Welcome to the Miami Miller School of Medicine!
Responsible Borrowing Leads to Responsible Repayment!

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Independent Student Loan Consulting
June 2018

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Your spending plan*

- Tuition: $45,287
- Fees: $1,217
- Books & supplies: $1,000
- Room: $15,576
- Board: $4,488
- Transportation: $2,310
- Personal: $3,476
- Health insurance: $3,100
- TOTAL: $76,454

* Standard MD/MPH 1st year COA from OSFA, Florida residents
Two approaches

- Borrow up to full COA and return funds later if not needed
  - 120 days to return with no interest and no loan fees (work with OSFA)
- Borrow under COA and increase borrowing later if needed
  - Delays interest accrual
  - Be sure to allow OSFA time to process
Common sense steps

• Control what you can control
• Borrow only what you need
• Don’t assume you need full COA*
• Know what you’re spending your money on
• Don’t miss FAO deadlines
• Interest payments during school help

* Cost of attendance (financial aid budget)

Medical school debt*

• $192,000 Median all schools
• $202,000 Median private schools
• $180,000 Median public schools

• 57% at $200,000 or more (private schools)
• 21% at $300,000 or more (private schools)
• 46% planning on PSLF** to retire debt

* Source: Association of American Medical Colleges (AAMC), Class of 2017
** Public Service Loan Forgiveness
PSLF

- Designed to encourage borrowers to enter and remain in public sector for at least 10 years by promising to forgive their debt
- Public health career may be consistent with PSLF
- Great interest among medical students
- Proposed changes to program**

* Public Service Loan Forgiveness
** Would likely impact first time borrowers only

Good news

- Great reputation for repayment
- **Federal loans can cover entire COA***
- Federal loans with one loan servicer
- Payments during residency affordable
- No penalty for aggressive repayment
- Debt not driving specialty choice
- Options for refinancing later

* Cost of Attendance (annual financial aid budget)
Not so good news

• Interest rates are going up, maximum rates are high
• Most loans are unsubsidized, and interest will eventually capitalize
• Debt likely to grow substantially in residency
• Proposed changes not favorable

Your portfolio

• Federal Direct Unsubsidized*
• Federal Direct PLUS (Grad PLUS)*
• Campus-based
  – Primary Care Loans (PCL)
  – Miami Donor Loans
• Private loans

* Referenced on NSLDS at www.NSLDS.ed.gov
Direct Unsubsidized

- Your lender is the federal government, but you have a loan servicer
- Often called Stafford Loan
- $40,500 per year *
- Fixed interest rate **
- 6 month grace period
- Currently multiple repayment and postponement options
- Currently eligible for forgiveness

* Prorated up for budget periods over 9 months
** Reset for new Direct Unsubsidized each July 1, then fixed for life of loan

Direct PLUS

- Your lender is the federal government, but you have a loan servicer
- Often called Grad PLUS
- Up to COA less other aid
- Fixed interest rate *
- 6 month post-enrollment deferment
- Currently multiple repayment and postponement options
- Currently eligible for forgiveness

* Reset for new Direct PLUS Loans each July 1, then fixed for life of loan
## Interest rates*

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Direct Unsubsidized max rate 9.5%</th>
<th>Direct PLUS (Grad PLUS) max rate 10.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018.2019</td>
<td>6.59%</td>
<td>7.59%</td>
</tr>
<tr>
<td>2017.2018</td>
<td>6.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>2016.2017</td>
<td>5.31%</td>
<td>6.31%</td>
</tr>
<tr>
<td>2015.2016</td>
<td>5.84%</td>
<td>6.84%</td>
</tr>
<tr>
<td>2014.2015</td>
<td>6.21%</td>
<td>7.21%</td>
</tr>
</tbody>
</table>

* Rates on new loans disbursed on or after July 1 of year indicated, fixed for life of loan

## NSLDS

- National Student Loan Data System
- [www.NSLDS.ed.gov](http://www.NSLDS.ed.gov)
- Federal database of all Direct and Perkins Loans
- Use to upload loans to calculators
- Information on loan servicers
  - Click on number to left of each loan on Financial Aid Summary page
Private loans

- Variable or fixed rates
- Often annual and cumulative limits
- Less repayment flexibility
- Not eligible for IDR* or PSLF**
- Cosigner may be required
- Can easily derail repayment strategy, especially private loans from college

* Income Driven Repayment plans like PAYE and REPAYE
** Public Service Loan Forgiveness

Responsible borrowing

<table>
<thead>
<tr>
<th>DOING THIS</th>
<th>MAY RESULT IN THIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not budgeting and using credit cards to live beyond means</td>
<td>Postponing payments in residency or using plan you don’t want</td>
</tr>
<tr>
<td>Borrowing under COA</td>
<td>Can borrow more later and you delay interest accrual</td>
</tr>
<tr>
<td>Missing FAO deadlines</td>
<td>Missing out on better funds</td>
</tr>
<tr>
<td>Not tracking loans each year</td>
<td></td>
</tr>
</tbody>
</table>
$200,000*

<table>
<thead>
<tr>
<th></th>
<th>Monthly Payments</th>
<th>Total Amount Paid</th>
<th>PSLF Paid Out/Forgiven</th>
<th>Plan Forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard 10 years</td>
<td>$2,531</td>
<td>$303,780</td>
<td>Nothing to forgive</td>
<td>Nothing to forgive</td>
</tr>
<tr>
<td>Extended 25 years</td>
<td>$1,462</td>
<td>$438,597</td>
<td>Not eligible</td>
<td>Not eligible</td>
</tr>
<tr>
<td>REPAYE 25 years</td>
<td>$295 to $2,237</td>
<td>$447,343</td>
<td>$119,671/ $229,338</td>
<td>$46,867 (taxable)</td>
</tr>
</tbody>
</table>

* Direct Unsub and Grad PLUS with applicable rates
* 6 month window prior to repayment, no aggressive payments
* 3 year residency at $53,580, starting salary of $160,000, single, family size of 1

What residents are doing

- Many using income plans then either
  - Aggressive payments on worst loan
  - Minimum payments to help with cash flow and to maximize PSLF amount
- Postponing and catching up later
- Service commitment programs
Student loans and credit

- Federal loans
  - Direct Unsub not based on credit
  - Direct PLUS minimal credit check
- Private loans
  - Approval and pricing based on credit
  - Creditworthy cosigner may be required

FICO factors

- Types of credit used
  - New credit: 15%
  - Payment history: 35%
  - Length of credit history: 30%
  - Amounts owed: 10%

Source: MyFICO.com
Credit dilemma

• Repayment doesn’t begin until after graduation
• Delinquencies on thin credit file can have exaggerated adverse impact

Proposed changes

• Administration’s 2019 budget
  – Elimination of PSLF for new borrowers
  – New income based repayment plan
• PROSPER Act
  – Complete elimination of Direct Loan program
    • Trigger dates of July 2019 and July 2024
    • Should only impact new borrowers

* Public Service Loan Forgiveness
Resources to help

- Miller SOM Office of Student Financial Assistance (OSFA)
  - Workshops, repayment modules, personal consultations
- www.NSLDS.ed.gov
  - Listing of all federal loans
- www.AAMC.org/FIRST
  - Multiple resources from the AAMC
    - Medloans Organizer and Calculator
- Your loan servicer’s website

Takeaways

- You really can pull this off
- Don’t force your hand later with bad decisions about borrowing now
- Plan to pay back what you borrow
- Keep your radar up for changes
  - Watch for “new borrowers” or “new loans”
- Take advantage of help from OSFA