University of Miami Miller School of Medicine  
Financing Your M.D. Degree

This primer is designed to help you not only borrow responsibly while in medical school, but also prepare you for repayment after you graduate and enter residency. This information should also help prepare you for your Senior Loan Exit Interview in the spring of your graduation year. When looking at ways to finance your medical education at Miller, don’t forget to consider service commitment programs like the National Health Service Corps and the armed forces.

Cost Considerations

Your cost of attendance (COA, also called your financial aid budget) changes every year and a monthly living allowance to cover room and board, personal, and transportation expenses. The COA governs how much financial aid you can have each year from all sources combined, including grants, scholarships, and student loans.

- Be sure you know the monthly living allowance each year in your COA and live on that or less
- Never borrow up to your full COA if you don’t need that much money
- Plan to pay back what you borrow, don’t count on your debt being forgiven later

Smart Budgeting Leads to Responsible Borrowing and Responsible Repayment

Decisions you make now have implications for repayment after graduation:

<table>
<thead>
<tr>
<th>DOING THIS</th>
<th>CAN LEAD TO THIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending more than your monthly living</td>
<td>Having your hand forced into a repayment plan you</td>
</tr>
<tr>
<td>allowance in your COA</td>
<td>don’t want after you graduate</td>
</tr>
<tr>
<td>Borrowing under Miller’s COA</td>
<td>Being able to borrow more later, plus delaying the start</td>
</tr>
<tr>
<td></td>
<td>of interest accrual on your unsubsidized loans</td>
</tr>
<tr>
<td>Not missing financial aid deadlines</td>
<td>Possibly receiving grants and scholarships you don’t</td>
</tr>
<tr>
<td></td>
<td>have to pay back</td>
</tr>
<tr>
<td>Not keeping track of your loans each year</td>
<td>Sticker shock at graduation</td>
</tr>
</tbody>
</table>

Student Loan Portfolio

Your student loan portfolio at the Miller School of Medicine may consist of:

- **Direct Unsubsidized Loans** (this is the main federal loan medical students borrow)
- **Direct PLUS** (also called Grad PLUS, no annual limit, you can borrow up to COA less other aid)
- Private loans (be sure to speak with the OSFA before taking out private loans)
- Campus-based loans (talk with the OSFA about availability, how to qualify, and terms and conditions of these loans)

Interest rates on federal loans are fixed and change each July 1 on new loans, so you can expect to have multiple loans at different rates when you graduate. Federal loans generally come due six months after you graduate or drop below half-time status. Private loans have different terms and conditions.
Action Items

Some common sense steps can help you easily stay on top of your student loans during medical school:

- Commit to spending no more than your monthly living allowance each month for living expenses
- Set up an online account with your loan servicer to track your student loans
- Start thinking about your repayment strategy now, by following three simple steps:
  1. Know what you are borrowing, who services your loans, and when they come due
  2. Start thinking about repayment objectives (aggressive, cautious, service commitment)
  3. Start looking at repayment plans well before your loans come due
- Use the AAMC Medloans Organizer and Calculator to keep track of your debt each year
- Stay in close contact with OSFA regarding any recent and proposed changes
- Take advantage of the multiple opportunities to learn about repayment offered each year

Resources to Help

The following websites and information should help:

- Repayment modules and important repayment information on the OSFA website
- Numerous opportunities each year from the OSFP to get more information about repayment
- National Student Loan Data System at NSLDS.ed.gov
  - Federal database of all federal student loans you borrow, including any from college
- AAMC’s FIRST program at www.AAMC.org/FIRST
  - Highly recommended site from the AAMC with multiple resources
- Your loan servicer’s website
  - This is where you actually track and manage your student loans

Sample Repayment

Assumptions:

- $200,000 total educational debt (all during medical school)
  - $162,000 Direct Unsubsidized, $38,000 Direct PLUS, applicable rates based on year disbursed
  - Six-month “window” prior to repayment, no accelerated payments
- 3 year residency program, PGY-1 stipend of $54,600, $160,000 starting salary, moderate increase each year
- Single, family size of one for Income Driven Repayment plans (REPAYE and PAYE)
  - No changes to marital status and family size throughout repayment term

Repayment with three (3) year residency

<table>
<thead>
<tr>
<th>Repayment plan</th>
<th>Years</th>
<th>Monthly payment</th>
<th>Total repayment over term</th>
<th>PSLF paid</th>
<th>Term forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>10</td>
<td>$2,558</td>
<td>$306,984</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Extended</td>
<td>25</td>
<td>$1,488</td>
<td>$446,537</td>
<td>NA</td>
<td>NA</td>
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<tr>
<td>REPAYE (started 2015)</td>
<td>25</td>
<td>$302 to $2,259</td>
<td>$450,290</td>
<td>$120,183</td>
<td>$58,560 (taxable)</td>
</tr>
<tr>
<td>PAYE (started 2012)</td>
<td>20</td>
<td>$302 to $1,934</td>
<td>$322,779</td>
<td>$120,183</td>
<td>$175,871 (taxable)</td>
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July 2019