need from you.

Class of 2015 Information (on amounts borrowed while in Medical School):

| Total Class Borrowing at IUSM (Principal): | 52,401,400.00 |
| Average Principal Debt per Student at IUSM: | $187,818.64 |
| Total Interest Accrued on Principal at IUSM: | $5,333,895.00 |
| Average Interest Accrued per Student at IUSM (based on total Principal at IUSM): | $18,759.48 |
NSLDS is a repository of information from many sources. Changes to the data are made by those sources. Collecting the data into one central location such as NSLDS gives you convenient access to this information. If you disagree with the information reported by NSLDS, please contact one or more of the sources of your data listed on the Get Information page of this site. The Department is also available as a resource at 1-800-433-3243 if you need additional assistance. Your comments and corrections will help improve the services NSLDS provides.

### Loans

<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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<td>08/01/2009</td>
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<td>Total Direct Stafford Unsubsidized</td>
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<td>Total Direct Stafford Subsidized</td>
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<tr>
<td>Total Direct Plus Graduate</td>
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<td>Total Stafford Subsidized</td>
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<td>Total Stafford Unsubsidized</td>
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<td>Total All Loans</td>
<td>$187,871</td>
<td>$22,632</td>
<td></td>
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</tbody>
</table>

Information contained on these pages reflects the most current data in the NSLDS database. The data contained on this site is for general information purposes and should not be used to determine eligibility, loan payoff, or repayment status, or tax reporting. Please consult the Financial Aid Office at your school or the specific lender of your debt for further information.

https://www.nslds.ed.gov/nslds_SA/SaFinPicLogin.do

2/18/2013
In reviewing your debt portfolio, you may want to consider loan consolidation for one or more loans that are not Direct Loans.

The Right Way To
CONSOLIDATE YOUR STUDENT LOANS

www.studentloans.gov

In order to qualify your non-Direct student loans for the Public Service Loan Forgiveness (PSLF), they must be under Direct Loans (DL). You currently have loans that are not under DL. You can begin the process of consolidating these loans after you are no longer a medical student (June 1, 2018). Keep in mind that you only need to consolidate loans that do not have “DIRECT” in front of the student loan title on your NSLDS summary under the column marked Type of Loan. Those with “DIRECT” in front of the loan title you do not need to consolidate.
Why you may need to Consolidate?

Non Direct Loan owned by:

- Federal Family Education Loans
  - Federal Stafford Loan
  - Federal Grad PLUS Loan
- Great Lakes
  - Federal Stafford Loan
  - Federal Grad PLUS Loan
- Federal Family Education Loans
  - Federal Stafford Loan
  - Federal Grad PLUS Loan
- Title VII Loans
  - Loans to Disadvantaged Students
    - Owned by the Institution
- Health Resources and Services Administration (HRSA)

Fedloan Servicing
- Direct Loan Stafford Loan
- Direct Grad PLUS Loan

In your NSLDS Summary, any loans without the “Direct” in front of the title of the loan are owned by the Loan Servicer. As a loan owned by the Loan Servicer, it does not qualify to be included as a qualified loan for the Public Service Loan Forgiveness (PSLF).

Identify which loans need to be consolidated by identifying loans on your www.nslds.ed.gov loan summary that do not have Direct in front of the loan title.

Apply online at www.studentloans.gov

Check periodically to the progress of the application.
Education Debt Manager (EDM)

For Graduating Medical School Students

Financial Information, Resources, Services, and Tools (FIRST)

To Download a pdf copy of the EDM, please go to:

Indiana University Student Loan Administration Exit Online

https://iuexit.uasexit.com/

Required by APRIL 1st for these loans:

1. Mabel Sledd Cunnison Loan
2. Health Profession Loans for Disadvantaged Students
3. Health Profession Primary Care Loan
4. Robert Wood Johnson Loan
5. Henry Strong Loan
To be Completed by GME Office

https://myfedloan.org/borrowers/special-programs/pslf/pslf-completing-ecf
Why do I need to know this?
Oh, that’s why!
IUSM Class of 2018 Indebtedness

- 80% Borrowed (260 out of approximately 320)
- Males (57%), Females (43%), Non residents (24%) and Underrepresented Students (18%)
- Borrowed $55,304,456 (Ave. $212,709.45)
- Accrual interest $5,650,093 (Ave. $21,731.13)
- Resident Average $185,076.72.
- Nonresident Average $300,955.89
- Premedical Debt w/ Interest $4,442,903 (Ave. $31,288.05)
- Highest debt $567,112 (4 over $500,000)
You Get Paid

• Approximately $55,772 (at IUSM).

• Gross monthly $4,647.66

• Determining Monthly Net Pay
  
  Tax Withholdings = $616.28 Federal tax, $288.15 SS or FICA, $67.39 Medicare, Indiana tax $147.43, County tax $92.20 ($45.64 in Hamilton County)

• After Taxes monthly, using Indiana and Marion County as an example for a single tax filer. $3,436.21

Tax Cuts and Jobs Act

Major Provisions that apply to medical residents.

• **New, lower tax brackets**
• Higher standard deduction, repeal of personal exemption
• Increased child tax credit
• Changes to state and local taxes, property tax, and mortgage interest deductions
New lower tax brackets

• The previous 10%, 15%, and 25% tax brackets are now 10%, 12%, and 22%, respectively. This is effectively lowering the marginal tax rate for most residents and fellows by 3%.

• Most of the provisions of the tax bill are not permanent, and without additional government action would be reversed in 2025. Current residents will be out of residency by 2025.
Tax Cuts and Jobs Act

Major Provisions that apply to medical residents.

• New, lower tax brackets

• **Higher standard deduction, repeal of personal exemption**

• Increased child tax credit

• Changes to state and local taxes, property tax, and mortgage interest deductions
Higher standard deduction, repeal of personal exemption

• The standard deduction is nearly doubled to $12,000 for single taxpayers and $24,000 for married couples. However, the personal exemption, which was expected to be $4,150 per person for 2018, has been eliminated.

• The overall impact of these two changes depends on the size of your household. Single taxpayers will have a net benefit from these changes, while married couples with children would actually lose more in personal exemptions than they would gain from the increase in the standard deduction.
Tax Cuts and Jobs Act

Major Provisions that apply to medical residents.

- New, lower tax brackets
- Higher standard deduction, repeal of personal exemption
- **Increased child tax credit**
- Changes to state and local taxes, property tax, and mortgage interest deductions
Increased child tax credit

• The tax credit is increased from $1,000 to $2,000 per child. This negates any tax increase as a result of the elimination of the personal exemption. If you don’t pay any federal income taxes at all, up to $1,400 of the child tax credit can be refunded to you, if eligible.
Tax Cuts and Jobs Act

Major Provisions that apply to medical residents.

• New, lower tax brackets
• Higher standard deduction, repeal of personal exemption
• Increased child tax credit

• Changes to state and local taxes, property tax, and mortgage interest deductions
Changes to state and local taxes, property tax, and mortgage interest deductions

• Less likely to affect medical residents.
Student Loan Interest Deduction

• The student loan interest deduction remains intact, at $2,500 per year.
• You can deduct up to $2,500 of student loan interest paid in a given year. As with many tax rules, there is an income limit to this deduction. Your modified adjusted gross income cannot be more than $80,000 (or $160,000 for married couples filing jointly).
## 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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</thead>
<tbody>
<tr>
<td><strong>Single</strong></td>
<td>$65,000 or less</td>
<td>$65,001 to $79,999</td>
<td>$80,000 or more</td>
</tr>
<tr>
<td><strong>Married filing Jointly</strong></td>
<td>$130,000 or less</td>
<td>$130,001 to $159,999</td>
<td>$160,000 or more</td>
</tr>
</tbody>
</table>

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

**May be eligible:** Voluntary payments & capitalization

*Student Loan Interest Deduction for 1/2017

[Source](www.irs.gov/publications/p970)
Moving Expense Deduction

• The **moving expense deduction**, which was often used by medical students or residents when they transitioned from medical school to residency or residency to their first attending job, has been eliminated.

• In addition, if your employer pays for your moving expenses, that will **now be considered taxable income** under the new tax bill.
Example

- Resident makes $50,000 a year and has $200,000 in student loans. Here’s how the taxes would look, under the old system and the new system:
<table>
<thead>
<tr>
<th>Resident #1</th>
<th>Old System</th>
<th>New System</th>
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</thead>
<tbody>
<tr>
<td>Salary</td>
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<td>$50,000</td>
</tr>
<tr>
<td>– Standard Deduction</td>
<td>$6,500</td>
<td>$12,000</td>
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<td>– Personal Exemption</td>
<td>$4,150</td>
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<tr>
<td>– Student Loan Interest</td>
<td>$2,500</td>
<td>$2,500</td>
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<td>Taxable Income</td>
<td>$36,850</td>
<td>$35,500</td>
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<tr>
<td>Tax effective tax rate</td>
<td>13.7%</td>
<td>10.9%</td>
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<td>Taxes</td>
<td>$5,051</td>
<td>$3,879</td>
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<td>– Child Tax Credits</td>
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<tr>
<td>Final Tax Bill</td>
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<tr>
<td>Federal Tax Rate</td>
<td>10.1%</td>
<td>7.8%</td>
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<tr>
<td>This resident will save:</td>
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<td>$1,172</td>
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Potential Decisions

- **Relocation Expenses** (Up to $7,000 or more)
- **Cost of Living factors** (higher taxes, commuting expense)
- **Buy versus Rent** – Is it **feasible** to purchase a home. (Closing Costs can range $2,000 or more with the Doctor Loan Portfolio Programs)
- **403 B or Roth 403 B** – Opportunity to add an additional $18,000 per year pre-tax.
- **Life Insurance** – Cheapest now that you’re healthy and young. **Disability Insurance**?
- **USLME Step 3** – Cost $855 in November 2018
- **Student Loan Payment or Not**
Future Impact Program

• Fourth Year Financial Planning Workshop
• Saturday, March 3rd, 9:30 a.m., MS B-26
AGENDA for Today

✓ Know your loans
✓ What Happens After Graduation
✓ Repayment Plans
✓ How Repayment Looks in Residency
✓ Other Considerations
Know Your Loan Portfolio

It is important that you understand exactly what is in your loan portfolio and be familiar with the details of your debt, because only then can you make the best debt management decisions.
75% of class report having educational debt
48% report debt of $200,000 or higher

Median MD School Debt: $192,000

Source: AAMC 2017 Graduate Questionnaire (GQ)
A Typical IUSM 2018 Graduate

- May have borrowed through **Direct Loans or some other lender** prior to the Fall 2014 (some before Fall 2013), before medical school – 52% (n=138).

- Will have 4 years of four different interest rates. In some cases, 5 years of different interest rates.

- Will have borrowed in medical school through the **U.S. Department of Education Direct Loan Program**.

- Some may have received the **Loans to Disadvantaged Students (LDS) (n=12)** or the **Primary Care Loan (PCL) (n=2)**, or perhaps a **Mabel Sledd Cunnison Loan (n=3)**.

- A few may have borrowed or intend to borrow through one of the **Residency Interview and Relocation Loans** offered by lenders listed on our website under Forms.
Master Promissory Note (MPN)

- A contract with the Federal Government or lender
- Has a multi-loan feature
- Includes Rights and Responsibilities
- Details Terms and Conditions

Refer to Page 7 in the AAMC Education Debt Manager
Borrower Rights

**Rights** include the ability to:

- Prepay any federal loan without penalty
- Change repayment plans
- Request a deferment or forbearance
- Request a shorter repayment schedule

*Review your promissory note for all rights*

Refer to Page 7 in the AAMC Education Debt Manager
Borrower Responsibilities

**Responsibilities** include:

- Make on-time loan payments
- Make payments despite non-receipt of a billing statement.
- Notify the servicer of changes in contact information
- Complete **Exit Counseling**

*Review promissory note for all responsibilities*

Refer to Page 7 in the AAMC Education Debt Manager
A serious obligation

Student loans **must** be repaid.

Whether or not you:

- Completed your program or
- Completed it in the expected amount of time,
- Feel satisfied with your educational experience,
- Are able to obtain employment.

Refer to Page 11 in the AAMC Education Debt Manager
### 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.

- Teacher Loan Forgiveness
  If you work in certain public school systems (i.e., teaching in a low-income area).

Refer to Page 9 in the AAMC Education Debt Manager
Finding Your Federal Loans

A copy of your NSLDS report is in your folder we handed out today, printed 1/9/2018 or thereafter.

To access, provide your FSA ID, including:

Username/Password

For questions, visit www.fsaid.ed.gov
Finding Other IUSM Student Loans

• Primary Care Loans (PCL), Loans to Disadvantaged Students (LDS) and school-based loan programs (Mabel Sledd Cunnison).

www.indiana.edu/~iuloans – click on Exit Interview
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 2018**

<table>
<thead>
<tr>
<th>Year</th>
<th>Perkins*</th>
<th>DIRECT UNSUBSIDIZED</th>
<th>DIRECT PLUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1 2014-15</td>
<td>5.0%</td>
<td>6.21%</td>
<td>7.21%</td>
</tr>
<tr>
<td>M2 2015-16</td>
<td>5.0%</td>
<td>5.84%</td>
<td>6.84%</td>
</tr>
<tr>
<td>M3 2016-17</td>
<td>5.0%</td>
<td>5.31%</td>
<td>6.31%</td>
</tr>
<tr>
<td>M4 2017-18</td>
<td>5.0%</td>
<td>6.0%</td>
<td>7.0%</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

$192,000 + $30,400 = $224,200

Principal + Interest = Larger Principal
Interest and Payments

How Payments are Applied

For Dr. Median $190K & 4 Yr. Residency

<table>
<thead>
<tr>
<th></th>
<th>PGY1</th>
<th>After 4 Yrs.</th>
<th>Balance after Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Interest</td>
<td>$1,060</td>
<td>$34K</td>
<td>$254K</td>
</tr>
<tr>
<td>&quot;Unpaid&quot; Interest</td>
<td>From Residency</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Principal
What Happens after Graduation

confused
/kənˈfyoʊzd/ ▽

adjective

1. (of a person) unable to think clearly; bewildered. "she was utterly confused about what had just happened"
synonyms: demented, bewildered, muddled, addled, befuddled, disoriented, disorientated; More
The path for some loans
<table>
<thead>
<tr>
<th>Loan Type</th>
<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>
<td>Repayment¹</td>
</tr>
<tr>
<td>Consolidation Loan</td>
<td>In-School Deferment</td>
<td>Deferment, Internship/Residency Forbearance, or Repayment¹</td>
<td>Repayment¹</td>
</tr>
<tr>
<td>Direct PLUS Loan (Disbursed on or after 7/1/08)</td>
<td>In-School Deferment</td>
<td>6-month deferment, Deferment, Internship/Residency Forbearance, or Repayment¹</td>
<td>Repayment¹</td>
</tr>
<tr>
<td>Perkins Loan</td>
<td>Enrolled</td>
<td>9-month grace, Residency Deferment (up to 4 years in an eligible primary care residency program) Must reapply each year</td>
<td>Repayment¹</td>
</tr>
<tr>
<td>Primary Care Loan</td>
<td>Enrolled</td>
<td>12-month grace</td>
<td>Repayment¹</td>
</tr>
<tr>
<td>Loans for Disadvantaged Students (LDS)</td>
<td>Enrolled</td>
<td>12-month grace, Deferment available throughout residency Must reapply each year</td>
<td>Repayment¹</td>
</tr>
<tr>
<td>Private Loan</td>
<td>Enrolled</td>
<td>Possible Grace, Deferment, or Forbearance Varies by lender; check promissory note</td>
<td>Repayment¹</td>
</tr>
</tbody>
</table>

[aamc.org/first/timeline]
Deferment Payment Options

Refer to pages 16
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.
Direct Loans
William D. Ford Federal Direct Loan Program

Internship/Residency Forbearance Request

Section I: Forbearance Request
Forbearance means an arrangement to postpone or reduce the amount of a borrower’s monthly payment for a limited and specific time period. The borrower is charged interest during a forbearance.

If this forbearance is approved, I choose to (check one):
☐ temporarily stop making payments
☐ make smaller payments than previously scheduled. I would like to pay $____ per month.

I meet the required conditions outlined on the back of this form for the forbearance to be approved, and request that the U.S. Department of Education (U.S. DOE) grant a forbearance on my loan(s) beginning (MM/DD/YYYY) and ending (MM/DD/YYYY) for a period not to exceed one year. At the end of one year, I may request to renew the forbearance if I meet the required conditions.

I am engaged in a medical or dental INTERNSHIP/RESIDENCY program that (check one):
☐ must be successfully completed before I may begin professional practice or service.
☐ must be a degree or certificate awarded by an institution of higher education, a hospital, or a health care facility that involves preceptorship training.

I understand that: (1) I will continue to receive billing statements for my current payment amount which I must pay until I am notified by the Direct Loan Servicing Center that my forbearance has been granted; (2) I will continue to make loan payments until my forbearance is approved and applicable sections of this form have been completed and all additional required documentation is provided; (3) during the forbearance period, principal and interest payments may be deferred, but interest will continue to accrue; (4) any forbearance(s) granted by prior lenders may also be suspended; (5) I will continue to pay the interest, principle and other amounts due on my loan(s) according to the terms and conditions of the forbearance for which I have applied; (6) I have read, understand, and meet the terms and conditions of the forbearance for which I have applied; and (7) I have reviewed and understood the terms of my forbearance note and repayment schedule.

Signature of Borrower:
Date:

Section II: Authorized Official’s Certification

I certify that (1) to the best of my knowledge and belief, the borrower named above is a student engaged in the internship/residency program indicated in Section I and that the borrower and the borrower’s program meet all eligibility requirements specified on the back of this form.

The borrower’s internship/residency begins (MM/DD/YYYY) ___________ and is expected to end (MM/DD/YYYY) ___________.

Name of Institution/Department:
Address:
City, State, Zip Code:
Telephone:
Signature of Authorized Official:

Authorized Certifying Officials:
☐ Internship/Residency Program Official (For all internships and residencies)
☐ State Licensing Official (For all internships resulting in a single professional practice or service)

GRADUATE FELLOWSHIP DEFERMENT REQUEST

William D. Ford Federal Direct Loan (Direct Loan) Program / Federal Family Education Loan (FFEL) Program / Federal Perkins Loan (Perkins Loan) Program

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 INFORMATION

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: BORROWER DETERMINATION OF DEFERMENT ELIGIBILITY

Carefully read the entire form before completing it. Complete Section 2 in its entirety.

1. Do you have a bachelor's degree?
   ☐ Yes - Continue to Item 2.
   ☐ No - You are not eligible for this deferment.

2. Have you been accepted or recommended by an institution of higher education for acceptance into a graduate fellowship program on a full-time basis?
   ☐ Yes - Continue to Item 3.
   ☐ No - You are not eligible for this deferment.

3. Does your graduate fellowship program provide sufficient financial support to allow for full-time study for a period of at least 6 months?
   ☐ Yes - Continue to Item 4.
   ☐ No - You are not eligible for this deferment.

4. Does your graduate fellowship program require, before the awarding of financial support, a written statement from you that explains your objectives?
   ☐ Yes - Continue to Item 5.
   ☐ No - You are not eligible for this deferment.

5. Does your graduate fellowship program require you to submit periodic reports, projects, or other evidence of your progress?
   ☐ Yes - Continue to Item 6.
   ☐ No - You are not eligible for this deferment.

6. Are you studying at a foreign university?
   ☐ Yes - Continue to Item 7.
   ☐ No - Complete Section 3 and then have an authorized official complete Section 4.

7. Will your graduate fellowship program accept the course of study from the foreign university towards completion of the fellowship program?
   ☐ Yes - Complete Section 3 and then have an authorized official complete Section 4.
   ☐ No - You are not eligible for this deferment.

SECTION 3: BORROWER REQUESTS, UNDERSTANDINGS, CERTIFICATIONS, AND AUTHORIZATION

Request:
- To defer repayment of my loans for the period during which I meet the eligibility criteria outlined in Section 2 and as certified by an authorized official in Section 4.
- [ ] If indicated, to make interest payments on my loans during my deferment.
Repayment Plans
Monthly Payment Estimator

AAMC Monthly Payment Estimator for Medical Students—Direct Unsubsidized Loans

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Balance at Repayment</th>
<th>10-Year Terms</th>
<th>25-Year Terms</th>
<th>Post-Residency Payment and Taxes</th>
<th>IBR PAYE REPAYE</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000</td>
<td>$119,993</td>
<td>$1,275</td>
<td>$744</td>
<td>$1,275 for 10.2 years</td>
<td>$1,275 for 11.3 years, $1,340-$2,055 for 5.8 years</td>
</tr>
<tr>
<td>$110,000</td>
<td>$127,152</td>
<td>$1,402</td>
<td>$808</td>
<td>$1,402 for 10.6 years</td>
<td>$1,402 for 11.5 years, $1,494-$2,309 for 6.6 years</td>
</tr>
<tr>
<td>$120,000</td>
<td>$136,711</td>
<td>$1,530</td>
<td>$881</td>
<td>$1,530 for 10.8 years</td>
<td>$1,530 for 11.7 years, $1,624-$2,459 for 7.3 years</td>
</tr>
<tr>
<td>$130,000</td>
<td>$147,271</td>
<td>$1,667</td>
<td>$954</td>
<td>$1,667 for 11.1 years</td>
<td>$1,667 for 11.8 years, $1,762-$2,594 for 8.1 years</td>
</tr>
<tr>
<td>$140,000</td>
<td>$158,830</td>
<td>$1,784</td>
<td>$1,028</td>
<td>$1,784 for 11.3 years</td>
<td>$1,784 for 11.9 years, $1,881-$2,729 for 8.9 years</td>
</tr>
<tr>
<td>$150,000</td>
<td>$170,389</td>
<td>$1,912</td>
<td>$1,101</td>
<td>$1,912 for 11.5 years</td>
<td>$1,912 for 12 years, $2,016-$2,774 for 9.6 years</td>
</tr>
<tr>
<td>$160,000</td>
<td>$184,949</td>
<td>$2,039</td>
<td>$1,175</td>
<td>$2,039 for 11.7 years</td>
<td>$2,039 for 12.2 years, $2,154-$2,924 for 10.3 years</td>
</tr>
<tr>
<td>$170,000</td>
<td>$199,508</td>
<td>$2,167</td>
<td>$1,248</td>
<td>$2,167 for 11.8 years</td>
<td>$2,167 for 12.7 years, $2,294-$3,032 for 11.2 years</td>
</tr>
<tr>
<td>$180,000</td>
<td>$214,069</td>
<td>$2,291</td>
<td>$1,285</td>
<td>$2,291 for 11.9 years</td>
<td>$2,291 for 12.8 years, $2,421-$3,169 for 11.7 years</td>
</tr>
</tbody>
</table>

This chart shows the payment estimates most commonly chosen by medical school borrowers. For a list of all possible repayment plans, consult your servicer or the Federal Student Aid website (studentaid. ed.gov/repayment/options). 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 first amount is assumed to be spread out over four years in eight equal disbursements.

The IBR, PAYE, and REPAYE values above are based on the following assumptions:
- Federal Direct Loans with interest rates of 2.71% for the first year, 3.99%, 4.54%, and 4.99% for the remaining years.
- Three years of medical school and then a nine-month grace period with the capitalization of all accrued interest occurring at the end of the grace period.
- Federal regulations and income-driven repayment amounts are based on federal poverty guidelines, family size, and analogous factors.
- The IBR, PAYE, and REPAYE values above are based on the following assumptions:
  - Family size of one in the 48 contiguous states.
  - Monthly payment amounts increase gradually each year starting at an estimated $1,000/mo. and REPAYE or $50/mo. in year one, up to an estimated $1,000/mo. and REPAYE or $50/mo. in year four.
  - Based on estimated median cited amounts from the AAMC Survey.

For more information, visit aamc.org/first/estimator.
Managing Loans During Residency

The Impact of Popular Management Strategies

### PAYE Payments During a Four-Year Residency

<table>
<thead>
<tr>
<th>Monthly Payment During Residency</th>
<th>Repayment Plan</th>
<th>Repayment Years After Residency</th>
<th>Estimated Monthly Payment After Residency</th>
<th>Interest Cost</th>
<th>Total Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$185 to $380</td>
<td>PAYE during and after residency</td>
<td>14.5</td>
<td>$1,000 to $2,500</td>
<td>$213,000</td>
<td>$425,000</td>
</tr>
<tr>
<td>$185 to $380</td>
<td>PAYE during residency then Standard</td>
<td>6</td>
<td>$4,500</td>
<td>$323,000</td>
<td>$323,000</td>
</tr>
<tr>
<td>$185 to $380</td>
<td>PAYE during residency then Extended</td>
<td>21</td>
<td>$1,800</td>
<td>$278,000</td>
<td>$470,000</td>
</tr>
</tbody>
</table>

### REPAYE Payments During a Four-Year Residency

<table>
<thead>
<tr>
<th>Monthly Payment During Residency</th>
<th>Repayment Plan</th>
<th>Repayment Years After Residency</th>
<th>Estimated Monthly Payment After Residency</th>
<th>Interest Cost</th>
<th>Total Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$185 to $380</td>
<td>REPAYE during and after residency</td>
<td>13.3</td>
<td>$1,300 to $2,600</td>
<td>$173,000</td>
<td>$380,000</td>
</tr>
<tr>
<td>$185 to $380</td>
<td>REPAYE during residency then Standard</td>
<td>6</td>
<td>$4,000</td>
<td>$303,000</td>
<td>$303,000</td>
</tr>
<tr>
<td>$185 to $380</td>
<td>REPAYE during residency then Extended</td>
<td>21</td>
<td>$1,700</td>
<td>$246,000</td>
<td>$438,000</td>
</tr>
</tbody>
</table>

### IBR Payments During a Four-Year Residency

<table>
<thead>
<tr>
<th>Monthly Payment During Residency</th>
<th>Repayment Plan</th>
<th>Repayment Years After Residency</th>
<th>Estimated Monthly Payment After Residency</th>
<th>Interest Cost</th>
<th>Total Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$470 to $580</td>
<td>IBR during and after residency</td>
<td>12</td>
<td>$2,500</td>
<td>$982,000</td>
<td>$1,254,000</td>
</tr>
<tr>
<td>$470 to $580</td>
<td>IBR during residency then Standard</td>
<td>6</td>
<td>$4,100</td>
<td>$233,000</td>
<td>$233,000</td>
</tr>
<tr>
<td>$470 to $580</td>
<td>IBR during residency then Extended</td>
<td>21</td>
<td>$1,700</td>
<td>$271,000</td>
<td>$443,000</td>
</tr>
</tbody>
</table>

Assumptions: A medical student borrows $180,000 in principal during medical school via Direct Unsubsidized ($175,000) and Direct PLUS ($7,000) loans with interest rates that change annually. After graduating, the borrower immediately begins a six-month grace period and then chooses Pay As You Earn (PAYE), Revised Pay As You Earn (REPAYE), or Income-Based Repayment (IBR) during a four-year residency. Post-residency starting salary is $155,000 (in 2016 dollars). Unpaid interest from residency will capitalize per payment plan regulations. Total repayment includes payments made during four-year residency (rounded).
Repayment Plans

Traditional

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

- **10 Years**
  - $2,460/mo
- **25 Years**
  - $1,420/mo
- **10 Years**
  - $1,100/mo

* Based on the median debt from the Class of 2018 at this medical school, a PGY1 stipend of $55,700 and a family size of one.
Revised Pay As You Earn (REPAYE) Income
Contingent Repayment (ICR)
Income-Based Repayment (IBR)*
Pay As You Earn (PAYE)

Based on the median debt from the Class of 2018 at this medical school, a PGY1 stipend of $55,700 and a family size of one.
* New Borrowers on or after July 1, 2014 that select IBR will receive payment amounts equal to that of PAYE.
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

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

**ICR**
- Eligible Loans

**IBR**
- Eligible Loans

**PAYE**
- Eligible Loans

**REPAYE**
- Eligible Loans

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

**Show Need**
- +

**Likely During Residency**

PFH Required

PFH Required
The Test for a PFH

Partial Financial Hardship (PFH)

$2,460 / mo.
Monthly Standard Payment

$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 indebtedness of $192,000 with a PGY1 stipend of $55,700 and a family size of one.
IDR Plan Eligibility: New Borrowers Only

**ICR**
- Eligible Loans

**IBR**
- Eligible Loans
- Show Need

**PAYE**
- Eligible Loans
- Show Need

**REPAYE**
- Eligible Loans

**NEW Borrower**

*Must be a “new” borrower*
“New Borrower” Definition for PAYE

Refer to page 25

Two Requirements

1) Be a “new borrower” on or after October 1, 2007 (meaning you owed no federal loans as of this date)

AND

2) Received a Direct Loan disbursement on/after October 1, 2011
IDR Repayment Formulas

• **ICR** - \(((\text{AGI} - 150\%) \times 20)/12\)
• **IBR** - \(((\text{AGI} - 150\%) \times 15)/12\)
• **PAYE** - \(((\text{AGI} - 150\%) \times 10)/12\)
• **REPAYE** - \(((\text{AGI} - 150\%) \times 10)/12\)

• **AGI** - off your Federal Income Tax Return

• **150%** - [http://familiesusa.org/product/federal-poverty-guidelines](http://familiesusa.org/product/federal-poverty-guidelines)

• Best option for borrowers with lower salaries experiencing a financial hardship and/or for those seeking some type of loan forgiveness.
## 2017 Federal Poverty Guidelines

Federally facilitated marketplaces will use the 2016 guidelines to determine eligibility for Medicaid and CHIP.

<table>
<thead>
<tr>
<th>Household Size</th>
<th>100%</th>
<th>133%</th>
<th>150%</th>
<th>200%</th>
<th>250%</th>
<th>300%</th>
<th>400%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$12,060</td>
<td>$16,040</td>
<td>$18,090</td>
<td>$24,120</td>
<td>$30,150</td>
<td>$36,180</td>
<td>$48,240</td>
</tr>
<tr>
<td>2</td>
<td>$16,240</td>
<td>$21,599</td>
<td>$24,360</td>
<td>$32,480</td>
<td>$40,600</td>
<td>$48,720</td>
<td>$64,960</td>
</tr>
<tr>
<td>3</td>
<td>$20,420</td>
<td>$27,159</td>
<td>$30,630</td>
<td>$40,840</td>
<td>$51,050</td>
<td>$61,260</td>
<td>$81,680</td>
</tr>
<tr>
<td>4</td>
<td>$24,600</td>
<td>$32,718</td>
<td>$36,900</td>
<td>$49,200</td>
<td>$61,500</td>
<td>$73,800</td>
<td>$98,400</td>
</tr>
<tr>
<td>5</td>
<td>$28,780</td>
<td>$38,277</td>
<td>$43,170</td>
<td>$57,560</td>
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## Sample IBR Payment

### IBR Monthly Payment Amounts

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Sample PAYE/REPAYE Payment

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## Difference between PAYE and REPAYE

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<td>All borrowers</td>
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<td>Yes, but not if filing separately</td>
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*Discretionary income (difference between Adjusted Gross Income [AGI] and 150% of poverty level)*
## Difference between PAYE and REPAYE

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### How it works - PAYE

#### Pay As You Earn (PAYE)

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#### Notes:
- **Monthly Investment Amount**: $350.00
- **Assumed Annual Rate of Return**: 6.50%
- **Future Value of Investment**: $135,843.55
- **Estimate Tax Liability**: $147,164.56
- **Total Pay As You Earn Payments**: $417,157.10
### How it Works - REPAYE

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Which One?

- PAYE may be best for borrowers
  - Whose income will substantially exceed their debt soon after repayment starts
  - Who are married, whose spouse has substantial income, and they want spousal income excluded

- REPAYE may be best for borrowers
  - Who are single, or married but spouse has minimal income
  - With substantial gap between federal debt and income
How to Know Your “Best” Strategy

It’s not about the best one

It’s about what fits with your life and financial goals

Refer to page 28-29
Decision Time: 6 Months Post-Graduation

Make Payments
- PAYE
- REPAYE
- IBR

Postpone Payments
- Medical Residency
- Forbearance
MedLoans® Organizer and Calculator

FIRST

Refer to page 4

www.aamc.org/medloans

A tool for graduates!!

“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 Webinar on Repayment Plans

Which
Income-Driven
Repayment Plan
is BEST
Analysis of PAYE, REPAYE and IBR
Nicole Knight, MBA
AAMC
March, 2017

https://www.youtube.com/watch?v=GSfSSbdhyFU
Loan Forgiveness (PSLF)

Refer to pages 47-48

Eligible Loans

+ Qualifying Payments

+ Qualifying Work

Public Service Loan Forgiveness

www.myfedloan.org
Free AHA Hospital Look-Up

# Sample

## Quick Report

**Free Hospital Look-up**

Indiana University Health North Hospital

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</tr>
<tr>
<td>Ownership Type</td>
<td>Nongovt. (not-for-profit) - Other</td>
</tr>
<tr>
<td>Primary Service</td>
<td>General medical and surgical</td>
</tr>
<tr>
<td>Teaching Affiliation</td>
<td>Minor</td>
</tr>
<tr>
<td>Urban / Rural</td>
<td>Urban</td>
</tr>
<tr>
<td>Total Beds</td>
<td>161</td>
</tr>
<tr>
<td>Admissions</td>
<td>6,902</td>
</tr>
<tr>
<td>Outpatient Visits</td>
<td>136,535</td>
</tr>
<tr>
<td>Births</td>
<td>2,211</td>
</tr>
<tr>
<td>Personnel</td>
<td>896</td>
</tr>
<tr>
<td>Total Expense</td>
<td>$181,028,670</td>
</tr>
<tr>
<td>System Affiliation</td>
<td>Indiana University Health</td>
</tr>
<tr>
<td>System Classification</td>
<td>N/A</td>
</tr>
<tr>
<td>Accountable Care Organization</td>
<td>Y</td>
</tr>
</tbody>
</table>

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Loan Forgiveness (PSLF)

Refer to pages 51-52

Want to know more?

www.aamc.org/first/pslfebook
Repayment Assistance

• Information on other programs:
  
  AAMC
  lrp.nih.gov
  nhsc.hrsa.gov
  National Institutes of Health (NIH)
  National Health Service Corps (NHSC)
Loan Forgiveness & Repay Assistance

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

- Eligibility for IBR
- Eligibility for PSLF
- Eligibility for PAYE or REPAYE
- Reduce # of Servicers

Refer to pages 49-53
Should You Consolidate?

aamc.org/first/consolidatequiz
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.

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.

Choosing variable rate loans involves taking some financial risk. Before committing to a variable rate loan, understand exactly how often the rate may change and how high it may rise.

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, 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. Private loans are not eligible for Public Service Loan Forgiveness (PSLF). Only Direct Loans qualify for the PSLF program.

No, based on your expected career path, forfeiting access to Public Service Loan Forgiveness is not a factor you need to consider when deciding whether to refinance.

Opening payments an option during residency?

No or not sure, repaying private student loans can be burdensome. If you don’t have access to the kind of flexible repayment and postponement options that federal student loans offer. So, know your current options in the federal program (such as income-driven repayment plans that limit the payment amounts you can afford and the ability to easily postpone payments during residency) and their impact on your ability to stay on track.
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

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

feedback.studentaid.ed.gov

Financial Aid Office & Residency Programs

aamc.org/advocacy/meded

MedLoans Organizer & Calculator
aamc.org/medloans

SALT
American Student Assistance

saltmoney.org/AAMC

studentloans.gov

aamc.org/FIRST
Check Your Credit Report

www.annualcreditreport.com