



Financial Information,  
Resources, Services, and Tools

# Student Loans and Repayment Strategies

Prepared for the Graduating Class of 2016

Presenter's name

Presenter's title

Spring 2016



Disclaimer: All information and estimates are based on AAMC interpretation of federal regulations as of January 2016 and are subject to change. These are estimates only. Students should contact their servicer(s) to discuss exact loan balances and repayment options.

# Why do I Need to Know This?



# Oh, That's Why!



# Agenda

Know Your Loans

What Happens After Graduation

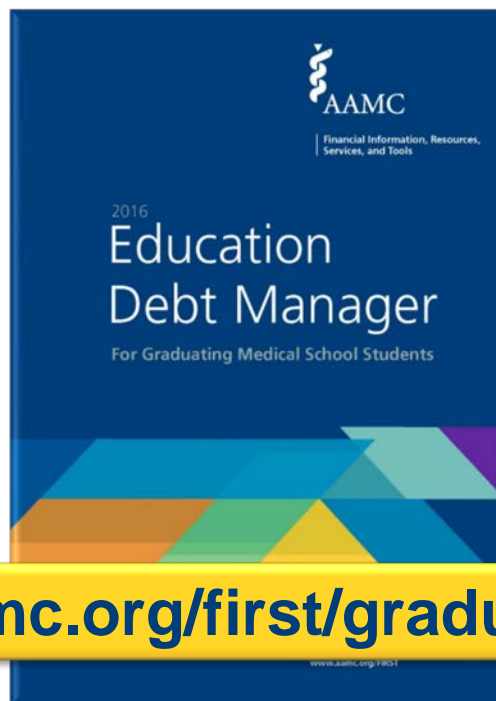
Repayment Plans

How Repayment Looks in Residency

Other Considerations

# Online Resource

## Education Debt Manager (EDM)



[www.aamc.org/first/graduating-edm](http://www.aamc.org/first/graduating-edm)

# Know Your Loan Portfolio

# Class of 2015 Indebtedness

Refer to page 3

## Median MD School Debt: \$183,000



**PUBLIC**



**PRIVATE**



Source: AAMC 2015 Graduate Questionnaire (GQ)

**Got Private Loan Debt?**  
see page 61

# Master Promissory Note

Refer to page 9



Is a contract with the lender

Has a multi-loan feature

Details terms and conditions

Includes rights & responsibilities



# Rights and Responsibilities

Refer to page 9

**Rights  
include...**

- ✓ **Prepay any federal loan without penalty**
- ✓ **Change repayment plans**
- ✓ **Request a deferment or forbearance**
- ✓ **Request a shorter repayment schedule**
- ✓ *Review your promissory note for all rights*

# Rights and Responsibilities

Refer to page 9

## Responsibilities include...

- ✓ **Make on time loan payments**
- ✓ **Make payments despite non-receipt of bill**
- ✓ **Notify the servicer of changes in contact info**
- ✓ **Complete exit counseling**
- ✓ *Review your promissory note for all responsibilities*

# A Serious Obligation

Refer to page 9

## Student loans must be repaid



# Consequences

Refer to page 10

## Delinquency

- Reported to credit bureaus
- Negatively affects credit



**Delinquency**  
**Default**

## Default

- Entire balance due immediately
- Additional charges, fees, and collection costs
- Negatively affects credit
- Garnished wages and tax returns
- Withheld Social Security and disability benefits
- Responsible for legal fees and court costs
- Ineligible for additional student aid
- Other federal debt collection methods

# Loan Discharge

Refer to page 11



# Finding Your Federal Loans

Refer to page 6



To access, provide your  
FSA ID, including :

**Username/Password**

*For questions, visit  
[www.fsaaid.ed.gov](http://www.fsaaid.ed.gov)*

[www.nsls.ed.gov](http://www.nsls.ed.gov)

# Subsidized Versus Unsubsidized

Refer to page 12

## Subsidized

- Direct Subsidized
- Perkins Loans\*
- Primary Care Loans
- Loans for Disadvantaged Students\*
- Institutional Loans (some)
- Consolidation Loans (underlyng subsidized loans)

## Unsubsidized

- Direct Unsubsidized
- Direct PLUS
- Private Loans
- Institutional Loans (some)
- Consolidation Loans (underlyng subsidized loans)

\* subsidy and deferment rights lost during consolidation

# Fixed Interest Rates *for the Class of 2016*

Refer to pages 13-14

M1 2012-2013	M2 2013-2014	M3 2014-2015	M4 2015-2016
<b>PERKINS*</b> 5.0%	<b>PERKINS*</b> 5.0%	<b>PERKINS*</b> 5.0%	<b>PERKINS*</b> 5.0%
<b>DIRECT UNSUBSIDIZED</b> 6.8%	<b>DIRECT UNSUBSIDIZED</b> 5.41%	<b>DIRECT UNSUBSIDIZED</b> 6.21%	<b>DIRECT UNSUBSIDIZED</b> 5.84%
<b>DIRECT PLUS</b> 7.9%	<b>DIRECT PLUS</b> 6.41%	<b>DIRECT PLUS</b> 7.21%	<b>DIRECT PLUS</b> 6.84%

\* Perkins, PCL and LDS Loans are disbursed at a fixed rate of 5%. All loans shown have a fixed interest rate.



# Capitalization

Refer to page 15

## Addition of unpaid interest to the principal

**\$183,000**



**\$29,800**



**\$212,800**



**Principal**

**+**

**Interest**

**=**

**Larger  
Principal**

# Repayment Tips

## When sending voluntary payments:

### 1) Send as a separate payment

- Instruct to APPLY NOW
- Specify the loan to apply it to  
*(high interest rates are the priority)*

### 2) Verify payment was applied as requested



**When possible, pay the interest on your loans before they capitalize!**

# After Graduation

# Grace

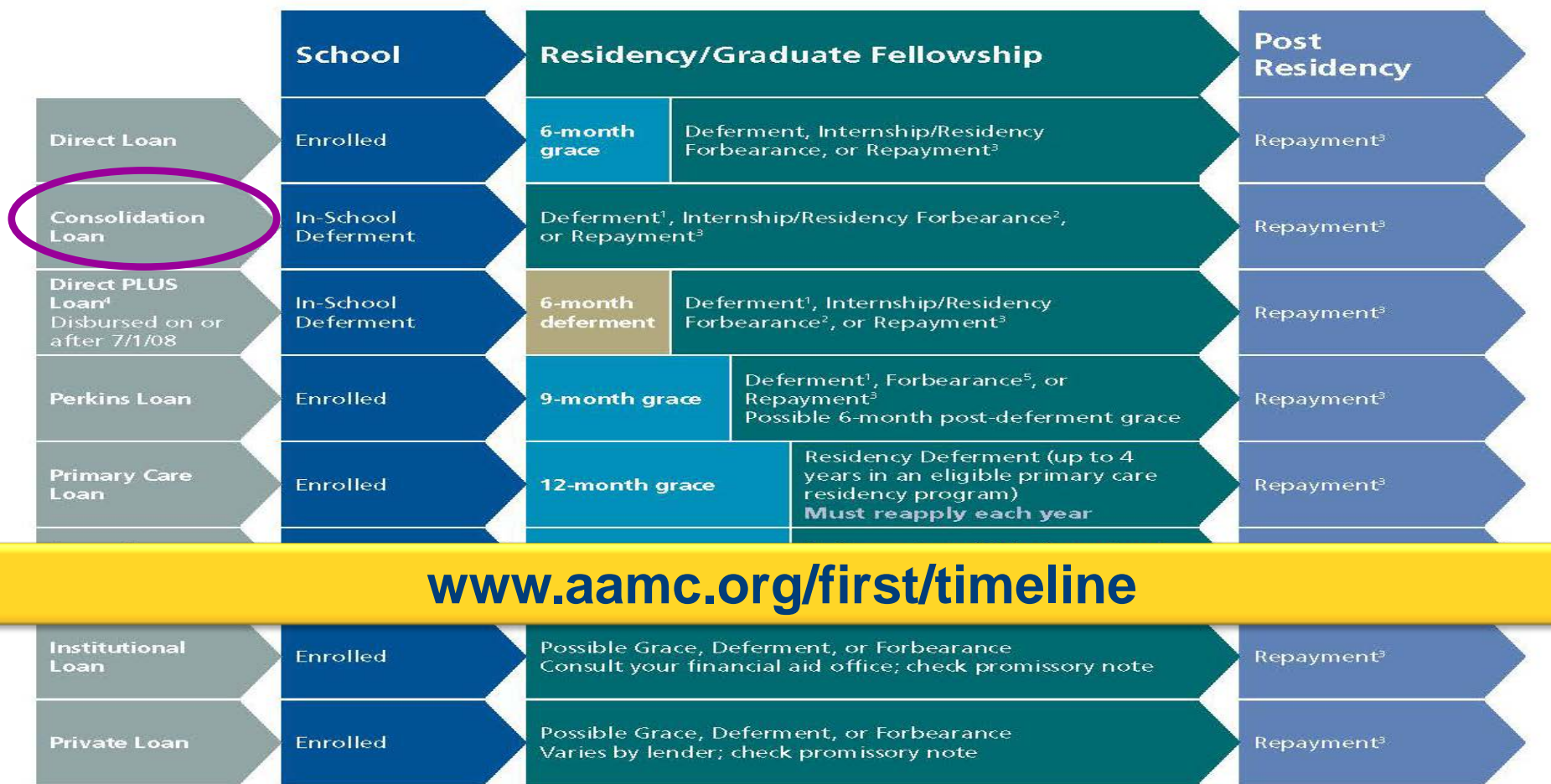
Refer to page 17

## The path for some loans



# Loan Repayment Timeline

Refer to pages 17-18



# Postponement Options

Refer to pages 19-20

Contact the loan servicer to apply

**Forbearance**

**Deferment**

Request 30-days before needed

# Postponement Options

Refer to page 19

## Deferment

Subsidized loans are interest free

Interest accrues on unsubsidized loans

Contact each loan servicer to apply

*Strict requirements to qualify*

**NOTE:** For more details, or to request a deferment or forbearance, contact each loan servicer.

# Postponement Options

Refer to page 20

## Forbearance

Interest accrues on all loans

Interest will capitalize

Contact each loan servicer to apply

*Request 30-days before needed*

**NOTE:** For more details, or to request a deferment or forbearance, contact each loan servicer.



# Postponement Options

Refer to page 20

## Medical Residency Forbearance

- Postpones payments in annual increments
- Capitalization may occur at end of residency  
*(if increments occur back-to-back throughout residency)*
- An option for medical residents/interns

**NOTE:** Request increments in a timely manner to avoid unnecessary and additional capitalization.

# Repayment Plans

# Loan Repayment

Refer to pages 34-35

## AAMC Monthly Payment Estimator for Medical Students—Direct Unsubsidized Loans

### Direct Unsubsidized Loans with a \$203,000 Starting Salary after 4-Year Residency

Loan Amount	Balance at Repayment	Standard		Extended		IBR		PAYE		REPAYE	
		10-Year Term	25-Year Term	10-Year Term	25-Year Term	Post-Residency Payment and Years (\$440-\$550 during res.)	Post-Residency Payment and Years (\$300-\$360 during res.)	Post-Residency Payment and Years (\$300-\$360 during res.)	Post-Residency Payment and Years (\$300-\$360 during res.)	Post-Residency Payment and Years (\$300-\$360 during res.)	Post-Residency Payment and Years (\$300-\$360 during res.)
\$100,000	\$116,306	\$1,296	\$756	\$1,296	\$756	\$1,296 for 10.6 yrs.	\$1,296 for 11.6 yrs.	\$1,296 for 10.6 yrs.	\$1,296 for 11.6 yrs.	\$1,744-\$1,964 for 6.9 yrs.	\$1,744-\$1,964 for 6.9 yrs.
\$110,000	\$127,937	\$1,426	\$831	\$1,426	\$831	\$1,426 for 10.8 yrs.	\$1,426 for 11.8 yrs.	\$1,426 for 10.8 yrs.	\$1,426 for 11.8 yrs.	\$1,744-\$2,014 for 7.8 yrs.	\$1,744-\$2,014 for 7.8 yrs.
\$120,000	\$139,567	\$1,556	\$907	\$1,556	\$907	\$1,556 for 11.1 yrs.	\$1,556 for 11.9 yrs.	\$1,556 for 11.1 yrs.	\$1,556 for 11.9 yrs.	\$1,744-\$2,065 for 8.6 yrs.	\$1,744-\$2,065 for 8.6 yrs.
\$130,000	\$151,198	\$1,685	\$982	\$1,685	\$982	\$1,685 for 12.1 yrs.	\$1,685 for 12.2 yrs.	\$1,685 for 11.3 yrs.	\$1,685 for 11.3 yrs.	\$1,744-\$2,118 for 9.5 yrs.	\$1,744-\$2,118 for 9.5 yrs.
\$140,000	\$162,829	\$1,815	\$1,058	\$1,815	\$1,058	\$1,815 for 11.4 yrs.	\$1,815 for 12.2 yrs.	\$1,744-\$1,815 for 12.2 yrs.	\$1,744-\$1,815 for 12.2 yrs.	\$1,744-\$2,172 for 10.4 yrs.	\$1,744-\$2,172 for 10.4 yrs.
\$150,000	\$174,459	\$1,944	\$1,133	\$1,944	\$1,133	\$1,944 for 11.6 yrs.	\$1,944 for 12.8 yrs.	\$1,744-\$1,944 for 12.8 yrs.	\$1,744-\$1,944 for 12.8 yrs.	\$1,744-\$2,227 for 11.3 yrs.	\$1,744-\$2,227 for 11.3 yrs.
\$160,000	\$186,090	\$2,074	\$1,209	\$2,074	\$1,209	\$2,074 for 11.8 yrs.	\$2,074 for 13.6 yrs.	\$1,744-\$2,074 for 13.6 yrs.	\$1,744-\$2,074 for 13.6 yrs.	\$1,744-\$2,284 for 12.3 yrs.	\$1,744-\$2,284 for 12.3 yrs.
\$170,000	\$197,720	\$2,204	\$1,284	\$2,204	\$1,284	\$2,204 for 11.8 yrs.	\$2,204 for 14.6 yrs.	\$1,744-\$2,204 for 14.6 yrs.	\$1,744-\$2,204 for 14.6 yrs.	\$1,744-\$2,342 for 13.3 yrs.	\$1,744-\$2,342 for 13.3 yrs.
\$180,000	\$209,351	\$2,333	\$1,360	\$2,333	\$1,360	\$2,333 for 11.9 yrs.	\$2,333 for 15.7 yrs.	\$1,744-\$2,333 for 15.7 yrs.	\$1,744-\$2,333 for 15.7 yrs.	\$1,744-\$2,402 for 14.4 yrs.	\$1,744-\$2,402 for 14.4 yrs.

This chart shows the most common repayment plans chosen by medical school borrowers. For a full list of all possible repayment plans, consult your servicer or the Federal Student Aid website (<http://studentaid.ed.gov/repay-loans/understand/plans>). These figures provide a borrower with estimates of balances and monthly payment amounts. They are estimates only, based on federal regulations, and are subject to change. (Values are rounded to the nearest dollar.)

Please contact your servicer(s) to discuss your exact balance and payment amounts. The loan amount is assumed to be spread out over four years in eight equal disbursements.

All values above are based on the following assumptions:

- Direct Unsubsidized Loans with an interest rate of 6.8% for the first year, then 5.41%, then 6.21%, then 5.84% for the final year of medical school.
- Four years of medical school, then a six-month grace period with the capitalization of all accrued interest occurring at the end of the grace period. Per federal regulations, income-driven repayment amounts are based on federal poverty guidelines, family size, and stipend/salary.

The IBR, PAYE, and REPAYE values above are based on the following assumptions:

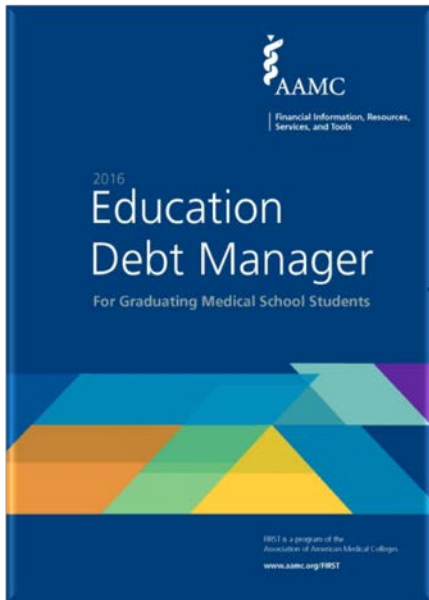
- Family size of one in the 48 contiguous states.
- Monthly payment amounts increase gradually each year starting at an estimated \$300/PAYE & REPAYE or \$440/IBR in year one, up to an estimated \$360/PAYE & REPAYE or \$550/IBR in year four (based on estimated median stipend amounts from the AAMC Survey of Resident/Fellow Stipends and Benefits). Actual monthly payment amounts will vary depending on borrower salary/stipend.
- After a four-year residency, the borrower earns a starting salary of \$203,000 (in 2014\$).

which may result in some level of loan forgiveness per PAYE guidelines.

ent amounts are based on federal poverty guidelines, family size, and stipend/salary.

The IBR, PAYE, and REPAYE values above are based on the following assumptions:

- Family size of one in the 48 contiguous states.
- Monthly payment amounts increase gradually each year starting at an estimated \$300/PAYE & REPAYE or \$440/IBR in year one, up to an estimated \$360/PAYE & REPAYE or \$550/IBR in year four (based on estimated median stipend amounts from the AAMC Survey of Resident/Fellow Stipends and Benefits). Actual monthly payment amounts will vary depending on borrower salary/stipend.
- After a four-year residency, the borrower earns a starting salary of \$203,000 (in 2014\$).

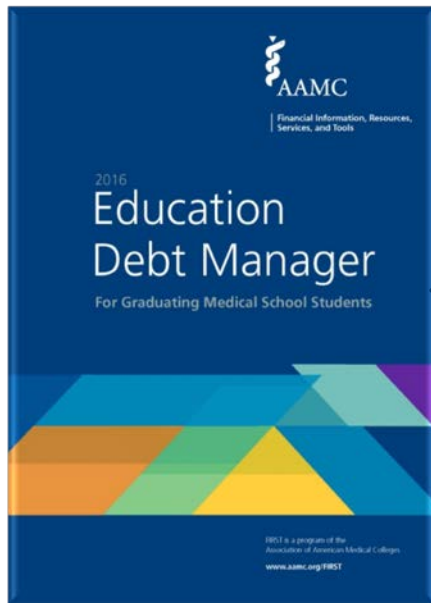


Loans
REPAYE
Residency stipend and years (\$360 during res.)
\$82 for 13 yrs.
\$165 for 13.6 yrs.
\$254 for 14.2 yrs.
\$318 for 14.8 yrs.
\$401 for 15.4 yrs.
Assumptions: 5% for the 84% for the 15th post-graduation month of accrued or delinquent interest.
Loans are Direct or Repay. The monthly amount is based on loan type. Amount is \$500 of the total amount.

# Repayment Plans

Refer to pages 36-37

## Effects on the total repayment costs



Forbearance During Residency					
Monthly Payment During Residency	Repayment Plan	Repayment Years after Residency	Estimated Monthly Payment after Residency	Interest Cost	Total Repayment
\$0	Standard	10	\$2,900	\$164,000	\$347,000
\$0	Extended	25	\$1,700	\$322,000	\$505,000
\$0	Graduated	10	\$1,300 for 2 years then \$3,400 for 8 years	\$177,000	\$360,000
\$0	ICR	7.2	\$3,600 to \$3,800 over 7.2 years	\$138,000	\$321,000
\$0	IBR	10.5	\$2,600 to \$2,900 over 10.5 years	\$170,000	\$353,000
\$0	PAYE	17	\$1,700 to \$2,600 over 17 years	\$245,000	\$428,000
\$0	REPAYE	17	\$1,700 to \$2,600 over 17 years	\$245,000	\$428,000

# Debt Fact

“ The lower the  
monthly payment,  
the higher the  
overall cost ”

# Repayment Plans

Refer to pages 22-23

## Traditional

Monthly payments for the entire repayment term are calculated **up-front** and disclosed to you.

**\$2,370/mo**

**\$1,380/mo**

**\$1,080/mo**

Based on a 2016 graduate indebtedness of \$183,000 with a PGY1 stipend of \$53,300 and a family size of one.

# Repayment Plans

Refer to pages 24-31

## Income-Driven

\$690/mo

\$440/mo

\$300/mo

\$300/mo

Monthly payments are based on income and other factors - **recalculated annually.**

Based on a 2016 graduate indebtedness of \$183,000 with a PGY1 stipend of \$53,300 and a family size of one.

\* New Borrowers on or after July 1, 2014 that select IBR will receive payment amounts equal to that of PAYE.

# What's the Catch?

**How are these payments possible?**





# Payments: Income-Driven Repayment (IDR)

Refer to pages 24-31

ICR

=

20%

IBR

=

15%

LOWEST

PAYE

=

10%

LOWEST

REPAYE

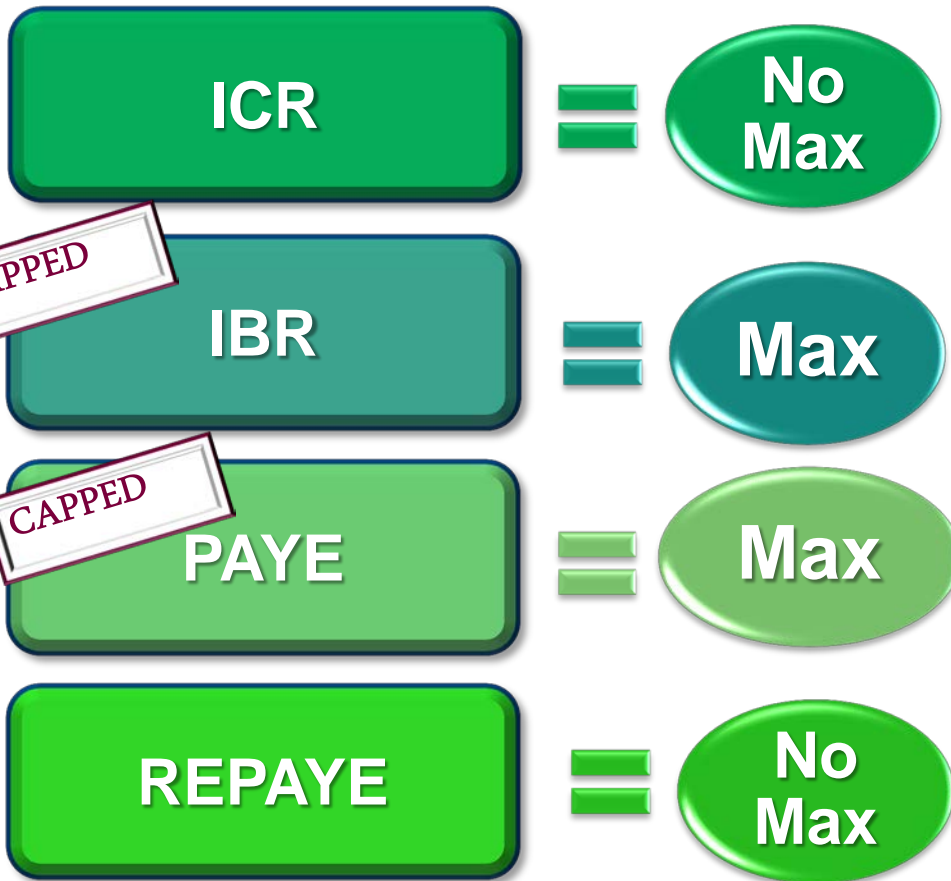
=

10%

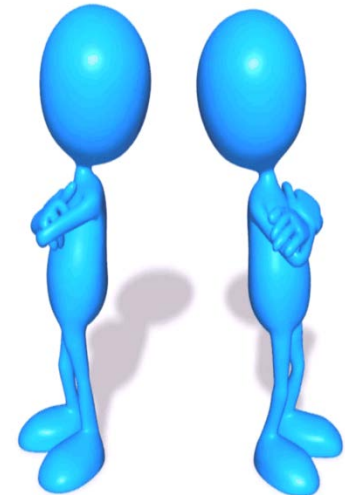
*Different Payment Amounts*



# Payments: Income-Driven Repayment (IDR)



*Different Payment Limits*



# Terms: Income Driven Repayment (IDR)

Refer to pages 24-31

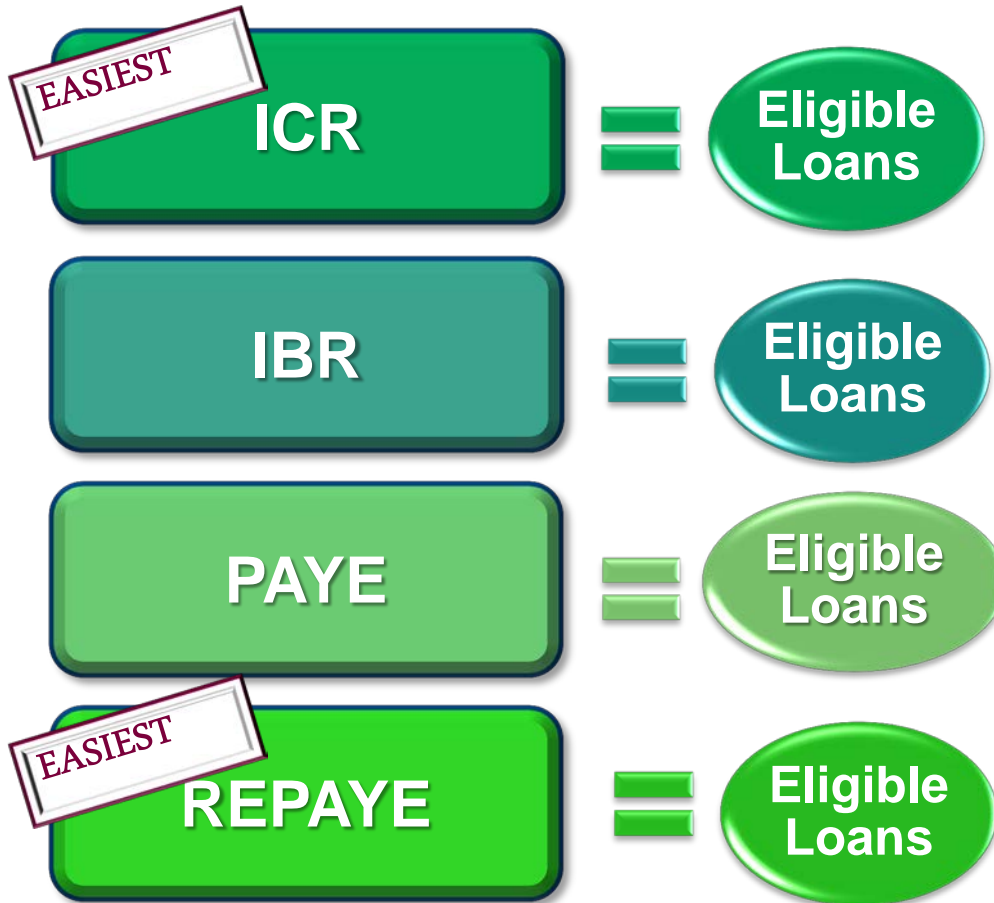


*Different Term Lengths*



# IDR Plans: Eligibility Requirements

Refer to pages 24-31



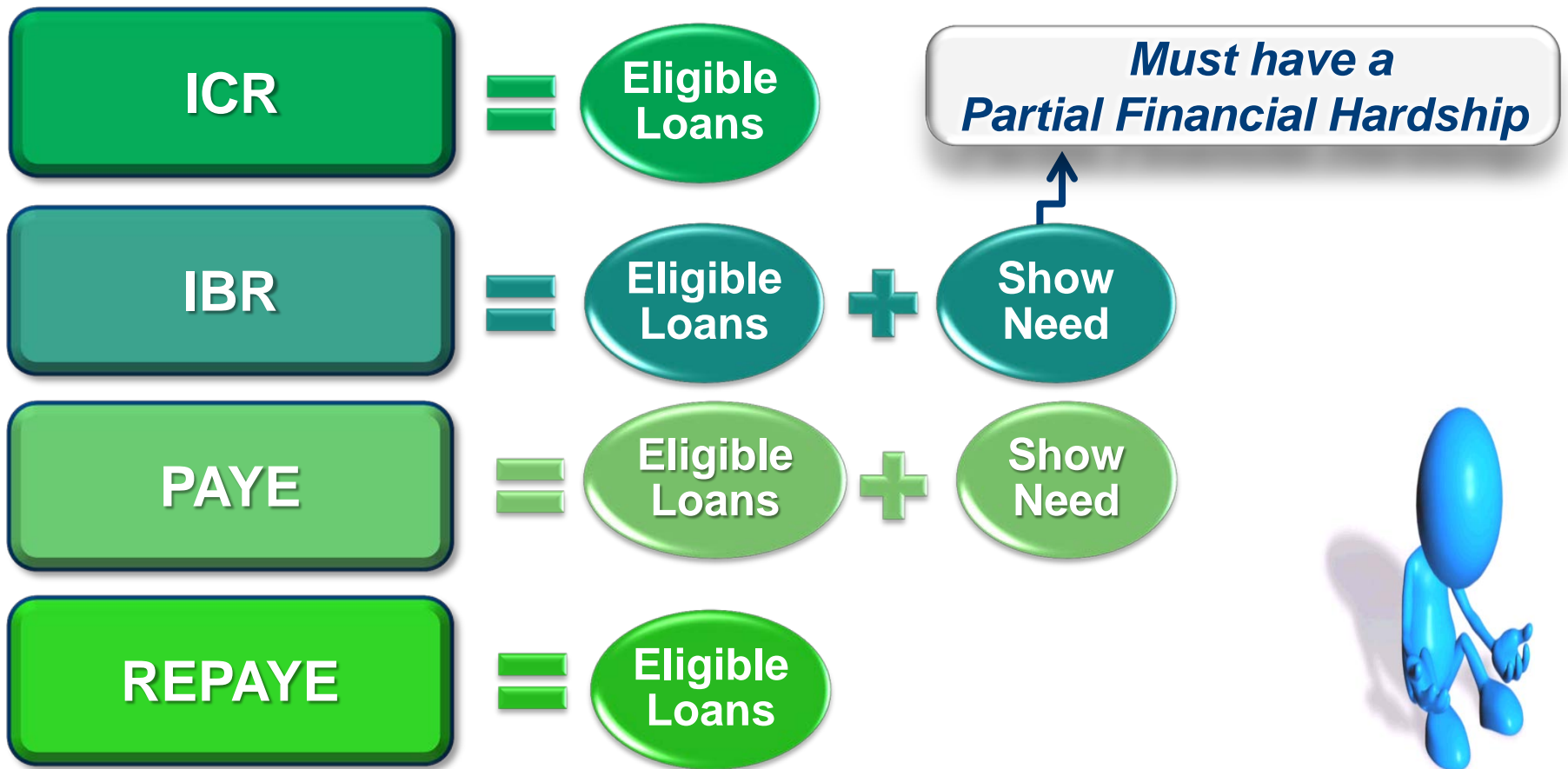
*Must be a Direct Loan*



4

# IDR Plans: Eligibility Requirements

Refer to pages 24-31



# The Test for a PFH

Refer to page 25

## Partial Financial Hardship (PFH)

**\$2,370 / mo**

>

**\$440 (IBR) or  
\$300 (PAYE)**

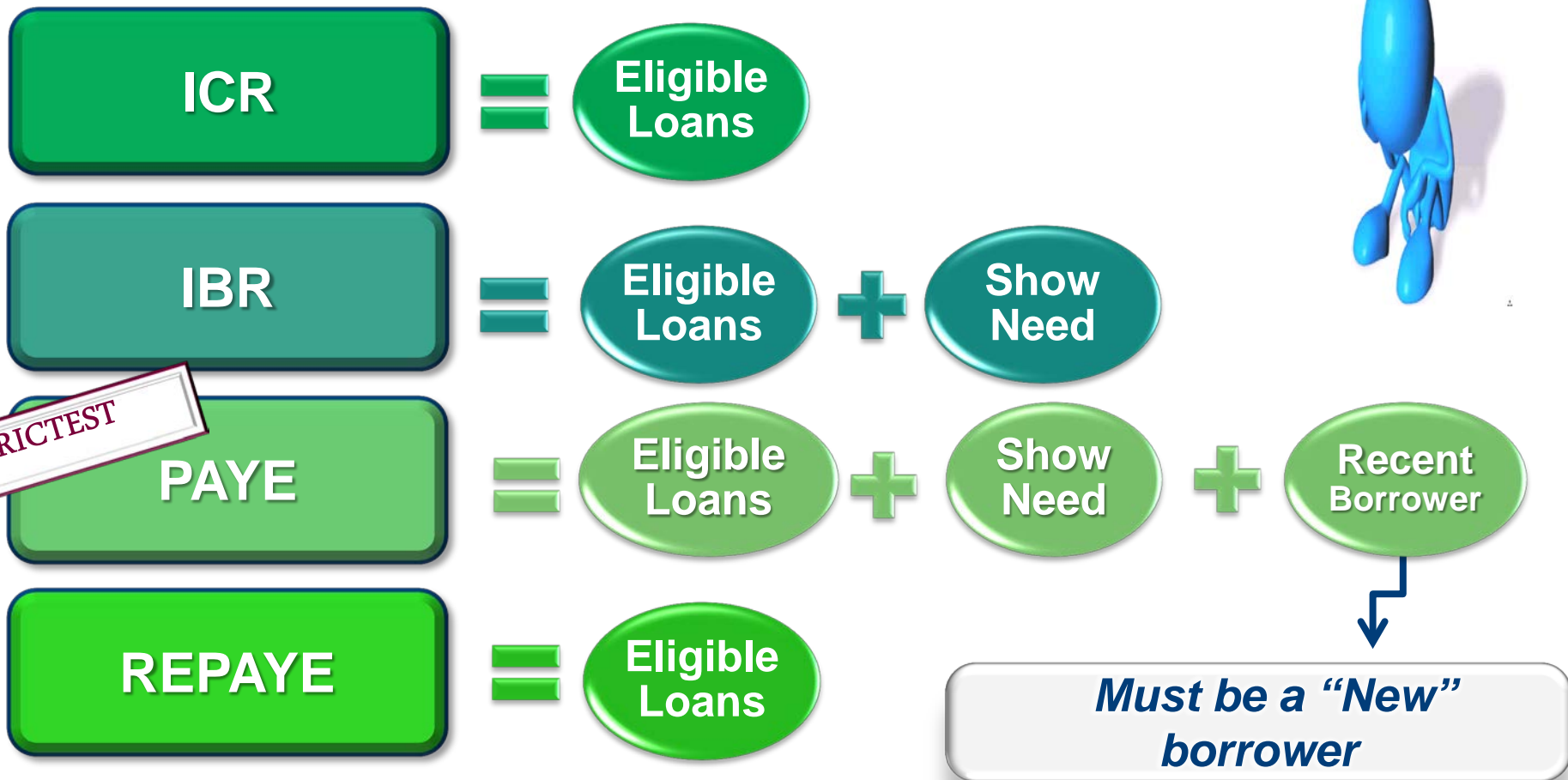
### Must have PFH to enter into IBR or PAYE

- Can remain in IBR or PAYE in subsequent years, even without a PFH
- Must submit annual documentation
- **Max payment in IBR or PAYE is the Standard amount (determined when entering the plan)**

Based on indebtedness of \$183,000 with a PGY1 stipend of \$53,300 and a family size of one.

# IDR Plans: Eligibility Requirements

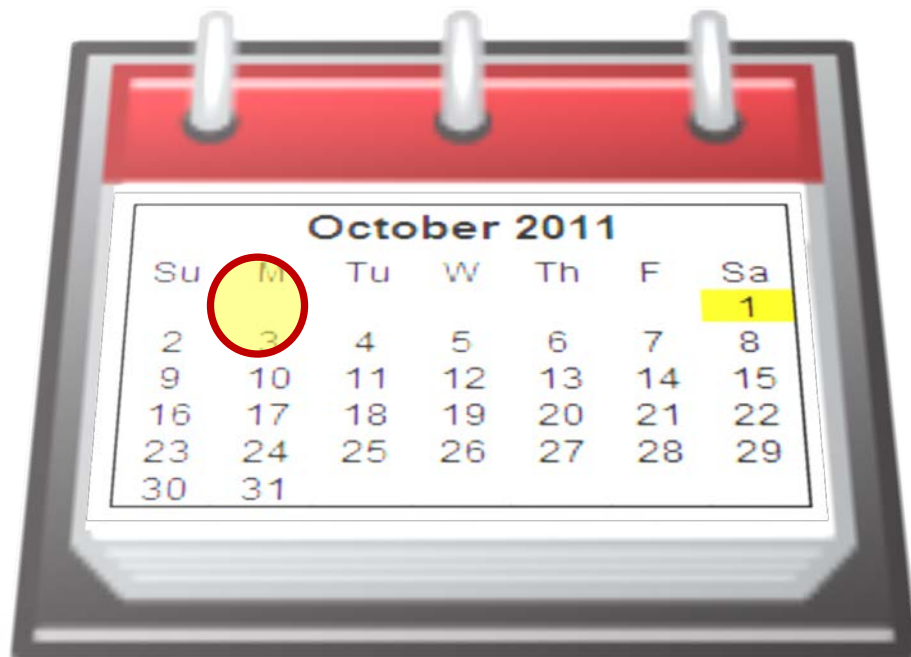
Refer to pages 24-31



# “New Borrower” Defined

Refer to page 28

## Two Requirements



- 1) No outstanding loans on October 1, 2007 or paid-off all outstanding loans before receiving a new loan on or after 10/1/07

**AND**

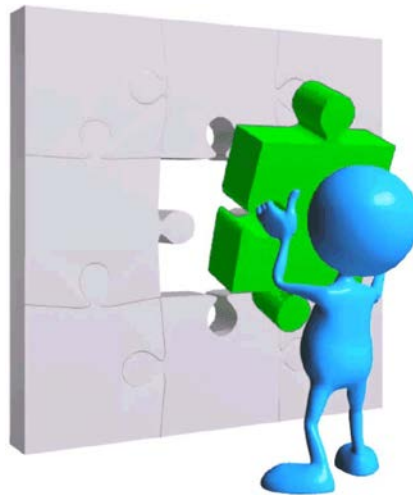
- 2) Received a Direct Loan disbursement on/after October 1, 2011



# Develop Your Own “Best” Strategy

It's not about the **best** one

It's about what **fits** with your life and financial goals



# Options During Residency

# Decision Time: 6 Months Post-Graduation

**Make  
Payments**

**Postpone  
Payments**

**Medical Residency  
Forbearance**

**PAYE  
REPAYE  
IBR**



# Which Option to Choose?



# Dr. Internal Medicine (General)

Student Loan Debt: \$183,000

Career: **Internal Medicine**

Residency Length: **3 years**

Debt: **\$183,000**

Post-Residency Y-1 Salary: **\$180,000**



# Dr. Internal Medicine



## Student Loan Debt: \$183,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	20	\$1,500 – 2,200	\$377k	\$46k		
Revised PAYE (REPAYE)	21	\$1,500 – 2,200	\$393k	--		X
Income-Based (IBR)	15	\$2,200 – 2,400	\$344k	--	X	

[www.aamc.org/medloans](http://www.aamc.org/medloans)

# Dr. Internal Medicine



## Student Loan Debt: \$250,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	20	\$1,500 – 2,200	\$377k	\$285k	X	
Revised PAYE (REPAYE)	25	\$1,500 – 2,400	\$517k	\$189k		
Income-Based (IBR)	21	\$2,200 – 3,300	\$568k	--		X

[www.aamc.org/medloans](http://www.aamc.org/medloans)

# Dr. Internal Medicine



## Student Loan Debt: \$325,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	20	\$1,500 – 2,200	\$377k	\$503k	X	
Revised PAYE (REPAYE)	25	\$1,500 – 2,400	\$517k	\$425k		
Income-Based (IBR)	25	\$2,200 – 3,700	\$775k	\$149k		X

[www.aamc.org/medloans](http://www.aamc.org/medloans)



# Dr. ObGyn

**Student Loan Debt: \$183,000**

**Career: Obstetrics & Gynecology**

**Residency Length: 4 years**

**Debt: \$183,000**

**Post-Residency Salary: \$230,000**



# Dr. ObGyn



## Student Loan Debt: \$183,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	18	\$2,000 – 2,400	\$383k	\$0k		X
Revised PAYE (REPAYE)	17	\$2,000 – 2,600	\$348k	\$0	X	
Income-Based (IBR)	16	\$2,400 – 2,400	\$363k	\$0		

[www.aamc.org/medloans](http://www.aamc.org/medloans)

# Dr. ObGyn



## Student Loan Debt: \$250,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	20	\$2,000 – 2,800	\$470k	\$166k	X	
Revised PAYE (REPAYE)	24	\$2,000 – 3,100	\$596k	\$0		X
Income-Based (IBR)	17	\$3,000 – 3,300	\$521k	\$0		

[www.aamc.org/medloans](http://www.aamc.org/medloans)

# Dr. ObGyn



## Student Loan Debt: \$325,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	20	\$2,000 – 2,800	\$470k	\$410k	X	
Revised PAYE (REPAYE)	25	\$2,000 – 3,200	\$652k	\$287k		
Income-Based (IBR)	22	\$3,000 – 4,300	\$799k	\$0		X

[www.aamc.org/medloans](http://www.aamc.org/medloans)

# Dr. Cardiology

Student Loan Debt: \$183,000

Career: **Cardiology**

Residency Length: **6 years**

Debt: **\$183,000**

Post-Residency Salary: **\$330,000**



# Dr. Cardiology



## Student Loan Debt: \$183,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	20	\$2,400 – 2,400	\$413k	--		X
Revised PAYE (REPAYE)	14	\$3,100 – 3,600	\$326k	--	X	
Income-Based (IBR)	19	\$2,400 – 2,400	\$402k	--		

[www.aamc.org/medloans](http://www.aamc.org/medloans)

# Dr. Cardiology



## Student Loan Debt: \$250,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	20	\$3,100 – 3,300	\$572k	\$16k		
Revised PAYE (REPAYE)	18	\$3,100 – 3,900	\$503k	--	X	
Income-Based (IBR)	20	\$3,300	\$591k	--		X

[www.aamc.org/medloans](http://www.aamc.org/medloans)

# Dr. Cardiology



## Student Loan Debt: \$325,000

Repayment Plan	Total Years	Post-Residency Payment (range)	Total Repayment Amount	Forgiven	Lowest Cost	Highest Cost
Pay As You Earn (PAYE)	20	\$3,100 – 4,100	\$622k	\$232k	X	
Revised PAYE (REPAYE)	23	\$3,100 – 4,500	\$767k	--		
Income-Based (IBR)	21	\$4,300 – 4,300	\$809k	--		X

[www.aamc.org/medloans](http://www.aamc.org/medloans)



# The FIRST Stop

Refer to page 5

## Medloans<sup>®</sup> Organizer and Calculator

*A tool for graduates!!*



- Upload your NSLDS loan data (details on page 6)
- Keep track of your student loan information
- Develop personalized repayment strategies

"Loans are less scary, and I've made a strategy to confront them. I'm also more confident that I can manage my debt during residency and beyond after using the Medloans<sup>®</sup> Calculator."

**Nathaniel Bayer,**  
2015 Graduate, URochester SOM

[www.aamc.org/medloans](http://www.aamc.org/medloans)

# Other Considerations

# Loan Forgiveness (PSLF)

Refer to pages 51-52

**Eligible Loans**

**+ Qualifying Payments**

**+ Qualifying Work**

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**Public Service Loan Forgiveness**

[www.myfedloan.org](http://www.myfedloan.org)

# Loan Forgiveness (PSLF)

Refer to pages 51-52

## Want to know more?

**Other Considerations**

### Public Service Loan Forgiveness (PSLF)

If you decide to work in public service, you may be eligible after 10 years of full-time work. The information below outlines the PSLF program, and a timeline of action to enter PSLF is provided.

#### Five steps to ensure eligibility for Public Service Loan Forgiveness

- Step 1:** Receive a qualifying repayment plan for your eligible loan.
- Step 2:** If necessary, consolidate eligible FFEL, LGS and Perkins Loans.
- Step 3:** Submit an Employment Certification Form (ECF) to FedLoan Servicing.
- Step 4:** Make 120 qualifying payments while completing eligible requirements.
- Step 5:** Upon completion of requirements, apply with FedLoan Servicing for PSLF.

#### Checklist for Public Service Loan Forgiveness

**ELIGIBLE LOANS:** Only the following loan types are eligible:

- Direct Loans (Subsidized and Unsubsidized)
- Direct PLUS and parent PLUS loans
- Direct Consolidation Loans
- Direct federal student loans\* can be made eligible by consolidating.

\* FFEL Stafford, Grad PLUS, Federal Consolidation, Perkins, LGS, and Private Information, visit [www.fedloan.gov](http://www.fedloan.gov).  
NOTE: Consolidated loans, private loans, and any consolidation loan not eligible.

**QUALIFYING PAYMENTS:** While simultaneously working in a qualifying public service job, you must make 120 scheduled payments under a qualifying repayment plan. If you are not currently making payments, you may want to consider consolidation.

- Income Based Repayment (IBR)
- Pay As You Earn (PAYE)
- Revised Pay as You Earn (REPAY)
- Income-Contingent Repayment (ICR)
- Standard Repayment plan or a repayment plan where the monthly amount required is at least 10% of your "disposable income."

\* Payments do not have to be consecutive, allowing for changes in employment.

**QUALIFYING WORK:** You must be employed full-time for a total of 10 years in a full-time work to be considered public service, your employer must be:

- Nonprofit tax exempt 501(c)(3) organization (for child care programs)
- Federal, state, local, or tribal government organization
- Religious service
- Public service organization – a private organization providing a public service to the community

Submit questions about eligible employers to FedLoan Servicing. That covers PSLF.

\* For more information on these loans, see the sidebar section on page 7.

\*\* Remember, each year you will need to update your Degree and Family Use Information with FedLoan Servicing so they can accurately calculate future monthly payments. It is also recommended that you annually submit an updated Employment Certification Form (ECF) to FedLoan Servicing.

#### Action Plan: Entering PSLF

**For Every PSLF Applicant:**

**ACTION 1:** The first step in obtaining PSLF is to request the **income-driven repayment plan** that offers pay-the-lowest monthly payment. This action can be initiated on the portal [grants.aid.gov/pslf/loanoptions](http://grants.aid.gov/pslf/loanoptions). Final documents needed to complete entry into the plan cannot be submitted until 90 days before the end of your grace period. Thus, before action 1 is complete, one or more of the items below will also be completed.

**If You Have FFEL or Perkins Loans\*:**

**ACTION 2:** After separating from school, you will **apply to consolidate your FFEL/Perkins Loans** ([www.fedloan.gov](http://www.fedloan.gov)). Indicate your interest in PSLF, and select FedLoan Servicing as your servicer. Direct Loans do not need to be consolidated; they are eligible for PSLF as is. You may also want to **establish an online account with FedLoan Servicing** to track your consolidation application.

NOTE: Payments made prior to a consolidation will not count toward PSLF. If you want to experience your full grace period and then consolidate, request processing to begin a month or two before grace is over on that payment plan's due date to the consolidation being disbursed. Processing of a consolidation takes 30-60 days.

**ACTION 3:** When you begin full-time work in your residency program, you should **submit an Employment Certification Form (ECF) to FedLoan Servicing**. At this point, all your existing Direct Loans will be transferred to FedLoan Servicing if the loans aren't already there ([http://www.fedloan.org/forms/public/changesofservicing\\_instructions\\_ECForm.pdf](http://www.fedloan.org/forms/public/changesofservicing_instructions_ECForm.pdf)).

NOTE: Processing of the ECF, including the transfer of loans, may take 30-45 days.

**ACTION 4\*\*:** **Work toward PSLF by making your required payments to FedLoan Servicing.** It is highly recommended that you **use your online account with FedLoan Servicing** to track payments and enroll in **Direct Debit** to ensure on-time payments.

**If You Have Only Direct Loans:**

**ACTION 1:** When you begin full-time work in your residency program, you should submit an **Employment Certification Form (ECF) to FedLoan Servicing**. At this point, all your existing Direct Loans will be transferred to FedLoan Servicing if they are not already there. ([http://www.fedloan.org/forms/public/changesofservicing\\_instructions\\_ECForm.pdf](http://www.fedloan.org/forms/public/changesofservicing_instructions_ECForm.pdf)).

NOTE: Processing of the ECF, including the transfer of loans, may take 30-45 days.

**ACTION 2\*\*:** **Work toward PSLF by making your required payments to FedLoan Servicing.** It is highly recommended that you **establish an online account with FedLoan Servicing** to track payments and **enroll in Direct Debit** to ensure on-time payments.

\* For more information on these loans, see the sidebar section on page 7.

\*\* Remember, each year you will need to update your Degree and Family Use Information with FedLoan Servicing so they can accurately calculate future monthly payments. It is also recommended that you annually submit an updated Employment Certification Form (ECF) to FedLoan Servicing.

[www.aamc.org/first/pslfebook](http://www.aamc.org/first/pslfebook)

# Repayment Assistance



[aamc.org/repayasst](http://aamc.org/repayasst)

[lrp.nih.gov](http://lrp.nih.gov)

[nhsc.hrsa.gov](http://nhsc.hrsa.gov)

## Information on other programs:

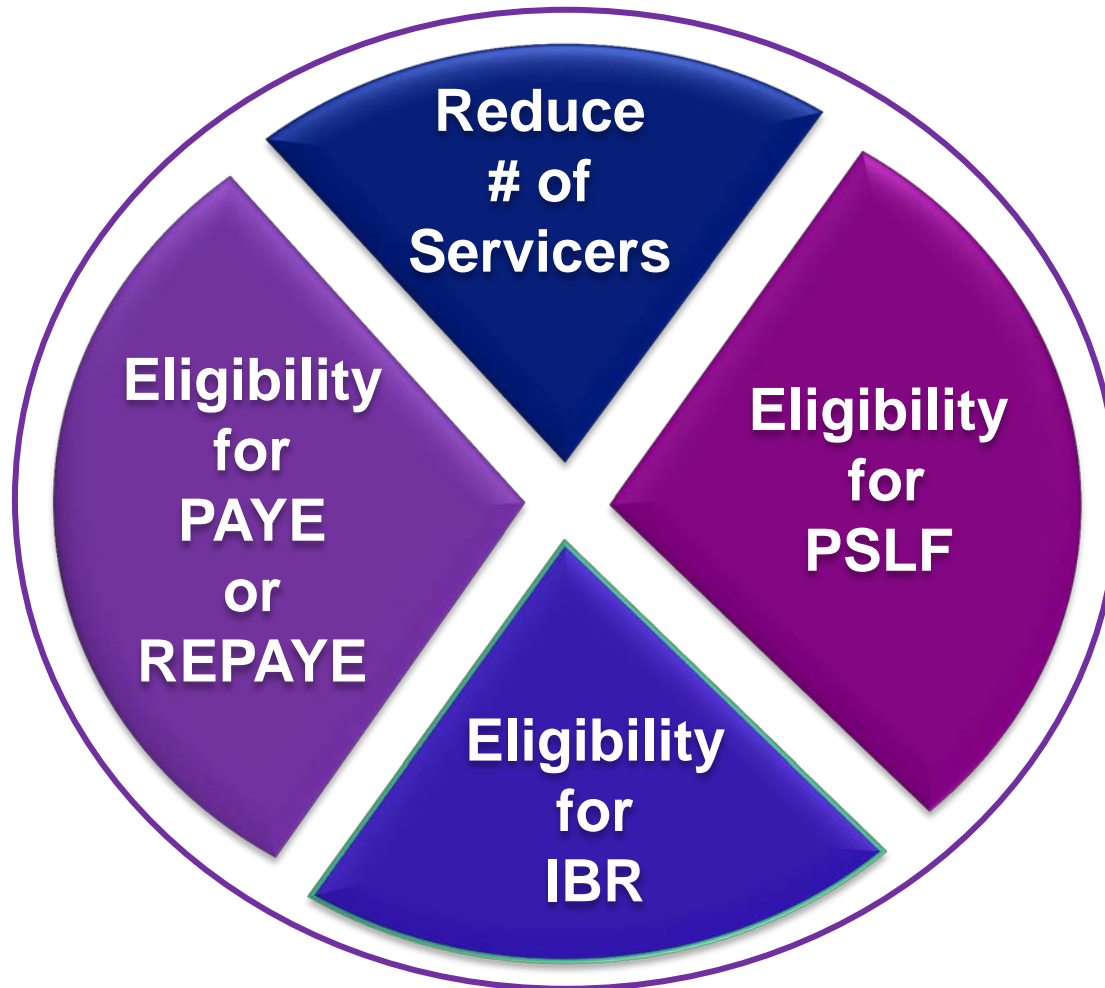
AAMC

National Institutes of Health (NIH)

National Health Service Corps (NHSC)

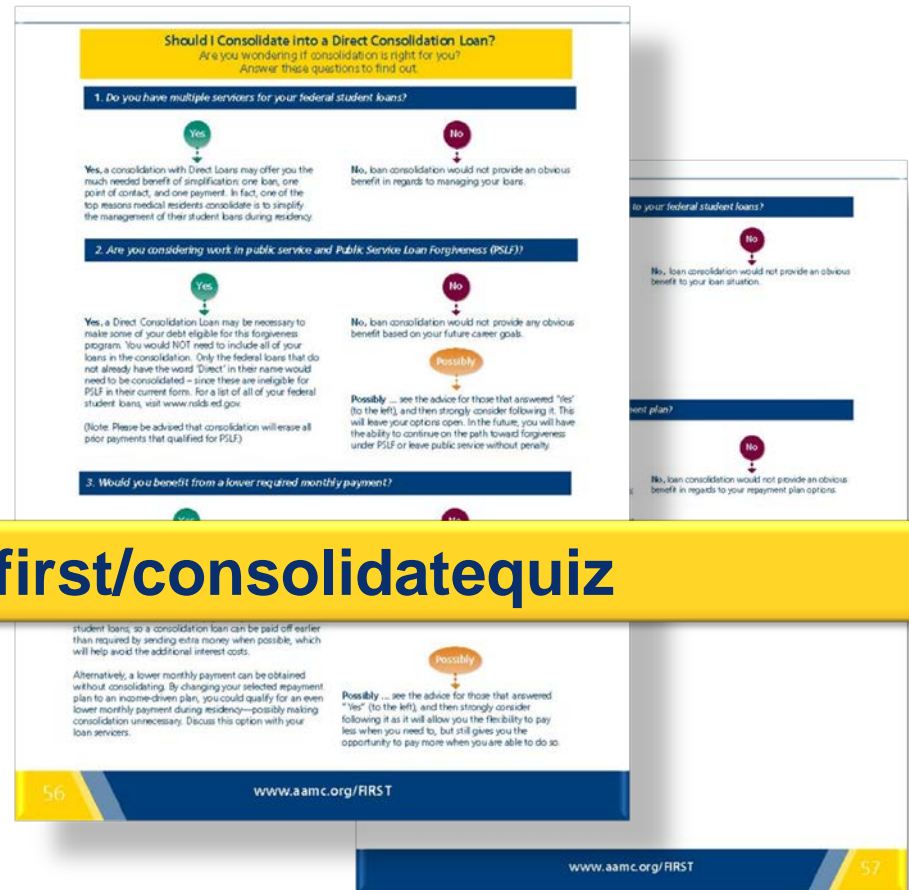
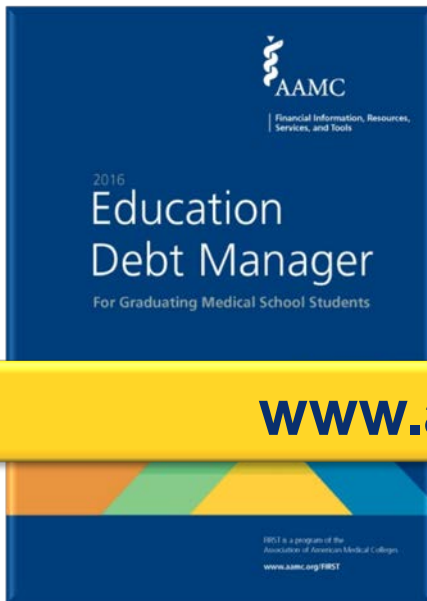
# Reasons to Consolidate

Refer to pages 53-54



# Should You Consolidate?

Refer to pages 56-57



[www.aamc.org/first/consolidatequiz](http://www.aamc.org/first/consolidatequiz)

# Should I Refinance?

Refer to pages 58-59

The screenshot shows the AAMC website page for 'Should I Refinance My Federal Student Loans?'. The page features a navigation bar with links for 'Advisors', 'Advocacy', 'Career', 'Financial Aid', and 'Services'. Below the navigation bar, there are several tabs: 'Choosing a Medical Career', 'Applying to Medical School', 'Attending Medical School', 'Training in a Residency or Fellowship', and 'Medical Career Inquiry Kit'. The main content area is titled 'Should I Refinance My Federal Student Loans?' and includes a sub-header 'Answer these questions to reveal if refinancing would benefit your debt situation.' Below this, there is a section titled 'Financial Information, Resources, Services, and Tools (FIRST)' with a link to 'Review more FIRST resources'. Another section is titled 'Medloans® Organizer and Calculator (MLOC)' with an image of a person using a laptop. The main body of the page contains a list of questions and answers regarding refinancing federal student loans. The questions are: 1. 'Should I refinance my federal student loans?', 2. 'Will you be working in public service?', and 3. 'Will the payments be affordable and/or is postponing payments an option during residency?'. Each question is followed by a 'If NO, then you should know:' section and a 'If YES, then you should know:' section. The page also includes a 'SALT' section with a link to 'Visit SALT' and a 'Stay Connected' section with links to 'Like the FIRST Facebook page' and 'Follow FIRST on Twitter'. At the bottom, there is a 'Contact FIRST' section with the AAMC logo and contact information.

[www.aamc.org/first/shouldirefinance](http://www.aamc.org/first/shouldirefinance)



# Taxpayer Relief Act of 1997\*

Refer to page 60

	Full Deduction	Partial Deduction	NO Deduction
Single	\$65,000 or less	\$65,001 to \$79,999	\$80,000 or more
Married filing Jointly	\$130,000 or less	\$130,001 to \$159,999	\$160,000 or more

**Max student loan interest deduction: \$2,500/year**

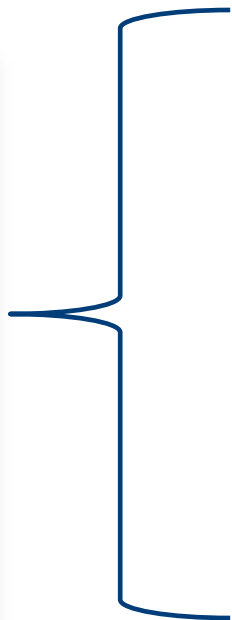
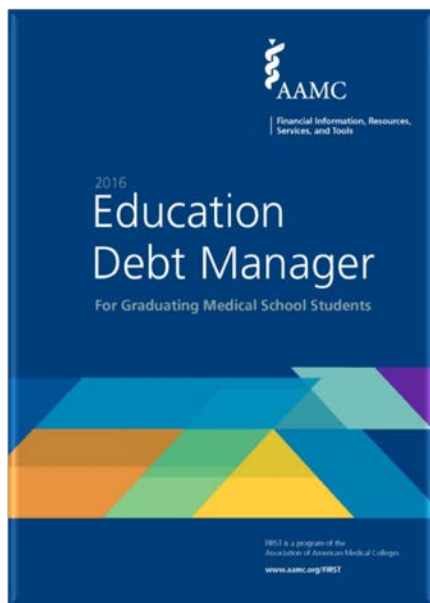
**May be eligible: Voluntary payments & capitalization**

\* Numbers reflect effect of MAGI on Student Loan Interest Deduction for 2015.

[www.irs.gov/publications/p970](http://www.irs.gov/publications/p970)

# The Next Steps

Refer to page 62



## Next Steps

The following is a brief guideline for soon-to-be graduates about the possible first steps for managing student loans as medical school transitions into residency.

<b>STEP 1</b> Immediately	<b>ORGANIZE YOUR LOANS</b> (See pages 6-8) <ul style="list-style-type: none"><li>• What types of loans do you have?</li><li>• Who services the loans?</li><li>• When is the first payment due?</li></ul>
<b>STEP 2</b> 30 Days Prior to Graduation	<b>HANDLE LOANS WITHOUT A GRACE PERIOD</b> (See pages 12-13) <ul style="list-style-type: none"><li>• Contact the servicers to request either a repayment plan to pay under or forbearance to postpone payments.</li></ul> <b>CONSIDER PAYING SOME OF THE ACCRUED INTEREST</b> (See pages 13-15) <ul style="list-style-type: none"><li>• Check with the servicers to determine when your loans will capitalize.</li></ul>
<b>STEP 3</b> Upon Graduation	<b>CONSOLIDATION IS AN OPTION</b> (See pages 53-57) <ul style="list-style-type: none"><li>• Applications can be submitted and processed immediately, or a request can be made and the application will be processed at (or near the end of) the grace period. Consolidation processing takes 30-60 days.</li></ul>
<b>STEP 4</b> When Residency Begins	<b>YOU NOW QUALIFY FOR A MANDATORY MEDICAL RESIDENCY FORBEARANCE</b> (See page 28) <ul style="list-style-type: none"><li>• As a resident, you are able to postpone payments through this forbearance (granted in annual increments).</li><li>• If you desire PSU, Employment Certification Forms or Consolidation applications may be submitted to the appropriate servicer now or any time in the future (see page 52).</li></ul>
<b>STEP 5</b> 90 Days Prior to the End of the Grace Period	<b>IF YOU WANT TO BE IN AN INCOME-DRIVEN REPAYMENT PLAN, SUBMIT YOUR FINAL APPLICATION TO THE LOAN SERVICER</b> (See pages 24-29) <ul style="list-style-type: none"><li>• Early submissions will be denied even if you are eligible for the IDR plan chosen.</li></ul>
<b>STEP 6</b> 30 Days Prior to the End of the Grace Period	<b>DECIDE IF YOU WILL POSTPONE OR BEGIN REPAYMENT</b> (See pages 36-37) <ul style="list-style-type: none"><li>• To postpone payments, contact the servicers to discuss postponement options.</li><li>• To start making payments, contact the servicers to select a repayment plan—if you have not already done so.</li></ul>
<b>STEP 7</b> Approximately 90 days Prior to 1st Year of Repayment Ending	<b>SUBMIT RECERTIFICATION PAPERWORK TO YOUR SERVICER TO CONTINUE IN YOUR INCOME-DRIVEN PLAN</b> <ul style="list-style-type: none"><li>• Repeat this step annually as appropriate.</li><li>• If a postponement option is being used, then recertification is needed 30 days before the end of the 1st year.</li></ul>

# Support Along The Way

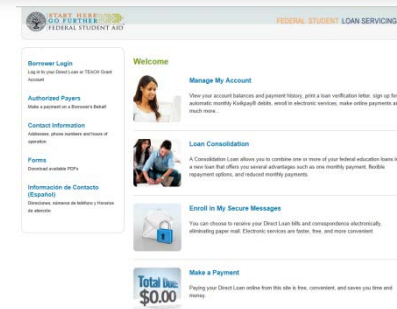
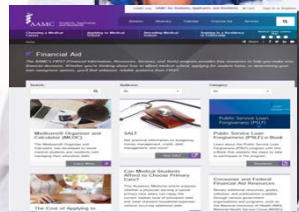
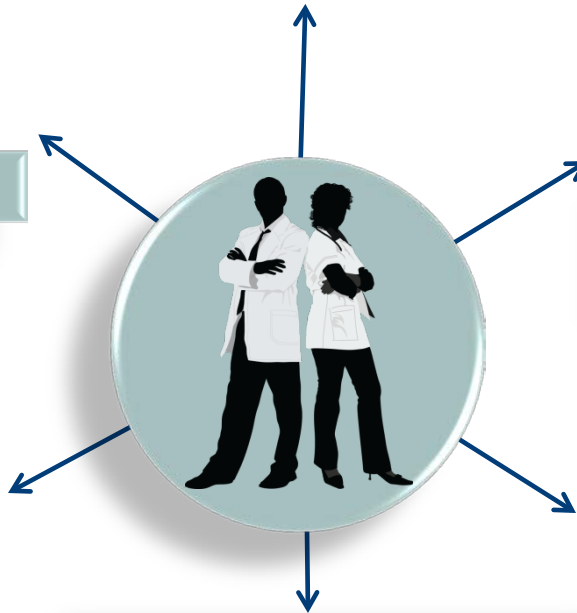
[studentaid.ed.gov/repay-loans/disputes](http://studentaid.ed.gov/repay-loans/disputes)

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION



[aamc.org/advocacy/meded](http://aamc.org/advocacy/meded)

**Financial Aid Office & Residency Programs**



[www.aamc.org/FIRST](http://www.aamc.org/FIRST)

**Medloans Organizer & Calculator**

[www.aamc.org/medloans](http://www.aamc.org/medloans)

**\$ALT** Money knowledge for college—and beyond.

**StudentLoans.gov**

[Saltmoney.org/AAMC](http://Saltmoney.org/AAMC)



“An investment in knowledge always  
pays the best interest”



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# Questions? **FIRST@[aamc.org](mailto:FIRST@aamc.org)**

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