

Transitioning to Medical School: Financial Tips

The FIRST (Financial Information, Resources, Services, and Tools) website can help you make a smooth, successful, and informed transition to medical school. This is probably one of the biggest financial and personal investments of your life. Utilize the resources available to make wise and knowledgeable decisions about your future.

Starting Off on the Right Foot

While you are attending medical school, one of the most important offices in your life will be your financial aid office. Financial aid may at times seem complicated, even if you had student loans as an undergraduate; however, the financial aid office staff is available to assist you when you have questions or concerns.

The amount you borrow in medical school may be a larger amount than what you borrowed as an undergraduate student, or even as a graduate student; however, don't let loans intimidate you. Be mindful of the amount of money you borrow to cover your education expenses so that repayment will not be a surprise.

Remember, you don't have to borrow the entire amount you are offered in your financial aid award letter. Instead, consider accepting and borrowing only what you *need*. If you borrow more than necessary, check with your financial aid office to see if you can return a portion of your loan. The less you borrow during medical school, the less you will have to pay back when you graduate from medical school.

Use Wise Money Management Skills

The FIRST program has valuable and practical tools to help with financial aid and money management subjects.

Become familiar with the [videos](#), [webinars](#), tools, and [fact sheets](#) that are available to you on the [FIRST](#) website.

The [Medloans® Organizer and Calculator \(MLOC\)](#), is a tool designed specifically for medical students to keep track of their loans and manage their loan repayment options.

[Financial Aid Fact Sheets](#) are documents that explain topics sometimes considered involved or confusing. Fact sheets that may be of particular interest to transitioning medical students include:

- [The Financial Aid Application Process](#)
- [Budgeting Ideas and Tips](#)
- [Direct Loans 101](#)
- [Direct PLUS Loans for Graduate/Professional Students](#)
- [Repayment Assistance Through Forgiveness, Scholarships, or Service](#)
- [Monthly Budget Worksheet](#)

Talk to Your Advisors and Friends

You are not alone, at this time, or throughout your medical school program; many of your classmates are in the same financial situation. You can support each other by using and discussing resources that are available to you now and in the future.

If Possible, Start at Zero

One of the best things you can do prior to beginning medical school is pay down any debt you have on credit cards and/or undergraduate loans. If you can pay this debt off before starting medical school, that's even better! The less debt you have when you start medical school, the less you will have to repay when you enter residency or practice.



Get free, practical information about budgeting, managing money, credit, debt management, and more with [SALT!](#)

Debt Management Tip: If you can't pay off all of your loans, try to pay down the loans with the highest interest rates first.

You Can Afford Medical School

If you want to be a doctor or physician scientist – they are good career choices, both socially and financially. Although medical school may be expensive, there are options available for financing your education. The key to affording medical school is educating yourself about your choices.

Things to Think About

There are many different ways to pay for your education; however, student loans are a reality for most medical students. The keys to successful repayment are careful planning and budgeting, learning how to effectively manage your debt, and educating yourself about the various repayment options.

Have a Plan

One of your first steps on the road to creating a sound financial plan should be the [FIRST](#) website. It contains extensive information about the cost of applying to medical school, information about various loan types, repayment information, and other financial topics. Even with these resources, the process can seem overwhelming, so your next step is to identify a financial aid advisor to assist you.

Get Good Advice

The importance of getting sound, accurate, and timely advice cannot be overstated. Whether it's your pre-health advisor, a current medical student or resident, the admissions or financial aid officer, there are people who can help you navigate this often complex topic. Look at the medical school's financial aid website to see school specific information about financing options. When visiting and interviewing at prospective schools,

take your financial aid questions with you and speak with the financial aid administrator(s). They are there to help you, so take advantage of their assistance.

Learn About Repayment/Forgiveness Options

There are many ways to fund your medical education and there are programs to help you repay your student loans. If you are interested in pursuing a career in medicine, but are concerned about paying back your loans, know that there are flexible repayment options for federal loans that are based on the borrower's income. These repayment plans typically make loan payments manageable regardless of a physician's debt or specialty choice.

Other opportunities for repayment and/or forgiveness may be found through service programs. These programs may provide repayment assistance in exchange for a service commitment. For more information about [repayment/forgiveness options](#), visit the FIRST website at: aamc.org/FIRST.

Final Thoughts

Stay true to your passion. Explore your options. Find a good advisor and/or mentor. If you can, enter medical school with little or no credit

card debt, and be aware of the status of your undergraduate loans. The less debt you bring to medical school, the less debt you'll have when you graduate from medical school.

Financial Facts

- **The median amount of debt for the class of 2015:**
\$183,000*
- **The median 4-year cost of attendance for the class of 2016:**
\$232,838* (public school)
\$306,171* (private school)
- **The 2014 median starting salary for Internal Medicine (first year post residency):**
\$180,000**

Medical school debt and cost may be high; however, so is the starting salary for the average primary care physician. Generally, it allows for a comfortable monthly budget if finances are managed wisely. More information about medical student education: debt, costs, and loan repayment can be found on FIRST's [Debt Fact Card](#).

* AAMC 2015 GQ data

** MGMA Physician Placement Starting Salary Survey Report 2015; report based on 2014 data

The Financial Aid Application Process

While the process of applying for financial aid varies by medical school, here are some universal steps to help you get started. Always check with the financial aid office at your medical school for specific instructions.

Step 1: Complete the FAFSA

Completing the [Free Application for Federal Student Aid](#) (FAFSA) is the first step in applying for financial aid for medical school students. In January, preferably after you have filed your federal income taxes, complete the FAFSA form, filling in your student information. **Some schools may require parental information; check with the medical school's financial aid office to verify their requirements.** Parental information may be required by medical schools for students who wish to be considered for institutional financial aid (aid given by the medical school) even though an applicant is considered independent for purposes of federal loans. To ensure the results of your FAFSA are sent to the schools you are applying to, be sure to list the medical school's [federal ID code](#) on the FAFSA.

Step 2: Investigate Sources of Aid

Contact the financial aid office at your medical school to investigate available sources of financial aid. Be proactive; explore additional resources for [scholarships and/or grants](#). If you need loans to cover additional expenses, consider

borrowing federal student loans. The Direct Unsubsidized Loan and the Direct PLUS Loan are federal loans. They typically have some of the best terms and conditions. **Note:** Applying for a loan requires a separate and different application from the FAFSA.

Step 3: Apply Early

Pay attention to deadlines – it is crucial! Obtain, read, complete, and turn in applications on time, preferably early. Occasionally, unexpected situations may arise that could delay your application. If you wait until the last minute to apply, you may not qualify for a financial aid offer simply because of a missed deadline.

Step 4: Receive and Reply to Your Award Letter

Once your FAFSA results are received and processed by your medical school's financial aid office, you will receive an award letter indicating the types of financial aid and amounts for which you are eligible. Follow the directions for accepting or declining the aid. If you are accepting the aid, and it includes student loans, pay particular attention to the information about when your loan funds will be available to you.



Still Have Questions?

If you are still uncertain about the financial aid application process, or if you have questions related to the financial aid offered at a specific medical school, contact the financial aid office at that school. The financial aid office is always a source of information for you.

Remember:

- You must re-apply each year for financial aid. Check with your medical school's financial aid office about required forms and deadlines.
- In order to maintain eligibility for federal financial aid, you must maintain Satisfactory Academic Progress (SAP). Check the school's requirements for SAP.

Direct Loans 101

Direct Loans are federal education loans with competitive interest rates and flexible repayment terms. Borrowers should consider maximizing Direct Loan options before borrowing other loans with higher interest rates and/or possibly more stringent terms and conditions.

What is a Direct Loan?

[Direct Loans](#) are made available to student borrowers through the federal government. Students who are enrolled at least half-time may borrow a Direct Loan to pay for their education expenses. Before a student can borrow a loan, the student must apply for financial aid and be eligible to receive the loan.

How Is Eligibility Determined?

In order to apply for a Direct Loan, you must first complete the [Free Application for Federal Student Aid \(FAFSA\)](#). The resulting Institutional Student Information Report (ISIR) is sent to your school and determines your eligibility. This sets the stage for how much you can borrow. Whether you apply electronically, or complete a hard copy loan application, the financial aid office must certify your eligibility for the loan before the application can be processed.

Direct Unsubsidized Loans

While there are two types of Direct Loans – subsidized and unsubsidized – medical students and other graduate students, are only eligible for unsubsidized loans. Direct Unsubsidized Loans accrue interest from the date the loan is disbursed until the loan is paid in full.

Interest Rates

Interest rates are set by the federal government and the law currently dictates that loans disbursed after July 1, 2013 will have a variable/fixed interest rate. This means that interest rates on Direct Loans will be adjusted annually on July 1st and then when the loan is disbursed, the rate will be a fixed rate, which will remain fixed for the life of the loan. Therefore, depending on when the loan is disbursed, borrowers may have multiple Direct Loans with different interest rates. To view current and historical federal loan interest rates, visit the [Federal Student Aid](#) website.

How Much Can You Borrow?

Students can borrow only what's needed to meet their personal budget, or cost of attendance, as determined by their school. Typically, the cost of attendance includes tuition, fees, books/supplies, an allowance for room and board, and possibly required miscellaneous expenses.



What if a Direct Loan Doesn't Cover All Your Expenses?

If you need additional aid, contact your financial aid office to learn about other federal loan options or institutional aid that may be available.

The financial aid administrator at your school should be your first resource when you have questions about student loans or other financial aid concerns.

Additional Resources

[The Financial Aid Application Process](#)

[What is an Award Letter?](#)

[Direct PLUS Loans for Graduate/Professional Students](#)

[Debt Management Relies on Good Record Keeping](#)

[Medloans® Organizer and Calculator](#)

Direct PLUS Loans for Graduate/Professional Students

Direct PLUS Loans are federally guaranteed unsubsidized loans for graduate students who have additional financial need beyond what Direct Unsubsidized Loans cover. In most cases, borrowers are encouraged to use federal loans before turning to private loans to fund educational costs.

What is a Direct PLUS Loan?

Direct PLUS Loans are federally guaranteed unsubsidized loans for graduate and professional students. The same terms and conditions of the parent PLUS Loan apply to the Direct PLUS Loan. Medical school students may borrow up to the individual medical school's cost of attendance, minus other estimated financial assistance. Like Direct Unsubsidized Loans, PLUS Loans are relatively low cost, and are available through the federal government's Direct Loan program.

How is Eligibility Determined?

To apply for a Direct PLUS Loan, you must first complete the [FAFSA](#) and apply for the annual maximum in Direct Unsubsidized Loans. You must also be enrolled at least half-time in a program leading to a professional or graduate degree. Whether you apply electronically or complete a hard copy of the loan application, the financial aid office must certify your eligibility before the application can be processed.

To determine eligibility for the Direct PLUS Loan, the financial aid office will first subtract your other estimated financial assistance (loans, grants, scholarships, and other aid) from the cost of attendance set by the school. The remaining amount is what could then be covered through a Direct PLUS Loan.

Benefits of Direct PLUS Loans

Since Direct PLUS Loans are federally guaranteed loans, they share some of the same program regulatory protections as those of Direct Unsubsidized Loans. They offer deferment and forbearance options, various repayment plans, and in the event of death or disability, the loan may be forgiven.

The borrower has the option to consolidate the Direct PLUS Loan into a Direct Consolidation Loan. Consolidation can help simplify repayment by combining all federal loans into one new loan, extending the term of the loan, and thereby possibly lowering the monthly payment amount. However, remember that the longer it takes to pay off your loan(s), the more it will cost overall.

Direct PLUS Loans are eligible for Public Service Loan Forgiveness (PSLF), either when consolidated or in their original form. Review the [Public Service Loan Forgiveness Fact Sheet](#) for more information.

Direct PLUS Loan rates are set by the federal government. The law currently dictates that loans disbursed after July 1, 2013 will have a variable/fixed interest rate. This means that interest rates on Direct PLUS Loans will be adjusted annually on July 1st and when the loan is disbursed, the rate will become a fixed rate, and the rate will remain fixed for the life of the loan.

Depending on when the PLUS Loan is disbursed, borrowers may have multiple PLUS Loans with different interest rates. To view current and historical PLUS Loan interest rates, visit the [Federal Student Aid](#) website.

Deferring Repayment

The Direct PLUS Loan actually goes into repayment after the full loan is disbursed. However, an automatic in-school deferment is applied if the borrower is enrolled at least half-time. Included with the in-school deferment is a six-month post-enrollment deferment, which can be helpful when aligning repayment dates with a borrower's Direct Unsubsidized Loans.

Direct PLUS Loan Benefits

- Can help fill the gap between a medical school's financial aid cost of attendance and the borrower's Direct Unsubsidized Loan eligibility.
- Can be included in a Direct Consolidation Loan.
- Is eligible for PSLF.
- Offers deferment of payment while in-school, and an automatic six-month post-enrollment deferment after graduation.

Federal vs. Private Education Loans

More so than ever before, both federal and private loans are viable options for financing an education, but it is important for the funding source to be one that best complements the student's expected career path and financial goals. Medical students face a unique situation with their long enrollment periods followed by additional years of post-graduation training. For this reason, careful consideration should be given when choosing financing options for medical school.

Research and Then Decide

Each loan type has its own advantages and disadvantages. To fully understand the value of each loan program, you should compare the specific features, including loan terms, interest rates, origination fees, and conditions. Do your homework – read the fine print and equip yourself with the knowledge to make an educated decision about the loan that is right for you.

Benefits of Federal Education Loans

- Affordable monthly payments are available; several repayment plans offer payments based on household income.
- Flexible repayment terms allow borrower's to change their chosen repayment plan as their financial goals or situation changes.
- Loan forgiveness may be available through programs like [Public Service Loan Forgiveness \(PSLF\)](#), or repayment plans like [Pay As You Earn \(PAYE\)](#), Revised Pay As You Earn (REPAYE), or [Income-Based Repayment \(IBR\)](#).
- Postponement of payments during residency and fellowship are possible through [grace, deferment, or forbearance](#) options.
- Most federal loans are eligible for consolidation through the [Direct Consolidation Loan](#) program.
- A student who is not in default and has not exceeded cumulative loan limits can borrow (if eligible) a Direct Unsubsidized Loan, regardless of credit history, and possibly a Direct PLUS Loan. (Note: A Direct PLUS Loan requires a credit check. No adverse credit is allowed or an endorser/co-borrower will be needed.)

Before Borrowing a Private Student Loan, Consider the Following

- Private loan programs offer variable or fixed interest rates. The rate will have an impact on the total cost of the loan.
- Variable rates for private loans may start out low, but the rate can rise or fall as the rate indexes change.
- Loan rates are based on the borrower's credit worthiness. A co-borrower may be needed to help secure a better interest rate. (Co-borrower's credit needs and the length of the co-borrower's obligation should be considered carefully before committing to the loan). Interest rate indexes can be compared at www.bankrate.com.
- Repayment may or may not be required while in school, residency, or fellowship. Review the terms of the promissory note.
- In comparison to federal loan options, repayment, deferment, forbearance, grace, and loan forgiveness options may be limited.
- Death and/or disability loan discharge may or may not be available. Check with the lender of the loan.

A private loan may make sense if ...

- The borrower is ineligible for federal student aid.
- The rate of the private debt is lower than the federal debt, and if the rate is expected to remain lower for the length of repayment.
- A borrower is certain of significant income in the near future that will allow for an aggressive and short repayment term of variable rate loans.

Want To Get Better At Managing Your Money? SALT Can Help!

Managing money is something we all have to do. Some people are better prepared or more experienced than others, but improving your skills and learning new tips are always beneficial skills.

What Is SALT?

It's a free, online, financial education resource, that provides a variety of financial information to help students, residents, and practicing physicians become more financially savvy.

Get Your Free SALT Account

The AAMC and SALT are working together to provide financial information and resources. To sign up for a free SALT account, click on the appropriate link below. (It only takes a minute!)

[Premed Student](#) –

www.saltmoney.org/AAMCpremed

[Current Medical Student](#) –

www.saltmoney.org/AAMCstudent

[Resident](#) –

www.saltmoney.org/AAMCresident

[Physician](#) –

www.saltmoney.org/AAMCphysician

[School Administrator](#) –

www.saltmoney.org/AAMCschooldadministrator

Why Should You Use SALT?

You can learn more about financial topics that are important to you for managing your money. Maybe you need more knowledge on general money management skills, or maybe you need some help with budgeting and making sure you don't run out of money by the end of the month, or maybe you've used your credit card and missed a payment, and now you need to learn how to improve your credit score. SALT provides the resources to do all these things and provides you with information on managing your student loan debt.

What Resources Are Available?

SALT provides the materials for you to learn in many different ways. SALT realizes that not everyone wants to watch a video or read an article, so they provide their content in multiple formats to include:

- Articles
- Lessons
- Tools & Apps
- Comics
- eBooks
- Infographics
- Videos

SALT Central

Join in or just view conversations about money, student loans, scholarships, and other financial topics. You can choose to connect with student loan experts and/or your peers.

Some Interesting Articles From SALT

Sign up for your SALT account with the links under "Get Your Free SALT Account", and then check out these interesting resources:

[Everything You Need To Know About Student Loan Interest Rates](#)

[The Good, The Bad, And The Indebted](#)

[Choosing A Bank Or Credit Union That Fits Your Needs](#)

[Repaying Primary Care Loans \(PCL\) For Medical Students](#)

UCONN HEALTH

STUDENT SERVICES CENTER

University of Connecticut School of Medicine 2016-2017 ESTIMATED STUDENT BUDGETS

	In State	New England	Out of State
Tuition	\$32,554	\$56,969	\$63,762
Professional Fees	\$4,160	\$4,160	\$4,160
Total	\$36,714	\$61,129	\$67,922

Class of 2020 First Year Student 08/10/2016 - 06/02/2017		Class of 2019 Second Year Student 08/22/2016 - 06/09/2017	
Tuition and Fees (In State)	\$36,714	Tuition and Fees (In State)	\$36,714
Living Expenses	\$23,290	Living Expenses	\$22,780
Student Health Plan*	\$3,340	Student Health Plan*	\$3,340
Laptop	\$1,348	Books	\$725
Books	\$900	USMLE Step 1	\$600
Phone App. Purchase	\$100	Student Activity Fee	\$125
Student Activity Fee	\$125		
Technology/Smart Phone	\$500		
Total (In State)	\$66,317	Total (In State)	\$64,284
Total (New England)	\$90,732	Total (New England)	\$88,699
Total (Out of State)	\$97,525	Total (Out of State)	\$95,492

Class of 2018 Third Year Student 07/05/2016 - 06/23/2017		Class of 2017 Fourth Year Student 07/05/2016 - 05/08/2017	
Tuition and Fees (In State)	\$36,714	Tuition and Fees (In State)	\$36,714
Living Expenses	\$28,645	Living Expenses	\$24,735
Student Health Plan*	\$3,340	Student Health Plan*	\$3,340
USMLE Step 2 (CK/CS)	\$1,875	USMLE Step 3	\$830
Books	\$550	Books	\$300
Student Activity Fee	\$125	Transcript/Letter Fee	\$150
		Student Activity Fee	\$125
Total (In State)	\$71,249	Total (In State)	\$66,194
Total (New England)	\$95,664	Total (New England)	\$90,609
Total (Out of State)	\$102,457	Total (Out of State)	\$97,402

* Students who have opted out of the UCHC Student Health Plan will have this charge removed.

Revised 8/18/2016

Monthly Budget Worksheet

INCOME:

Salary (after deductions) _____
 Spouse salary (after deductions) _____
 Investment income _____
 Financial aid _____
 Gifts _____
 Other _____

Total Fixed Income _____

FIXED EXPENSES:

Tuition & fees _____
 Books & supplies _____
 Regular savings _____
 Rent/mortgage _____
 Utilities _____
 Telephone (base rate) _____
 Taxes (federal, state) _____
 Vehicle payments _____
 Other transportation _____
 Credit card payments _____
 Personal loans _____
 Educational loans _____
 Insurance (life and health) _____
 Home/renter insurance _____
 Auto insurance _____
 Auto registration/taxes _____
 Other _____

Total Fixed Expenses _____

VARIABLE OR FLEXIBLE EXPENSES:

Food/household supplies _____
 Dining Out _____
 Clothes _____
 Laundry/dry cleaning _____
 Gas, oil, auto maintenance _____
 Parking _____
 Medical/dental/eye care _____
 Entertainment _____
 Travel/vacation _____
 Pets, supplies, food _____
 Records & books _____
 Personal care _____
 Subscriptions _____
 Cable TV and Internet _____
 Phone _____
 Gifts _____
 Charity/contributions _____
 Savings for interviews/relocation _____
 USMLE _____
 Other _____

Total Variable Expenses _____

Total Fixed Expenses + _____

Total Monthly Expenses = _____

Total Income _____

Less Total Expenses _____

Total Discretionary Income = _____
 (or Deficit)