Simple Steps to a Repayment Strategy for Your Student Loans

These simple steps should help you determine an effective repayment strategy as you graduate from the Miller School of Medicine, move into training, 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 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 your financial aid office, or your credit report for loans not on NSLDS
3. Most federal loans come due 6 months after graduation, unless entire grace period already used
   a. Check disclosure statements for due dates on 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. Find a repayment plan with a required minimum payment you can comfortably handle, including income plans, but target *additional* payments against your most expensive loan whenever you can afford to pay more than the minimum required payment
2. **Minimize payments** to maximize cash flow, typical of many medical residents and fellows
   a. Consider an income plan like PAYE or REPAYE on federal loans, or ...
   b. Postpone payments entirely on federal loans with Mandatory Residency Forbearance
3. **Qualify for and maximize eligibility for Public Service Loan Forgiveness (PSLF)**
   a. You must use an income plan, and while PSLF is part of your 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 training, as depending on how big the gap is between your debt and income, your payments will likely not cover interest*
4. **Service commitment programs like NHSC, NIH, armed forces, states, etc.**
   a. Financial support to pay down your loans in exchange for service (check tax provisions)
   b. These are not forgiveness programs (these organizations did not lend you the money)

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

1. Use the AAMC Medloans Organizer and Calculator (MLOC) at www.AAMC.org/MLOC to run repayment and forgiveness estimates, including estimates with PSLF
2. Use the 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)
3. See the comparison chart at www.PGPresents.com to help select the best income plan for you

Important Reminders

1. There is no penalty for early repayment under any federal repayment plan
2. In general, you can switch repayment plans on federal loans
3. Document everything you do and note who you speak with each time you call your loan servicer
4. Use all the available resources on the Miller SOM OSFA website
5. **Do NOT** miss the renewal (recertification) date on income plans, this is a monumental mistake
6. Borrowers interested in PSLF should ensure their first payment goes to FedLoan Servicing