

Miller School of Medicine How to Choose a Repayment Strategy for Your Student Loans

These common sense steps should help you determine an effective repayment strategy as you graduate from the Miller SOM, move into residency, and ultimately into your career as a physician.

Step 1: Know **WHAT you borrowed, **WHO** services your loans, and **WHEN** they come due**

1. See www.NSLDS.ed.gov for listing of all federal loans, including Direct Unsubsidized and Direct PLUS (Grad PLUS), regardless of their status and regardless of when you took them out
 - a. Click on number to left of each loan for a “back page” with loan servicer information
2. Check your records, with the OSFA, or your credit report for other loans not on NSLDS
3. Most loans come due 6 months after graduation; check disclosure statements for other loans

Step 2: Determine your repayment objectives and constantly review them

1. **Aggressive repayment** to minimize interest accrual, capitalization, and reduce total repayment
 - a. Consider repayment plan that provides manageable payments, including income plans like PAYE and REPAYE, but target *additional* payments against your most expensive loan
2. **Minimize payments** to maximize cash flow, typical of many medical residents and fellows
 - a. Consider an income plan like PAYE or REPAYE
 - b. Or postpone payments with *Mandatory Residency Forbearance*
3. **Maximize eligibility for Public Service Loan Forgiveness (PSLF)**
 - a. Use an income plan and as long as PSLF is part of your repayment strategy, consider not making extra payments, but review this strategy each year when you renew eligibility for these plans or whenever you have changes in income, family size, or career plans
 - b. *Expect balance to increase during residency, as payments likely will not cover interest*
4. **Service commitment programs like NHSC, NIH, armed forces, states**
 - a. Financial support to pay down your loans in exchange for service (check tax provisions)

Step 3: Select a repayment plan to meet your repayment objectives

1. Use AAMC Medloans Organizer and Calculator (MLOC) at www.AAMC.org/FIRST to run repayment and forgiveness estimates, including PSLF, as this calculator accommodates residency; see FACT SHEET on Miller SOM OSFA website for important information on using MLOC
2. Work with your loan servicer for repayment estimates under all plans
3. Take note of the monthly payment under Standard 10 year
4. Use the income plans comparison chart at www.PGPresents.com and the OSFA to help you select the best repayment plan
5. Use *Repayment Estimator* at www.StudentLoans.gov to estimate *initial* payments under income plans and the potential impact of changes in salary, marital status, and family size on payments under income plans (*do not use this calculator for forgiveness estimates, as it does not account for residency*)

Important Reminders

- There is no penalty for early repayment under any federal repayment plan
- In general, you can switch repayment plans, but work closely with your loan servicer
- Document everything you do and note who you speak with each time you call your loan servicer

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