

Second Year Financial Aid Updates and Considerations Updated 3/22/2016



the last of the new

Overview

- 2016-17 Financial Aid Application, Deadlines, Cost of Attendance and Changes.
- Thinking Ahead - Five Year Plans?
- Reviewing your survey questions
- AAMC FIRST Resources
- Financial Literacy Session From Harvard University Employees Federal Credit Union (HUECU)
 - by Spencer Ryan Clark, C.E.P.F. *Certified Educator in Personal Finance*

Financial Aid Application Deadline

- [2016-2017 Financial Aid Application Checklist](#)
HMS Application is available after March 5th-an email reminder will be sent
- Deadline to complete: **April 30th, 2016**
 - Critical– funding priority for *on-time, completed* applications-possible penalty for late applications
 - Reminder: Parent tax returns still required for institutional funds
 - IRS Data Retrieval Process on FAFSA – Do it!
- Financial Aid Packages go out to returning students beginning in July.

3rd Year Cost of Attendance (COA)

2016-17 3rd Year Budget is 12 months!

- REFUNDS: Complete cash advance form in June to cover July-August living expenses
- Loan disbursements still occur in September
- Those who waive BC/BS insurance have this fee removed from COA
- **NOTE:** Step2b Clinical Skills Exam fee included in 3rd year budget with travel expenses added in 4th year
- **NOTE:** Step 1 Exam fee included in 2nd year budget; one-time allowance regardless when you take exam!

4th Year Graduating Student Budget will be 11 months (July – May)

4th Year Budget if not Graduating is 12 months

- *Inform Registrar early if extending program!*

2016-2017 Estimated Cost of Attendance	
STUDENT ACCOUNT CHARGES	\$61,847
TUITION	\$58,050
UNIV HEALTH SERVICE FEE	\$1,084
BC/BS INSURANCE FEE*	\$2,645
DISABILITY INS. FEE	\$68
LIVING EXPENSES	\$27,450
RENT (HOUSING)	\$14,160
FOOD	\$5,760
MISC. EXPENSES (CLOTHING, RECREATION, LAUNDRY, UTILITIES, OTHER)	\$5,100
LOCAL AND CLINICAL TRANSPORTATION	\$1,800
LONG DISTANCE TRAVEL	\$630
BOOKS & SUPPLIES	\$1,213
LOAN FEES	\$217
NATIONAL BOARD FEE	\$1,275
TOTALS (with BC/BS Insurance Fee)	\$91,990
TOTALS (without BC/BS Insurance Fee)	\$89,360

IMPORTANT UPDATE ON THE FEDERAL PERKINS LOAN PROGRAM:

Legislation passed to eliminate the Federal Perkins Loan program.

- Federal Perkins Loan Program Extension Act of 2015.
 - May make Perkins Loans through September 30, 2016 to eligible graduate students:
 - Received a Perkins Loan before October 1, 2015:
 - AND within the same academic program for which the student received his or her most recent Perkins Loan.
 - Note: 2016-2017 returning students who are not eligible for the Perkins Loan because they did not receive it in a prior year during their MD Program will be awarded the Direct Unsubsidized to make up the total unit loan.

Five Year Plans

For independent projects (e.g. Research, Enrichment)Visit: [Scholars in Medicine](#) -HMS for stipend funding during all or part of a year spent in research or other approved types of scholarship.

- You may cross-register without charge for up to two courses to support and enrich your research experience.
- You can apply for a fellowship to cover your living expenses. Common sources for fellowships include the Howard Hughes Medical Institute, the Sarnoff Fellowship in cardiovascular disease, Fulbright fellowships, Fogarty Fellowships and various Harvard Traveling Fellowships.

ESTIMATED 5th Year Tuition Projections and Financial Aid Policies based on Student's Current Year In School

Current Year in School	Entering Year	HMS Financial Aid Policy	Reduce Tuition/Research Rate
2nd Year	2014-2015	Loan Coverage Only	\$8,400

Tuition can not be published unless approved by the Corporation. These figures are estimates based on policy changes approved in 2014 to tuition and financial aid. Total COA would be estimated at \$40,050

M.D. students who are required by the Academic Societies Promotions and Review Board to enroll beyond their eighth semester to fulfill degree requirements may be assessed additional tuition over and above reduced tuition rate.

Costs to consider: Five-Year Program

- Additional Year UHS/Blue Cross-Blue Shield & Disability Insurance
- Additional Year of living expenses
- HMS Scholarship not available in fifth year
- As a loan borrower, you will incur further debt and the interest on your loan accrues for an additional year. *Examples to follow*

Dual Degrees

What is the financial aid process for completing a dual degree?

- MD-MBA – Year 4 – Apply for financial aid through HBS
- MD-MPP or MD-MPA – Year 4 – Apply for financial aid through HKS
- MD-MPH – Year 4 – Apply for financial aid at both HMS and T.H. Chan
- MD-MMSc – Apply through HMS Financial aid for all years

Survey: your questions

HOW DO YOU INTERPRET CREDIT SCORE? HOW OFTEN TO CHECK CREDIT SCORE? CAN CHECKING YOUR CREDIT SCORE HURT YOU?

Our Presenter: Spencer Clark from the Harvard University Employees Credit Union (HUECE) will be covering this topic next.

Survey: your questions (cont.)

I HAVE THE HUECU LOAN AND I WAS THINKING ABOUT TAKING A 5TH YEAR, IS THERE A DEFERMENT FOR WHEN YOU START PAYING FOR THE LOANS WHEN YOU TAKE A 5TH YEAR?

Yes- if you take a fifth year of enrichment and maintain enrollment, your HUECU Loan will remain in an in-school deferment status.

Survey: your questions (cont.)

HOW DO HMS STUDENTS FINANCE THEIR RESIDENCY INTERVIEW TRAVEL EXPENSES?

RESIDENCY LOANS

Available during graduating year to meet the costs:

- Both residency interview & travel expenses
- Relocation expenses to the residency program.

Students may apply for these loans beginning in their graduating year, up to several months following graduation. Application time length, amount of loan, interest rate, and loan conditions vary by lender.

Harvard sends out an annual RFI – details can be found at:

<http://sfs.harvard.edu/private-loan-options>

Survey: your questions (cont.)

WHAT ARE THE ACTUAL NAMES OF EACH OF MY LOANS? I HAVE HEARD STAFFORD, UNSUB, SUB, ETC... NOT SURE WHICH IS WHICH.

ALSO, WHERE IS MY MONEY COMING FROM: FAFSA? HMS?

LOVE THIS QUESTION AND THE ANSWER CAN BE FOUND IN THE HISTORY –which is ever changing!

In 1988, Congress renamed the Federal Guaranteed Student Loan program the Robert T. **Stafford** Student Loan.

The evolution: is that schools used to be either FFEL or Direct Loan.

Now all loans are Direct Loans (both unsub and sub) are technically Stafford but less frequently referred as such. Graduate students do not qualify for Subsidized Loan in the Stafford program any longer.

Sub vs. Unsub is distinguishing whether the interest is accruing during a deferment period (ie: in-school or grace period) and applies to the term of a loan.

For example: The Federal Perkins Loan is another federal “sub” loan - which is expiring after next year.

Completing the FAFSA as an MD student qualifies you for: Federal Work Study, Federal Direct Unsubsidized and Federal Perkins.

Any grant aid received from completing our application is from HMS, this university or part of a separate application externally from the FAFSA.

HMS Loan Programs

Loan Type	Type of Subsidy	Repayment Terms	Interest Rate	Servicer
HMS Revolving Loan	In School	10 years	5%	Harvard University Student Loan Office
Wolfson Loan	In School and up to 54 months in residency	10 years	7%	Harvard University Student Loan Office
Perkins Loan	In School	10 years	5%	Harvard University Student Loan Office
Loan for Disadvantaged Students	In School and Residency	10 years	5%	Harvard University Loan Office
Federal Direct Unsubsidized Loan	None	Different options	2015-2016: 5.84% 2014-2015: 5.41% 2006-2013: 6.8% For Year Prior: view NSLDS	View Direct Loan Servicer on NSLDS
Federal Direct Graduate PLUS Loan	None	Different options	2015-2016: 6.84% 2014-2015: 7.21% 2006-2013: 7.9% For Year Prior: view NSLDS	View Direct Loan Servicer on NSLDS
Harvard University Employees Credit Union	None	15 years	Prime +3.5% (no co-signer)	University Account Services, UAS

Survey: your questions (cont.)

I KNOW HMS HAD A PROGRAM TO HELP WITH LOANS VIA LOAN FORGIVENESS FOR THOSE STUDENTS TAKING ON A LOT OF DEBT BEFORE RESIDENCY, ESPECIALLY FOR STUDENTS GOING INTO FIELDS LIKE PRIMARY CARE, BUT AM NOT SURE IF THIS FINANCIAL AID PROGRAM IS CONTINUING THROUGH 2018, WHEN I WILL GRADUATE.

Currently : Two Loan forgiveness programs for 2016 graduating HMS students (both international and domestic):

1: HMS Public Service Initiative is current through 2016. May NOT be available.

2: [AbundanceFUND Global Health Loan Forgiveness](#) is currently available through 2020.

Survey: your questions (cont.)

SHOULD I TRY TO PAY OFF THE INTEREST I EARN ON MY LOANS WHILE IN MEDICAL SCHOOL IN ORDER TO AVOID IT BEING TRANSFERRED OVER TO THE PRINCIPAL VIA CAPITALIZATION (IF POSSIBLE)?

It is always advantageous to try to pay off the interest prior to capitalization. While in school, the interest is accruing “separately”. The interest becomes part of the principal at the time your deferment period ends. Example below:

<u>Original Loan Balance</u>	\$20,000	\$20,000
Capitalized Interest accrued while in school	\$5,700	\$0
Total Interest paid prior to repayment:	\$0	\$5,700
Loan Balance when entering repayment	\$25,700	\$20,000
Interest Rate	6.8%	6.8%
<u>Monthly Payment</u>	\$295.76	\$230.16
Total Repayment Amount	\$35,489.54	\$33,318.29

Survey: your questions (cont.)

DEBT FORGIVENESS OUTSIDE OF PRIMARY CARE PROGRAMS?

Good Question: Many areas focus on Primary Care because there is a shortage and with growing debt, students may be deterred from lower paying opportunities to pursue higher salary specialties to offset their borrowing levels. For example: The [National Health Service Corps](#) offers a scholarship program and a loan repayment program for medical professionals in primary care specialties However there are other areas to consider and explore:

Service Based Options:

Public Service Loan Forgiveness

The [Public Service Loan Forgiveness](#) program through the federal government offers loan forgiveness for qualifying professionals with qualifying federal loans, who are working in public service careers.

Military Service

The qualifications and commitment for each military program can vary, so be sure to do your research. This [FIRST fact sheet](#) can help you.

State and Federal Loan Forgiveness Programs

There are also loan forgiveness opportunities through some state and federal loan programs. To learn more about these opportunities take a look at the [AAMC's list](#) of state and federal loan repayment and forgiveness programs.

Survey: your questions (cont.)

I AM CURIOUS WHERE SPECIFICALLY ONLINE I CAN PAY MY PERKINS/REVOLVING LOAN. I KNOW THE LENDER IS HMS, HOWEVER I JUST WANT TO BOOKMARK THE PORTAL I WILL BE USING TO MAKE THIS PAYMENT FOR ONCE I GRADUATE.

The Harvard Student Loan Office

Web: <http://sfs.harvard.edu/loans>

Email: student_loans@harvard.edu

Phone: 1-800-315-7192

Fax: 617-496-5632

1033 Massachusetts Avenue

2nd Floor

Cambridge, MA 02138

Survey: your questions (cont.)

OPPORTUNITIES FOR SCHOLARSHIPS

- Think individually, academically, locally and globally
- Visit the [AAMC](#) and the [AMA](#)
 - [HTTPS://WWW.AAMC.ORG/INITIATIVES/AWARDS/NICKENS-STUDENT](https://www.aamc.org/initiatives/awards/nickens-student)
- HMS Emails
 - “NEWS YOU CAN USE”-FUNDING OPPORTUNITIES
 - FAO
- Google “Scholarships for MD Students”.
- Visit other Financial Aid websites at other schools!

MD Debt Overview

In 2015 the AAMC reported:

- Median debt at a private medical school was \$200,000.
 - HMS graduating debt was \$111,500
- Mean Internal Medicine (i.e., primary care) starting salary first year post residency was about \$180,000.**
- Data shows that although the average debt assumed by the typical medical student can be daunting, the corresponding starting salary for medical fields is high.



Overview of Direct Loan and FFEL Program Repayment Plans	
Repayment Plan	Monthly Payment and Time Frame
Standard Repayment Plan	Payments are a fixed amount. Up to 10 years (up to 30 years for Consolidation Loans).
Graduated Repayment Plan	Payments are lower at first and then increase, usually every two years. Up to 10 years (up to 30 years for Consolidation Loans).
Extended Repayment Plan	Payments may be fixed or graduated. Up to 25 years.
Revised Pay As You Earn Repayment Plan (REPAYE)	Your monthly payments will be 10 percent of <i>discretionary income</i> . Payments are recalculated each year and are based on your updated income and family size. If you're married, both your and your spouse's income or loan debt will be considered, whether taxes are filed jointly or separately (with limited exceptions). Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years.
Pay As You Earn Repayment Plan (PAYE)	Your maximum monthly payments will be 10 percent of discretionary income. Payments are recalculated each year and are based on your updated income and family size. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years.
Income-Based Repayment Plan (IBR)	Your monthly payments will be 10 or 15 percent of discretionary income. Payments are recalculated each year and are based on your updated income and family size.
Income-Contingent Repayment Plan (ICR)	Your monthly payment will be the lesser of 20 percent of discretionary income, or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. Payments are recalculated each year and are based on your updated income, family size, and the total amount of your Direct Loans. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return or you choose to repay your Direct Loans jointly with your spouse. Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years.

Survey: your questions (cont.)

COULD YOU PLEASE REVIEW REPAYMENT STRATEGIES?

Second year borrowing on UL

Borrowing	Terms	FY15	FY16	FY17	FY18	Total	Residency and Salary Estimates	Repayment Plans	Payment range	Interest Accrued	Total repay
Institutional Loan	10 year repayment with 5% interest	\$3,100	\$3,100	\$0	\$0	\$6,200	All Calculations are based on 4 years of residency with \$60,000 income and \$180,000 after residency	Standard	\$1,467	\$54,215	\$175,815
Perkins	10 year repayment with 5% interest	\$5,000	\$5,000	\$8,000	\$0	\$18,000		Extended- 25 yea	\$950	\$116,899	\$238,499
Direct Unsub	Unsub- interest rate adjusted per year (5.84%)	\$22,300	\$22,300	\$22,400	\$30,400	\$97,400		IBR - 13 years	\$770-\$1,467	\$74,442	\$196,042
Total		\$30,400	\$30,400	\$30,400	\$30,400	\$121,600		PAYE - 14 years	\$599-\$1,467	\$62,978	\$203,153

Second year borrowing based on UL-with 5th year

Fiscal Years	General Loan Terms	FY 15	FY16	FY17	FY18	FY19	Total	Residency and Salary Estimates	Repayment Plans	Payment range	Interest Accrued	Total repay
Institutional Loan	10 year repayment with 5% interest	\$3,100	\$3,100	\$0	\$0	\$0	\$6,200	All Calculations are based on 4 years of residency with \$60,000 income and \$180,000 after residency	Standard	\$1,821	\$70,436	\$218,336
Perkins	10 year repayment with 5% interest	\$5,000	\$5,000	\$8,000	\$0	\$0	\$18,000		Extended- 25 yea	\$1,153	\$151,750	\$299,650
Direct Unsub	Unsub- interest rate adjusted per year (5.84%)	\$22,300	\$22,300	\$22,400	\$10,000	\$46,700	\$123,700		IBR- 14 years	\$765-\$1,821	\$103,147	\$251,047
Total		\$30,400	\$30,400	\$30,400	\$10,000	\$46,700	\$147,900		PAYE- 15 years	\$596-\$1,821	\$97,271	\$264,279

• Second year borrowing based borrowing with not UL and additional

		FY 15	FY16	FY17	FY18	FY19	Total	Residency and Salary Estimates	Repayment Plans	Payment range	Interest Accrued	Total repay
Institutional Loan	10 year repayment with 5% interest					\$0	\$0	All Calculations are based on 4 years of residency with \$60,000 income and \$180,000 after residency	Standard	\$2,476	\$108,401	\$297,069
Perkins	10 year repayment with 5% interest					\$0	\$0		Extended- 25 yea	\$1,417	\$236,484	\$425,152
Direct Unsub	Unsub- interest rate adjusted per year (5.84%)	\$47,167	\$47,167	\$47,167	\$47,167	\$0	\$188,668		IBR- 16 years	\$508-\$2,476	\$186,275	\$374,943
Total		\$47,167	\$47,167	\$47,167	\$47,167	\$0	\$188,668		PAYE - 20 years	\$339-\$2,168	\$231,782	\$353,716

Survey: your questions (cont.)

WHAT EXACTLY IS LOAN CONSOLIDATION AND SHOULD I BE DOING THAT?

ARE THERE ANY UPDATES ON LDS FUNDING FOR NEXT YEAR?

AAMC FIRST for Medical Education

- Financial Literacy Source for Medical Students
 - MedLoans Organizer and Calculator
 - Keep your loans current here!
 - Financial Literacy through ASA's SALT Program
 - FIRST Fact Sheets
- Available at www.aamc.org/services/first

Upcoming Session Reminder:

AAMC FIRST Loan Debt Session

Tuesday, March 1, 2016 / 6:00pm

Cannon Room (Building C)

Sponsored by the HMS Financial Aid Office

Presented by Julie Fresne from the AAMC

A Loan Repayment Session Open To All Students



- Debt Management
- Repayment Plan Options/Strategies
- Loan Forgiveness