Financial Aid at HMS

Bob Coughlin, Director of Financial Aid
Victor Anciano Granadillo, HMS ’15
Wesley Greenblatt, HMS ‘12
Paulvalery Roulette, HMS ’12
Ramone Williams, HMS ‘15
Topics for Discussion

- The Financial Aid Process
- The Award Package
- What Else to Expect
- Appeal Process
- Other Options/Resources Available
- Sample Packages
- Presidential Scholars Program
- Living within the HMS Budget
- Questions
The Financial Aid Process

- Two Pathways to Financial Aid
  - Option I
    - Applying for unit loan and grants
      - Parent information is required
  - Option II
    - Applying for federal loans ONLY
      - No parental information required
The Financial Aid Process (cont’d)

- Financial Aid Application must be complete before a decision will be made

**Option I**
- HMS Fin Aid App
- Need Access App
- FAFSA
- 1040/W-2s of Parents

**Option II**
- HMS Fin Aid App
- FAFSA
Financial Aid Process (cont’d)

- *Need-based* financial aid system
- Need = Budget – Calculated Family Contribution
- Need met first with loans (Unit Loan Package)
- Remaining Need met by grants
  - Ensures that students with highest need receive most scholarship support
- Financial Need *minus* Unit Loan *equals* HMS Scholarship
The Award Package

- **Unit Loan Concept**
  - Unit Loan is **fixed** at $26,950 (will remain $26,950 each year at HMS)
The Award Package (cont’d)

- Composition of 2012-13 Unit Loan Package
  - $18,850 Federal Stafford Loan (6.8%, unsubsidized)*
  - $5,000 Federal Perkins Loan (5%, subsidized)*
  - $3,100 HMS Revolving Loan (5% subsidized) or Wolfson Loan (variable up to 7%, subsidized)

*Note: loan terms/conditions are subject to change. The most reliable description of loan terms is the promissory note. Federal loan terms not confirmed for FY12.
The Award Package (cont’d)

- HMS Scholarship
  - Awarded if there is remaining need beyond Unit Loan
  - Covers entire remaining need, up to HMS cost of attendance budget
What if I have no calculated financial need or I am an Option II applicant?

- Federal Stafford Loan Program:
  - $44,944 additional unsubsidized

- Federal PLUS Loan Program:
  - Additional unsubsidized borrowing up to Cost of Attendance

- Private/Alternative Loan Programs
  - Additional unsubsidized borrowing up to Cost of Attendance
Questions about your award package?

- CONTACT US!
  - The Financial Aid Office is here to answer questions, provide counseling anytime
  - Financial Aid Appeal Process
  - Appeals/Petitions Reviewed in May and October

- You’re not just a number at HMS!!

HARVARD MEDICAL SCHOOL
Financial Aid Appeal Process

- If a purely need-based award from another school reflects a substantially different family contribution, LET US KNOW!!

- If there is additional information not addressed in financial aid application, LET US KNOW!!
  - Note: Anticipated change in family financial situation ordinarily addressed mid-year (i.e., December)

- BUT…cannot change packaging policy to match a merit award offered elsewhere
Consideration of Parent Contribution

- For students who are below age 29 as of October 1, 2012, the full calculated parent contribution (PC) will be used in determining eligibility for need-based funds.
- For students who are age 29 as of October 1, the calculated PC will be reduced by 25%.
- For students who are age 30 as of October 1, the calculated PC will be reduced by 40%.
- For students who are age 31 as of October 1, the calculated PC will be reduced by 60%.
- For students who are age 32 and above as of October 1, the calculated PC will be reduced by 80%.
Middle-Income Financial Aid Initiative

- Elimination or Reduction of Parent Contribution (PC)
  - Parents with income levels < $100K: PC will be $0
  - Parents with income levels $100K - $150K:
    - $100K - $110K: PC reduced 90%
    - $110K - $120K: PC reduced 80%
    - $120K - $130K: PC reduced 55%
    - $130K - $140K: PC reduced 40%
    - $140K - $150K: PC reduced 25%
  - Assets must be typical for families with these income levels
Middle-Income Financial Aid Initiative

- Elimination of Parents’ Tax-Deferred Retirement Income In Need Analysis
- Elimination of Mandatory Minimum Student Contribution (SC)
What to expect next...

- Award notifications mailed on a rolling basis once financial aid application is complete
  - Sign and return acceptance of awards to FA Office
  - Reflect adjustments on award letter (i.e., outside scholarships, increased loan request)
  - Award information will be available online at ‘My HMS Financial Aid’ when ready: www.hms.harvard.edu/finaid
What to expect next (cont’d)…

- E-mail notification of fall term bills
  - Indicates term bill charges (tuition, fees, dorm)
  - Anticipated aid (scholarship, loans)
  - Balance due (charges minus anticipated aid)
  - Notification e-mailed to your official Harvard E-mail address (provided to you by June)
    - NOTE: The HMS Online Financial Aid Application is based on the email address on file with AMCAS as of March 7, 2012
    - Email address will change to your official HMS email address in June

- Fall Cash Advance: May apply after August 20th (1st day of Orientation) if a portion of your financial aid will be used to cover living expenses
  - Form available online at [www.hms.harvard.edu/finaid](http://www.hms.harvard.edu/finaid)
Subsequent Years

- Reapply for financial aid each year
- If family financial situation remains the same, award will not change dramatically
  - NOTE: Change in siblings’ university enrollment could have an impact
Historical Trends...

- Average loan indebtedness of medical students nationally, Class of ‘11: app. $150K public; app. $177K private
- Average loan indebtedness, HMS Class of ‘11: $104,890
  Class of ’11 Unit Loan Total: $98,000
- Loan Figures include pre-medical school debt as well as combined/joint degree debt
Other Financing Options

- **Outside Scholarships**
  - Web-based scholarship searches (www.finaid.org)
  - Scholarship Reference Book in HMS F.A.O.
  - Email notifications from FAO throughout year

- **Internships/Research/Employment**
  - Scholars in Medicine Program
  - Federal Work-Study Program

- **Additional loan borrowing**
Outside Scholarship Policy

- Outside awards replace
  - Parent contribution and student loans, then
  - HMS scholarship
So how does it all work?

- Examples of financial aid packages
- How to live on the HMS budget
  - Perspectives from current students
HMS Cost of Attendance

- Tuition & Fees: $53,496
- Vanderbilt Hall: $8,470
- Other Expenses -- food, books, travel, misc (estimate): $14,134
- Total 2012-13 Budget: $76,100
  - Note: HST Student Budget: $75,350
- Budget breakdown provided in admission packet
Example: $20,000 Family Contribution

- Richard Stone is from a family of four. Richard’s father is a physician and his mother is a homemaker; his sister is a college freshman. The family’s annual income is $200,000; the equity in their home is worth $255,000 and they have $15,000 in savings and investments. Richard does not have any resources of his own.

<table>
<thead>
<tr>
<th>Cost of Attendance:</th>
<th>$76,100</th>
<th>Richard’s Financial Aid Package is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less calculated PC:</td>
<td>$20,000</td>
<td>□ HMS Scholarship: $29,150</td>
</tr>
<tr>
<td>Less calculated SC:</td>
<td>$0</td>
<td>□ Unit Loan Package: $26,950</td>
</tr>
<tr>
<td>Equals Financial Need:</td>
<td>$56,100</td>
<td>□ Total Aid: $56,100</td>
</tr>
</tbody>
</table>
Example: $0 Family Contribution

Susan Taylor’s parents are married. Her father is a teacher and her mother is part-time realtor. The family’s annual income is $95,000. They have $15,000 in savings and $75,000 in home equity. Susan has $5,000 in her own savings account.

Cost of Attendance: $76,100
Less calculated PC: $0*
Less calculated SC: $750
Equals Financial Need: $75,350

Susan’s Financial Aid Package is:

- HMS Scholarship: $48,400
- Unit Loan Package: $26,950
- Total Aid: $75,350

NOTE: Since Susan’s parents total income is less than $100K, no PC will be expected.
Example: $22,500 Family Contribution

- Wesley Bowman is married. His spouse is a human resource specialist who earns $35,000 a year. They have $2,500 in savings. Wesley’s parents are married. His father is an engineer and his mother is an asst professor. The family’s annual income is $135,000. They have $30,000 in savings and $70,000 in home equity. Wes has no siblings.

Cost of Attendance: $76,100

Calculated PC: $22,500

Actual PC (reduced 40%): $13,500

Less calculated SC: $0*

Equals Financial Need: $62,600

Wes’s Financial Aid Package is:

- HMS Scholarship: $35,650
- Unit Loan Package: $26,950
- Total Aid: $62,600

NOTE: Since Wes’s parents earn less than $150K, they qualify for the Middle Income Initiative. Also, since Wes’s spouse earns less than $40K, no contribution from income will be expected.
Example: Option II Candidate

- Stacey Wu has worked and lived independently from her parents for several years. She has decided to apply for financial aid without providing parental financial disclosure. Stacey understands that under this option, she is eligible only for federal and private loans. She has accumulated $30,000 in her own savings.

Stacey’s Financial Aid Package is:

- Unsub Ford/Stafford Loan: $44,944
- Total Aid: $44,944

Note: Stacey would be eligible for additional unsub PLUS and/or private loan borrowing.
What to do now…

- Avoid/eliminate credit card debt and keep your credit history clean
- Think about ways to live frugally
Presidential Scholars Program

- **HMS Public Service Initiative**
  - **Purpose:** to relieve a portion of the loan obligation of graduating students intending to pursue careers in public service
  - **Ex:** Primary care, family medicine, practice and/or research that promotes public health or health policy, commitment to underserved communities, international medicine (in resource poor settings)
  - **Eligibility requirements:** graduating HMS students. Priority given to students who have educational debt >$98,000
  - **Loan debt reduced at time of graduation**

*Program continuation based upon availability of funds. Program terms/conditions subject to change. Current funding anticipated to be available through FY15.*
Presidential Scholars Program

- **HMS Loan Repayment Assistance Program:**
  - Purpose: to provide debt-relief scholarships to HMS alumni with modest incomes and high debt-to-income ratios

- **Eligibility Requirements:**
  - HMS graduates who have completed their residency/fellowship training
  - Preference for alumni pursuing public service careers
  - Available to HMS alumni with high educational debt repayment and income levels below $140,000
  - No service commitment

*Program continuation based upon availability of funds. Program terms/conditions subject to change. Current funding anticipated to be available through FY15.*
AbundanceFound Global Health Loan Forgiveness Program

- Designed to relieve a portion of the loan obligation of graduating students intending to pursue careers in global health delivery
  - 20% award disbursed immediately following graduation
  - 40-80% award disbursed upon completion of at least one year of work centered in global health delivery
  - Priority given to students with educational debt >$98,000

Program continuation based upon availability of funds. Program terms/conditions subject to change. Current funding anticipated to be available through FY15.
So….Can You Reduce Your Debt?

- Outside Scholarships
- Loan repayment programs are available!
  - NIH Loan Repayment Programs
    - www.lrp.nih.gov
  - National Health Service Corp LRP
    - http://nhsc.hrsa.gov/loanrepayment
  - HRSA Faculty Repayment Program
    - www.hrsa.gov/loanscholarships
  - Links to Programs available at HMS Financial Aid Office website – Loan Forgiveness
    - www.hms.harvard.edu/finaid
You’re \textit{NOT} Just a Number
You’ll Know Them…
and They’ll Know YOU!
Living on the Budget

- Not too Shabby…
- What About Housing?
- What about Food?
- What about Books?
- You *will* have enough money for fun!!
Beyond the Financial Aid Package

- My classmates, my classmates, my classmates!
- Community
- Personal Attention
- Opportunities
- Great experiences!!
Take Home Points

1. You are not just a number
2. If you have concerns, come talk to them!
3. Remember, our financial aid packages are based on calculated “Need”
Medical education is an investment in your intellectual capital with great future returns.