



Repayment Strategies for Graduating Medical Students

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YOU DID IT!!



Frequently Asked Questions

- ✓ Will I be able to repay my loans during residency?
- ✓ How can I select the right payment plan for me?
- ✓ Should I apply for Public Service Loan Forgiveness (PSLF)?
- ✓ Is consolidation or refinancing the best option for me?

A black marker with an orange tip is shown drawing a red checkmark inside a blue square on a white surface. The marker is positioned diagonally, and the checkmark is partially completed. The background is a plain white surface with some faint, light blue lines and a red checkmark visible in the distance.

Agenda for Session

- Current State of Student Loans
- Timeline for Repayment
- Where to Find Your Loans
- What Are Your Options?
- Repayment Plans
- Budgeting in Your Payment
- Additional Resources



Current State of Student Loans

Student Loan Moratorium is Still In Effect

Preparing for Repayment to Resume

Payment Amount and
Due Date

Frequently Asked
Questions (FAQs)

COVID-19 and Federal
Student Aid Info

Beware of Scams

Additional Resources
and Information

COVID-19 Emergency Relief and Federal Student Aid

Here, you can find information about COVID-19 relief for federal student loans. This relief includes a suspension of loan payments, a 0% interest rate, and stopped collections on defaulted loans.

Which Loans Are Eligible

Student Loan Payment Pause Extended

The student loan payment pause is extended until the U.S. Department of Education is permitted to implement the debt relief program or the litigation is resolved. Payments will restart 60 days later. If the debt relief program has not been implemented and the litigation has not been resolved by June 30, 2023 — payments will resume 60 days after that. We will notify borrowers before payments restart.

Effects of COVID-19 Relief Measures

- Amount Borrowed: **\$200,000**
- Savings to Borrowers: **\$23,400**

*no interest has accrued on direct loans since March 2020.



Student Debt Cancellation



One-time, federal student loan debt cancellation.

Forgiveness of \$10,000 for individuals earning under \$125,000/yr. and up to \$20,000 for Pell Grant recipients.

Includes borrowers with federal loans disbursed by June 30, 2022.



Current Court Actions

- There are several active lawsuits seeking to block Biden's debt relief plan.
- A lower court dismissed the lawsuit, and the states appealed the ruling. Biden administration asked the Supreme Court to overturn the injunction.
- The Supreme Court heard arguments in February.



Subscribe for
Updates

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

What the program
means for you, and
what comes next

The Biden
Administration's Student
Loan Debt Relief Plan

Beware of Scams

The Biden-Harris Administration's Student Debt Relief Plan Explained

English | Español

Student Loan Debt Relief Is Blocked

Courts have issued orders blocking our student debt relief program. As a result, at this time, we are not accepting applications. We are seeking to overturn those orders.

If you've already applied, we'll hold your application. [Subscribe and check back here for updates](#). We will post information as soon as further updates are available.

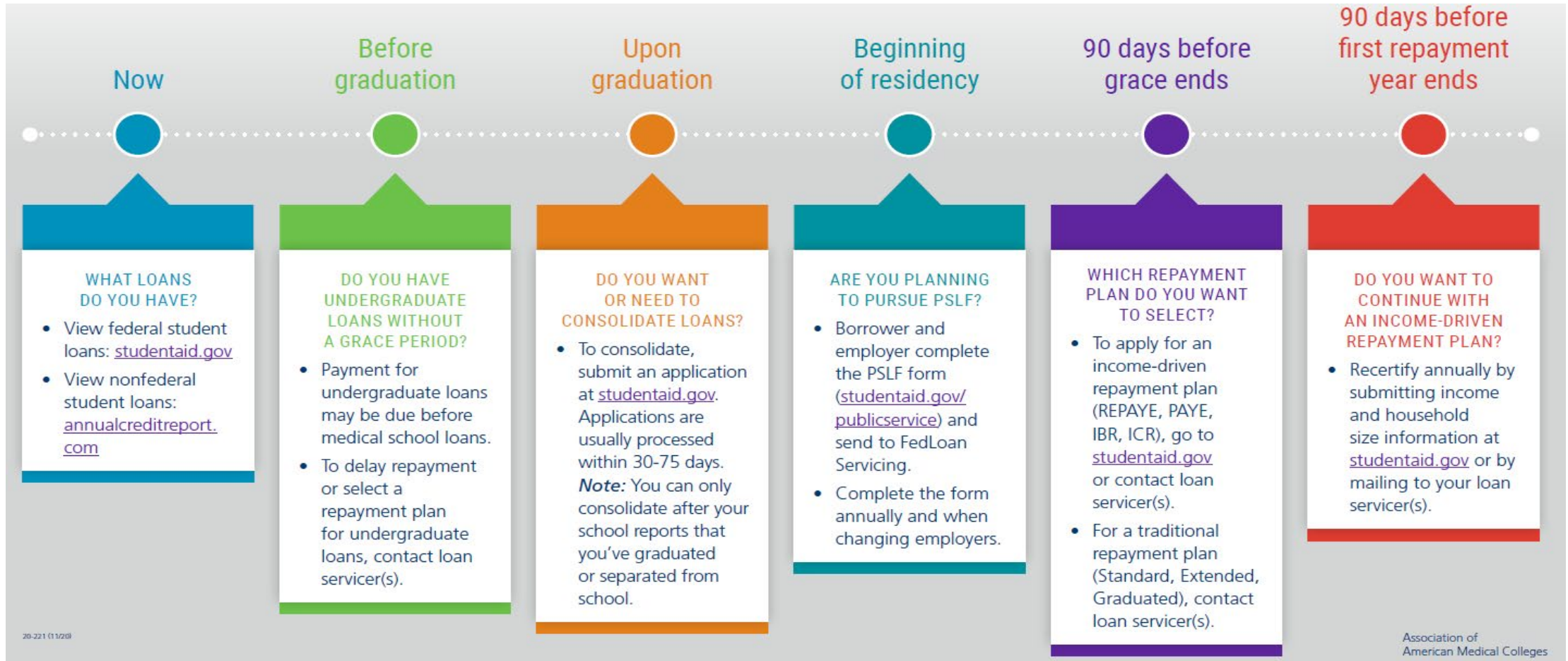
Questions?



Your Timeline



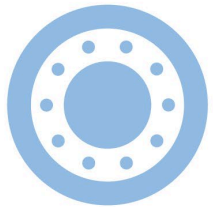
Timeline to Repayment





Where to Find Your Loans

CONTRACT



Which Loans Do You Have?

- Institutional Loans – awarded and serviced by the school
- Private Loans – awarded and serviced by outside financial institution
- Federal Loans – awarded by school and serviced by Department of Education



Just Announced: Loan Repayment Begins After Jan. 31, 2021
[Coronavirus and Forbearance Information for Students, Borrowers, and Parents](#)

An official website of the United States government.

[Help Center](#) [English | Español](#)

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

[UNDERSTAND AID](#) ▾

[APPLY FOR AID](#) ▾

[COMPLETE AID PROCESS](#) ▾

[MANAGE LOANS](#) ▾

[Log In](#) | [Create Account](#)



You Are America's Smartest Investment

The U.S. Department of Education's office of Federal Student Aid provides more than \$120 billion in financial aid to help pay for college or career school each year.

[Log In](#)

[Create Account](#)

studentaid.gov

Find your federal student loan information.



Manage Loans

Navigate the student loan repayment process with confidence: make payments, change repayment plans, explore options, and get help.

[View My Account](#)

Understanding Student Loan Repayment

Learn about federal student loan repayment based on where you are in the process.



I'm Starting School or In School



I'm About to Graduate or Leave College



I Just Graduated or Left School



MY AID



Your loan balance is
\$200,000

[VIEW DETAILS >](#)

Loan information as of
[View loan servicer details](#)

Estimate monthly
payments and compare
loan repayment plans

[LOAN SIMULATOR >](#)

Decide whether a Direct
Consolidation Loan is right
for you

[LOAN CONSOLIDATION >](#)

MY CHECKLISTS

I'M PREPARING FOR SCHOOL



I'M IN SCHOOL



I'M IN REPAYMENT



Use the *Public Service
Loan Forgiveness (PSLF)
Help Tool*

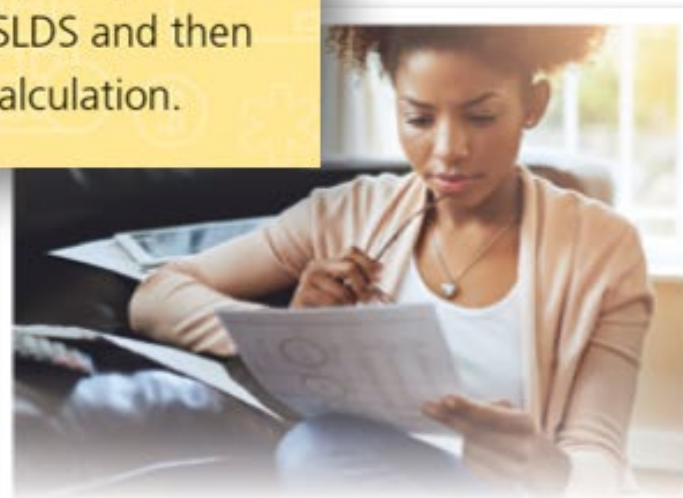
*Loans broken down by term disbursed

Know your numbers so you can make educated repayment decisions.

To log in to the MedLoans Organizer and Calculator, use your AAMC username and password.

aamc.org/medloans

To see your repayment options quickly, export your loan information from NSLDS and then upload it into the Organizer for calculation.

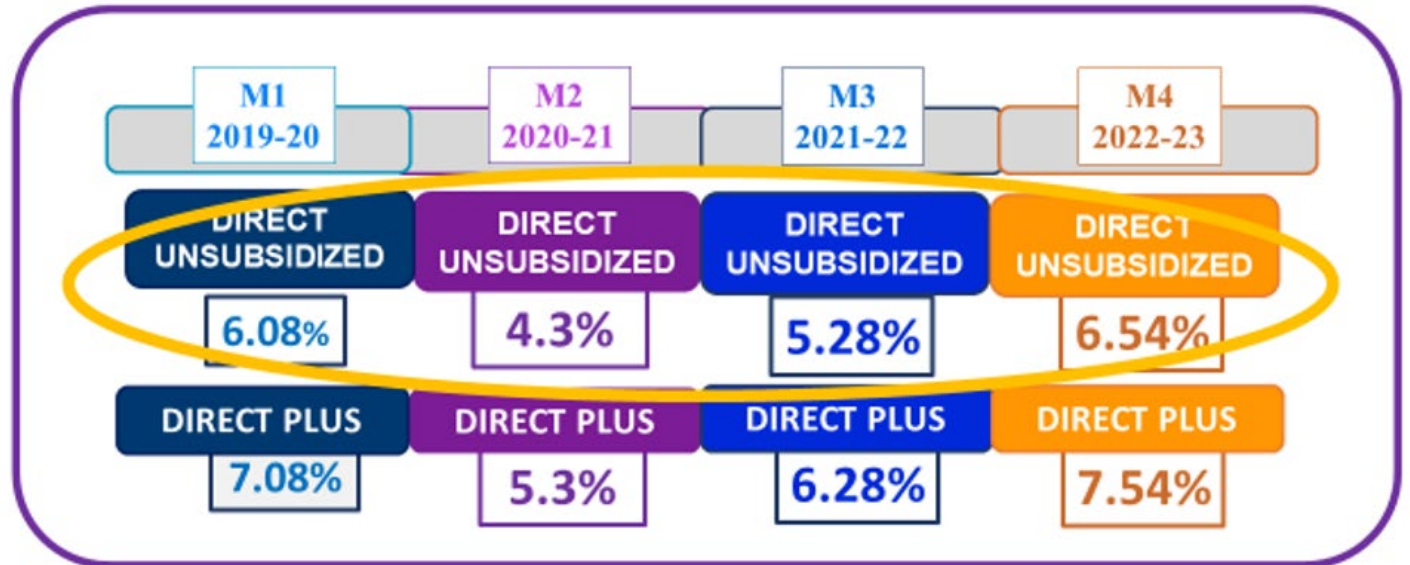


MedLoans® Organizer
and Calculator

MLOC is a tool to help you organize your loans and evaluate your repayment options

aamc.org/medloans

Fixed Interest Rates for Class of 2023

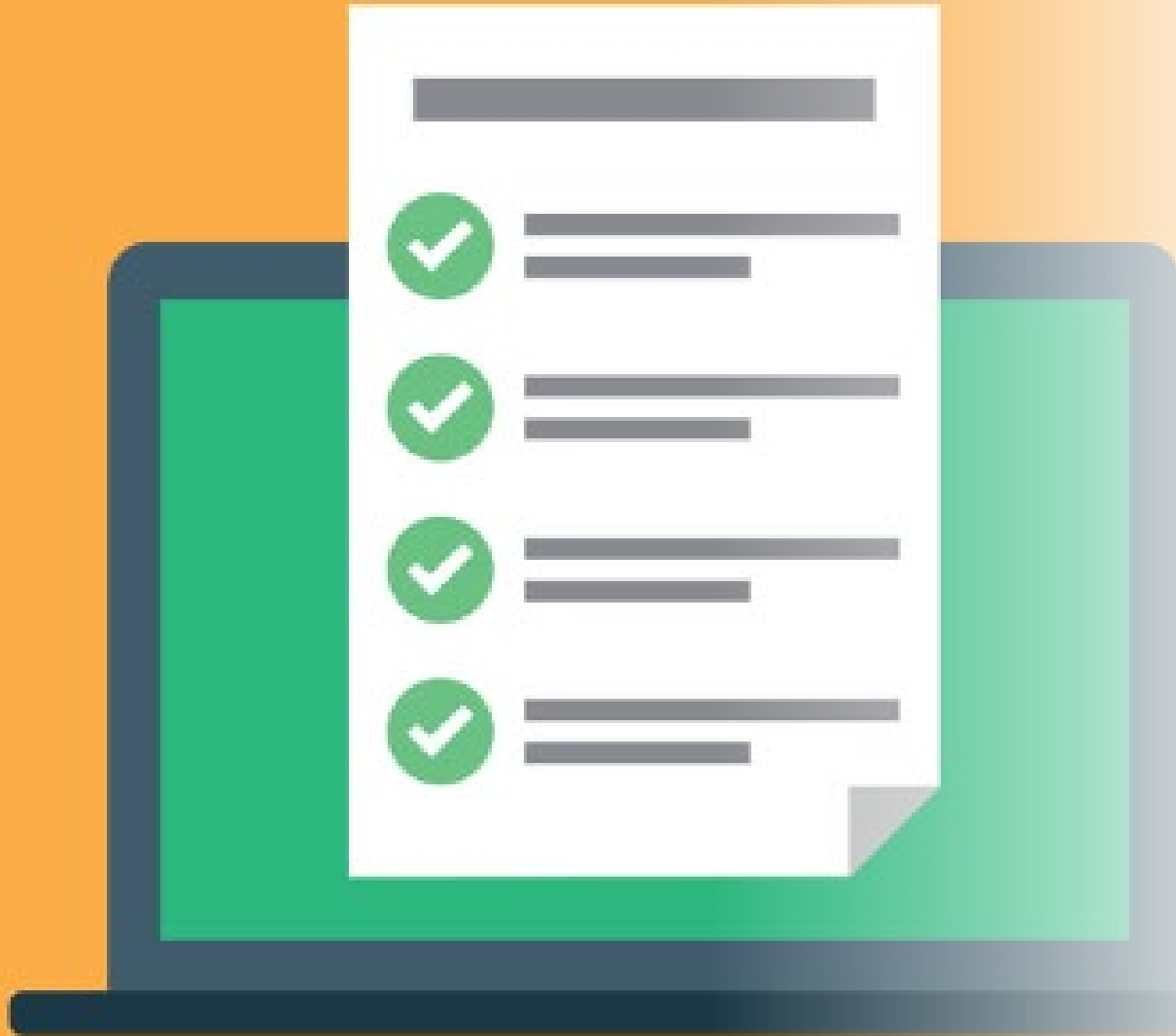




**What Options
Do You Have?**

Grace Period

- 6 months after graduation
- No payment necessary
- Interest may accrue on loans
- Carefully decide based on all options



But I used up my grace period after my undergraduate degree...

- Which loans still have a grace period remaining
- Postpone payment with a deferment or forbearance alignment
- Stay calm and focus on your options

Loans in Forbearance

What does this mean?



No payments are required during this time



Must apply each calendar year



Payments toward principal and/or interest can happen during forbearance



Residents may opt out of forbearance and into a payment plan at any time

Some Facts for You

- Total amount you pay once payment begins will be greater as loans will accrue interest during this time.
- Increasing your debt during this time can change your payment amount later.
- Will affect your ability to budget later when you may be looking to purchase a home, car or other items.

Begin Repayment

What does this mean?

Must verify income each calendar year (if in an IDR).

Minimum monthly payment is being made during this time.

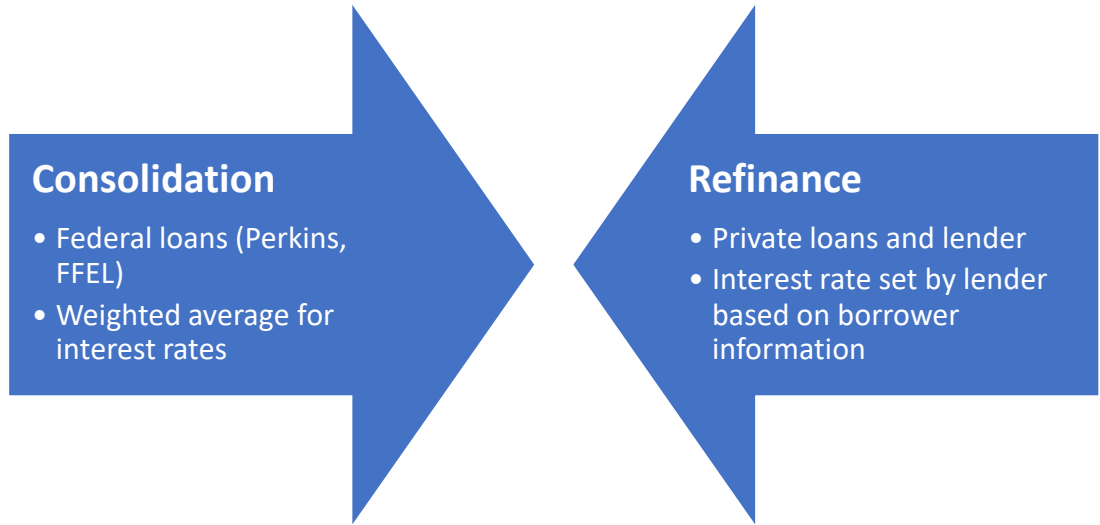
You must choose a payment plan before the end of your grace period.

Some Facts for You

- Budgeting during residency is important.
- Significantly reduces debt once you have finished residency.
- May opt out of repayment plan during residency.
- You could qualify for student loan interest deduction when filing taxes.



Consolidate or Refinance?



<https://students-residents.aamc.org/financial-aid/all-about-loans>



National Institutes
of Health



U.S. AIR FORCE



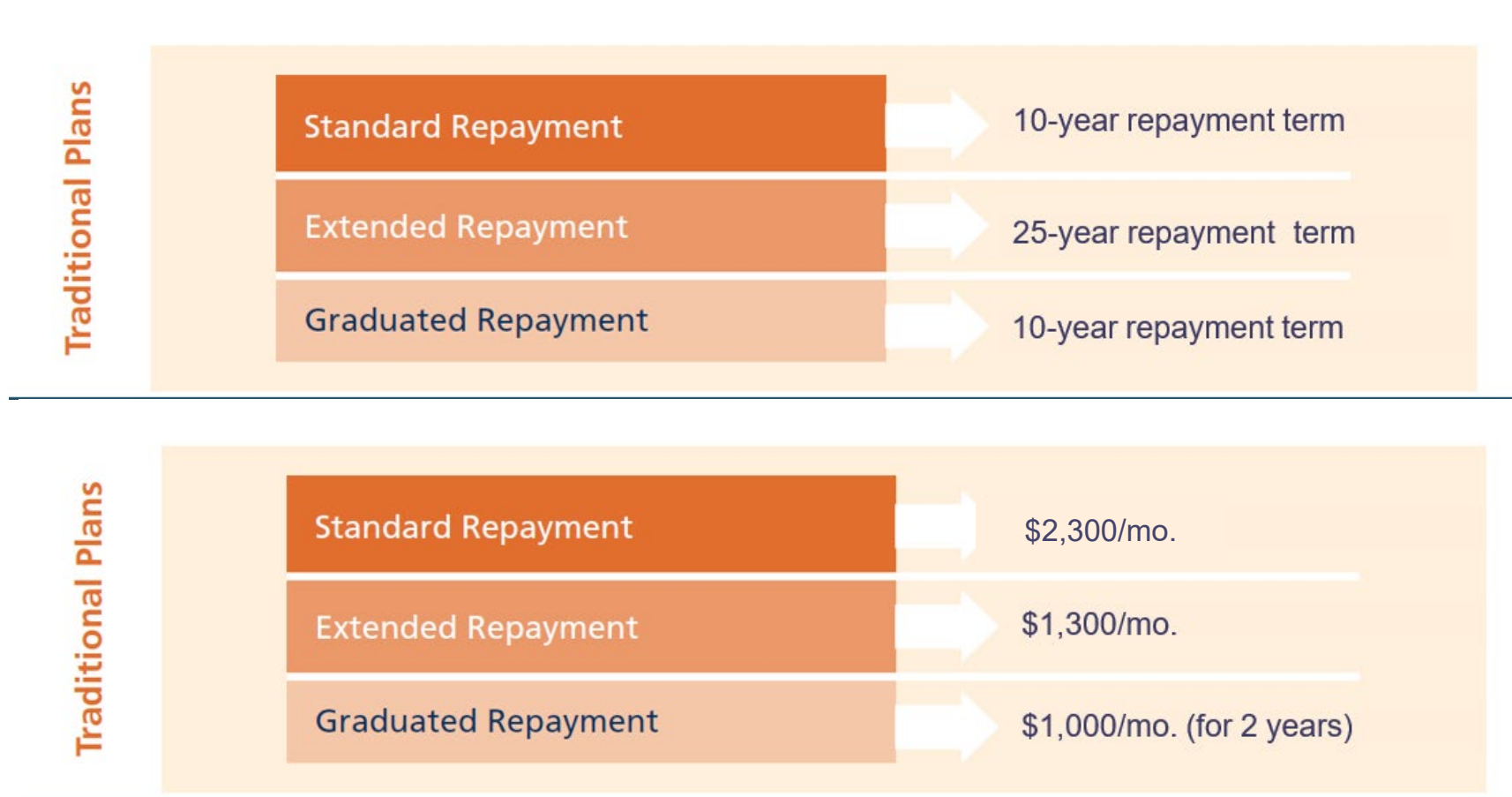
www.aamc.org/stloan

Questions?



Loan Repayment Plans

Traditional Payment Plans



Based on 2022 graduate borrowing \$200,000 and entering repayment after grace period ends. Numbers are estimated, rounded and reflect COVID-19 administrative forbearance period (3/13/20 through 6/30/23). Note: Monthly payment for graduated plan will increase every two years.

Income-Driven Payment Plans



Based on 2022 graduate borrowing \$200,000 and entering repayment after grace period ends. Monthly payment is based on resident stipend of \$61,400. Numbers are estimated and rounded. Borrowers with loans disbursed before 7/1/2014 are eligible for the IBR payment shown above; borrowers with loans disbursed after 7/1/2014 would qualify for “new” IBR and the payment would mirror the PAYE payment above.

	PAYE	REPAYE
Eligibility	“New” borrowers”	All borrowers
Partial Financial Hardship (PFH)	Yes	No
Payment Amount	10% of discretionary income	10% of discretionary income
Payment Terms	20 years	25 year
Forgiveness	Yes	Yes
Payment Cap	Yes	No
Spouse’s Income	Yes – if filing jointly	Yes
Subsidy	Yes, on sub loans – 3 years	Yes – 50% of unpaid interest

*New borrowers did not have a federal loan balance on 10/1/07 AND had a Direct Loan disbursed after 10/1/2011

What is a Partial Financial Hardship?

Amount Borrowed:
\$200,000

Standard Payment:
\$2,300/month

REPAYE or PAYE
Payment: \$330/month

If $\$2,300 > \330 ...you qualify!



	PAYE	REPAYE
Eligibility	“New” borrowers”	All borrowers
Partial Financial Hardship (PFH)	Yes	No
Payment Amount	10% of discretionary income	10% of discretionary income
Payment Terms	20 years	25 year
Forgiveness	Yes	Yes
Payment Cap	Yes	No
Spouse’s Income	Yes – if filing jointly	Yes
Subsidy	Yes, on sub loans – 3 years	Yes – 50% of unpaid interest



What is a Payment Cap?

**Amount Borrowed:
\$200,000**

**Standard Payment:
\$2,300/month**

**PAYE Payment: Not to
exceed \$2,300/month**



	PAYE	REPAYE
Eligibility	“New” borrowers”	All borrowers
Partial Financial Hardship (PFH)	Yes	No
Payment Amount	10% of discretionary income	10% of discretionary income
Payment Terms	20 years	25 year
Forgiveness	Yes	Yes
Payment Cap	Yes	No
Spouse’s Income	Yes – if filing jointly	Yes
Subsidy	Yes, on sub loans – 3 years	Yes – 50% of unpaid interest

What is a REPAYE's Subsidy?

Amount Borrowed:
\$200,000

Interest Per Month: \$1,000

Monthly Interest \$1,000 -
Payment \$330 = \$670

\$670 is not covered by
monthly payment so \$335
(50%) is subsidized





**Let's Look at
Some Scenarios**



Internal Medicine: 3-Year Residency

- Resident Stipend: \$61,400
- Attending Physician Salary: \$180,000
- Net Monthly Physician Income: \$10,800
- Debt: \$200,000

*Stipend based on Merritt-Hawkins Report

Internal Medicine with 3-Year Residency

Repayment Plan	Years of Payments	Payment During Residency	Payments as an Attending	Total Amount Repaid	Amount Forgiven (taxable)
		\$4,000/month income	\$10,800/month income		
PAYE	20	\$330-\$370	\$1,500-\$2,000	\$361,000	\$27,000
REPAYE	20	\$330-\$370	\$1,500-\$2,100	\$365,000	\$0
Forbearance then Standard	13	\$0	\$2,600	\$308,000	N/A



Radiology: 4-Year Residency

- Resident Stipend: \$61,400
- Attending Physician Salary: \$200,000
- Net Monthly Physician Income: \$12,200
- Debt: \$200,000

*Stipend based on Merritt-Hawkins Report

Radiologist with 4-Year Residency

Repayment Plan	Years of Payments	Payment During Residency	Payments as an Attending	Total Amount Repaid	Amount Forgiven (taxable)
		\$4,000/month income	\$12,200/month income		
PAYE	20	\$330-\$400	\$1,700-\$2,300	\$378,000	\$0
REPAYE	19	\$330-\$400	\$1,700-\$2,200	\$351,000	\$0
Forbearance then Standard	14	\$0	\$2,700	\$320,000	N/A



Urology: 5-Year Residency

- Resident Stipend: \$61,400
- Attending Physician Salary: \$400,000
- Net Monthly Physician Income: \$24,900
- Debt: \$200,000

*Stipend based on Merritt-Hawkins Report

Urology with 5-Year Residency

Repayment Plan	Years of Payments	Payment During Residency	Payments as an Attending	Total Amount Repaid	Amount Forgiven (taxable)
		\$4,000/month income	\$24,900/month income		
PAYE	17	\$330-\$420	\$2,300	\$358,000	\$0
REPAYE	11	\$330-\$420	\$3,600-\$4,000	\$291,000	\$0
Forbearance then Standard	15	\$0	\$2,800	\$331,000	N/A

Questions?



PUBLIC SERVICE LOAN FORGIVENESS

MAKE
120
QUALIFYING
PAYMENTS

ENROLLED
IN A
QUALIFYING
REPAYMENT
PLAN

EMPLOYED BY
QUALIFYING
EMPLOYER

REPAYING
QUALIFYING
DIRECT
LOANS

Your PSLF Checklist

1. Be sure you work for a qualifying employer.
2. Complete the PSLF form when you start your residency program.
3. Ask your employer to complete the employer section of the PSLF form.
4. Submit the PSLF Form to MOHELA (servicer) each year and if you change employer.



PSLF Improvements

FSA will be making several updates across StudentAid.gov notifying borrowers of this change. The pages that will be updated are as follows:

- [StudentAid.gov/public-service](https://studentaid.gov/public-service)
- [StudentAid.gov/pslf](https://studentaid.gov/pslf)

Borrowers may now use the updated PSLF Help Tool to:

- Complete the PSLF form,
- Send the form to employers for their digital signature (certifying employment)
- Electronically submit the form to the PSLF servicer for processing (MOHELA)

***changes to begin April 2, 2023**



Submit Yearly Information



Carefully read any correspondence from your servicer



Yearly income verification required if in an IDR



If in PSLF, employer verification highly recommended (see your payments on studentaid.gov)



Maintain good tax records





Budgeting in Your Loan Payment



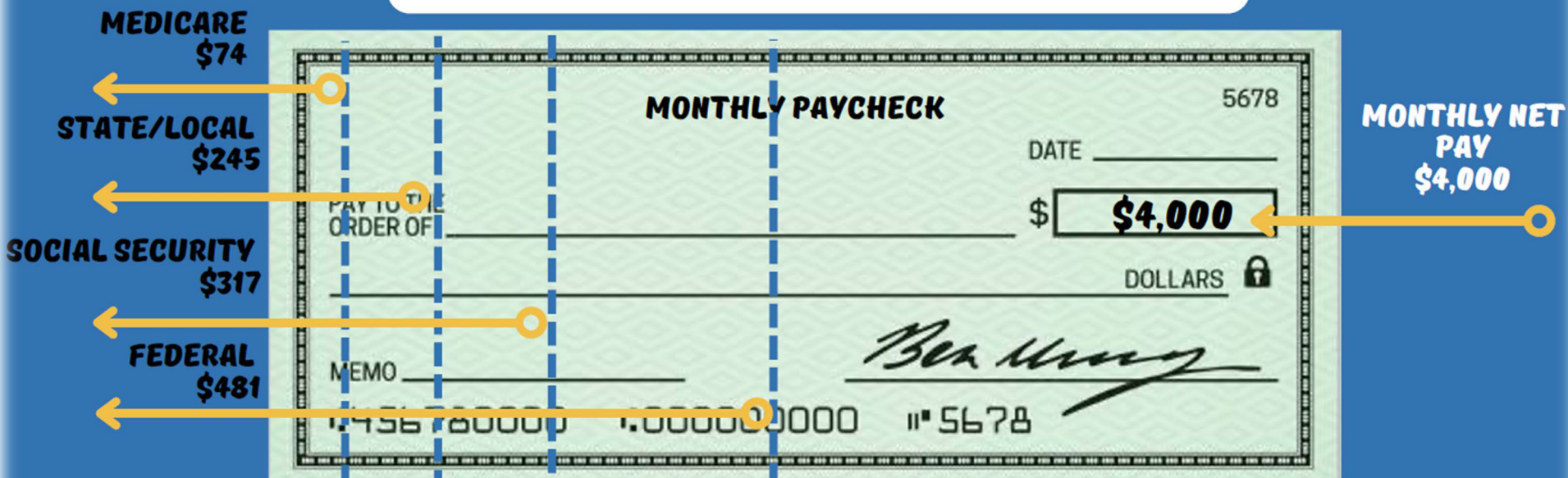
LIVING ON A RESIDENT BUDGET

YEARLY STIPEND \$61,400

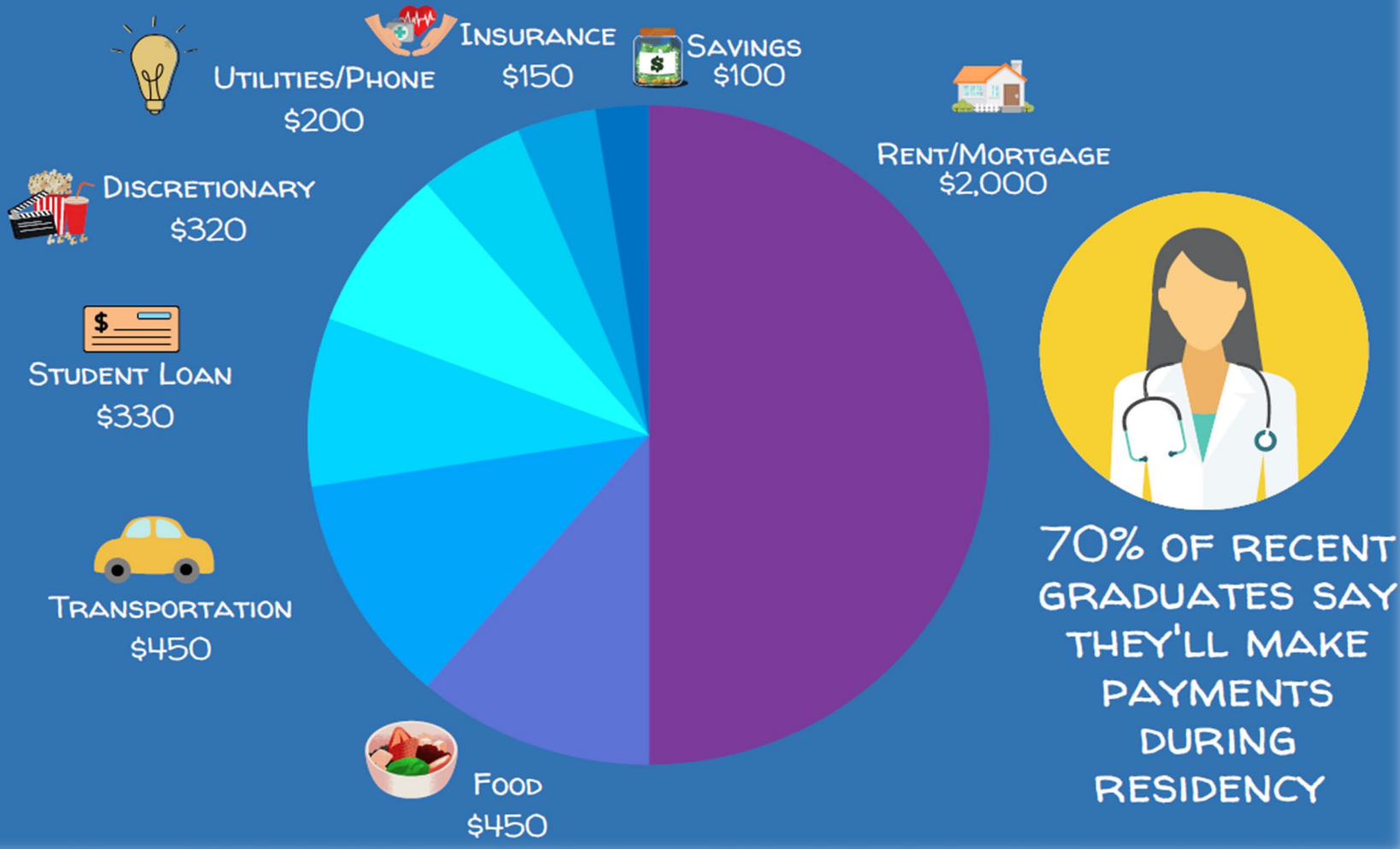
MONTHLY GROSS INCOME \$5,117



WHAT HAPPENS TO YOUR PAYCHECK?



MONTHLY BUDGET = \$4,000*



70% OF RECENT GRADUATES SAY THEY'LL MAKE PAYMENTS DURING RESIDENCY

*BASED ON A PROJECTED 2023 RESIDENT STIPEND. PAYCHECK BREAKDOWN AND BUDGETED LIVING COSTS ARE BASED ON FIRST ANALYSIS OF NATIONAL AVERAGES

Budget Worksheet for Residents

For an interactive PDF of a resident's budget, visit aamc.org/residentbudget. An infographic on the subject can also be found at aamc.org/residentstipend.

MONTHLY INCOME:

Salary (after deductions)	\$0.00
Spouse salary (after deductions)	\$0.00
Investment income	\$0.00
Gifts	\$0.00
Other	\$0.00
Total Monthly Income	\$0.00

MONTHLY FIXED EXPENSES:

Savings	\$0.00
Rent/mortgage	\$0.00
Phone	\$0.00
Taxes (federal, state)	\$0.00
Vehicle payments	\$0.00
Other transportation	\$0.00
Personal loans	\$0.00
Education loans	\$0.00
Insurance (life and health)	\$0.00
Home/renter insurance	\$0.00
Auto insurance	\$0.00
Auto registration/taxes	\$0.00
Other	\$0.00
Total Fixed Expenses	\$0.00

MONTHLY VARIABLE EXPENSES:

Food/household supplies	\$0.00
Dining out	\$0.00
Clothes	\$0.00
Laundry/dry cleaning	\$0.00
Gas, oil, auto maintenance	\$0.00
Parking	\$0.00
Medical/dental/eye care	\$0.00
Entertainment	\$0.00
Travel/vacation	\$0.00
Utilities	\$0.00
Music/books/journals	\$0.00
Personal care	\$0.00
Subscriptions	\$0.00
Cable TV and internet	\$0.00
Credit card payments	\$0.00
Charity/contributions/gifts	\$0.00
Savings for interviews/relocation	\$0.00
Test prep course/materials	\$0.00
Exam/licensing fees	\$0.00
Other	\$0.00
Total Variable Expenses	\$0.00
Plus Total Fixed Expenses	\$0.00
Equals Total Monthly Expenses	\$0.00
Total Income	\$0.00
Less Total Expenses	\$0.00

**Equals Total Discretionary Income
(or Deficit)** **\$0.00**

Keep Track of Your Loans



Delinquency
Default

Consequences of ...

Delinquency

- Reported to credit bureaus.
- Negatively affects credit.

Default

- Reported to credit bureaus.
- Entire balance becomes due immediately.
- Additional charges, fees, and collection costs are assigned.
- Negatively affects credit.
- Wages and tax returns are garnished.
- Social Security and disability benefits are withheld.
- Legal fees and court costs are your responsibility.
- You are ineligible for additional student aid.
- Other federal debt collection methods are used.

What Should I Do If I Cannot Pay?

Call your servicers immediately!



Additional Resources



FIRST PROGRAM

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ADVISORS | ADVOCACY | CALENDAR | DATA | FINANCIAL AID | NEWS | SERVICES

AAMC STUDENTS & RESIDENTS GO

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Home / FIRST (Financial Information, Resources, Services, and Tools)

FIRST (Financial Information, Resources, Services, and Tools)

FIRST provides you with unbiased and reliable guidance about paying for medical school, managing money, and successfully repaying your student loans.

Search FIRST

Sign In To MLOC, DLOC Or OLOC

Register For The Upcoming FIRST Friday Webinar (Feb. 18, 2022)

FIRST Fact Sheets

Read about financial topics important to premed students, current students, and residents. For a printer-friendly version of a fact sheet, please contact FIRST.

FIRST Videos and Webinars

Watch videos and webinars to learn about financing medical school, general money management, repaying student loans, and more.

ALERTS

- The pause on federal student loan payments and interest accrual has been extended through May 1, 2022.
- READ
- The Education Debt Manager (EDM) has been updated.

aamc.org/first

FIRST provides resources to understand loans and money management.

Videos and Webinars

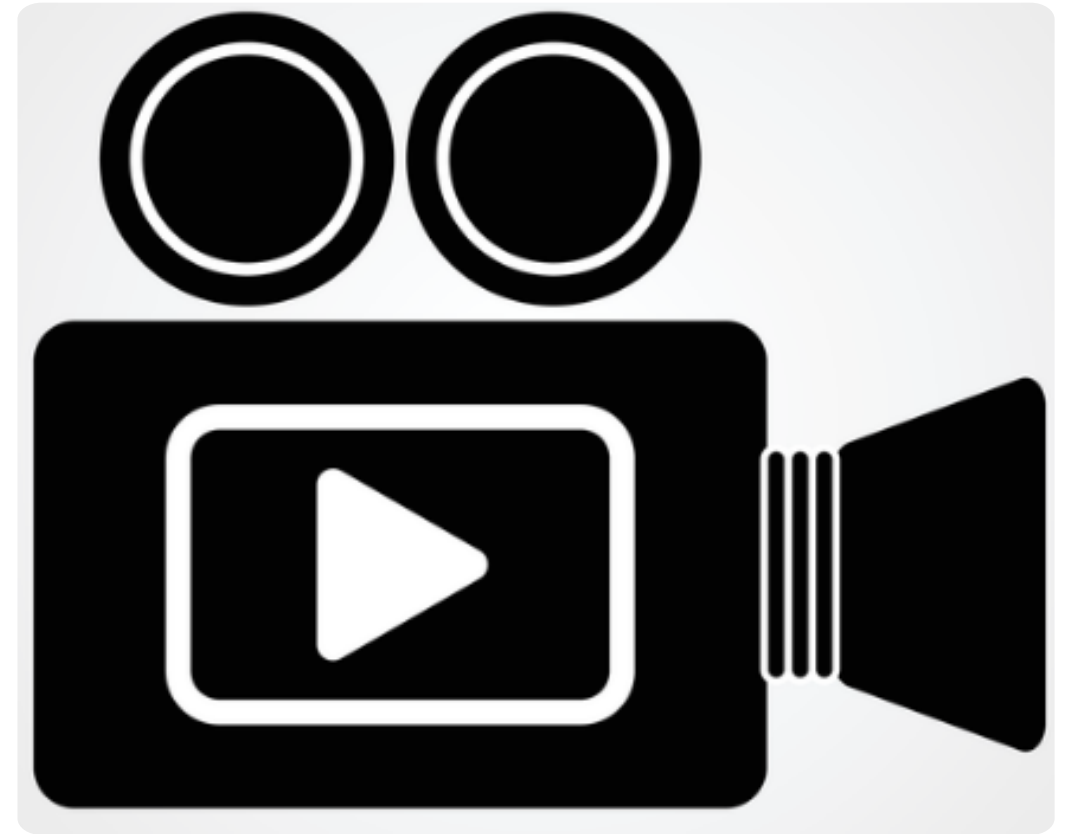
Posted Videos

- Home Financing
- Choosing Insurance
- Increasing Credit Score
- Money Management
- COVID-19 Relief Measures

Upcoming Webinars

- Loan Repayment Strategies (April 28th)
- Financial Life During Residency (May 9th)
- MLOC Demo Session (June 8th)

aamc.org/videowebinars



Learn About Loan Forgiveness and Repayment Assistance Programs

- Some federal agencies may offer loan repayment assistance or forgiveness (aamc.org/repayasst).
- The Public Service Loan Forgiveness (PSLF) program may be available to those working in public service (aamc.org/first/pslfinfographic).
- Review the FIRST database of opportunities for other programs at the federal, state, and/or county levels (aamc.org/stloan).

Develop Your Residency Spending Plan

- Determine your income and expenses during residency (aamc.org/residentstipend).
- Put your plan in writing (or use a free online budgeting tool, review it periodically, and adjust as necessary).
- Use FIRST's budgeting resources and access money management tools and activities from the AAMC Financial Wellness program (aamc.org/financialwellness).

Check Your Credit Reports and Maintain Good Credit Scores

- Monitor your credit reports to help prevent identity theft (annualcreditreport.com).
- Your credit reports show outstanding private student loans and other credit obligations.
- Report inaccuracies to the appropriate credit bureau(s) by filing a dispute online, and report identity theft or fraud on the Federal Trade Commission website (identitytheft.gov).
- To increase your credit score, always pay your bills on time, pay down your revolving credit lines (e.g., credit cards), and apply for credit sparingly.

Make Sure You Are Properly Insured

- Learn about the different types of insurance (disability, accident, life, malpractice, etc.).
- Determine the type and amount of insurance you need, and contact a qualified insurance provider.

Think About Retirement and Investment Planning

- Take advantage of employer-sponsored retirement accounts (aamc.org/first/financialplanning).
- Consider using the services of a financial planner (aamc.org/first/finplanner).

aamc.org/FIRST 20-1204 (1/2020)



- 1 Organize Your Loans
- 2 Manage Loans Without a Grace Period
- 3 Consolidation is an Option
- 4 Complete PSLF Form
- 5 Decide if You'll Pay or Postpone
- 6 Submit Annual Recertification Paperwork

Resources Available for Download

AAMC
Financial Information, Resources, Services, and Tools

Nine Tips for Managing Your Money During Residency

1 Organize Your Loans

- Visit the Federal Student Aid website to review and download your loan portfolio (studentaid.gov).
- Determine who your loan servicers are, and set up accounts on their websites.
- Verify loan repayment due date(s), and consider setting up automatic payments for an interest rate deduction.
- Log in to the MedLoans® Organizer and Calculator to upload your loan portfolio and calculate repayment and postponement scenarios (aamc.org/medloans).

2 Prepare to Manage Your Loans

- Download and review the Education Debt Manager (aamc.org/first/edm).
- Understand interest capitalization; check with your loan servicer(s) to learn their capitalization policy.
- To reduce interest costs, consider paying accrued interest before capitalization occurs.
- Follow *The Next Steps* guide to manage your loans (aamc.org/nextsteps).

3 Finalize Your Loan Management Plan

- Review repayment and postponement options (aamc.org/first).
- If you want to postpone payments, request a mandatory medical residency forbearance from your servicer(s); do this annually if you want to postpone payments throughout residency (aamc.org/first/postponing).
- During forbearance, interest will accrue on subsidized and unsubsidized loans. Capitalization will occur again at the end of the forbearance.
- If you want to begin repayment, notify your servicer(s) of the plan you are choosing. If you want to request an income-driven repayment (IDR) plan (aamc.org/repayplans), log in to your Federal Student Aid account (studentaid.gov).

4 Determine if Consolidation or Refinancing Is Right for You

- A Direct Consolidation Loan may be necessary to make some loans eligible for certain repayment plans and programs (aamc.org/first/consolidatequiz).
- Learn how private loan refinancing differs from federal loan consolidation (aamc.org/first/shouldrefinance).

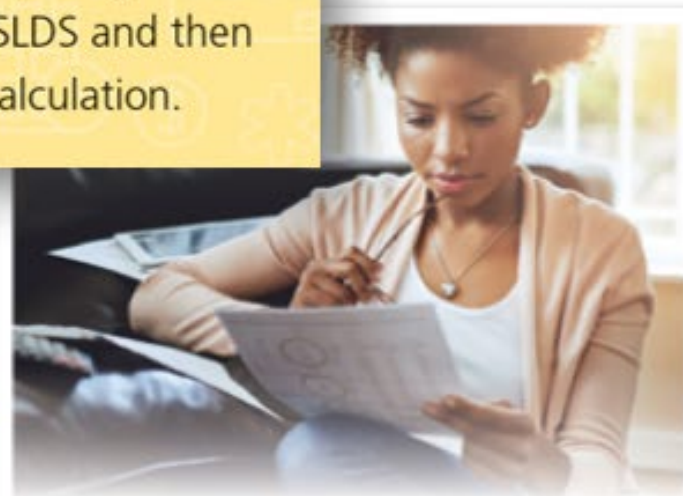
aamc.org/FIRST Association of American Medical Colleges

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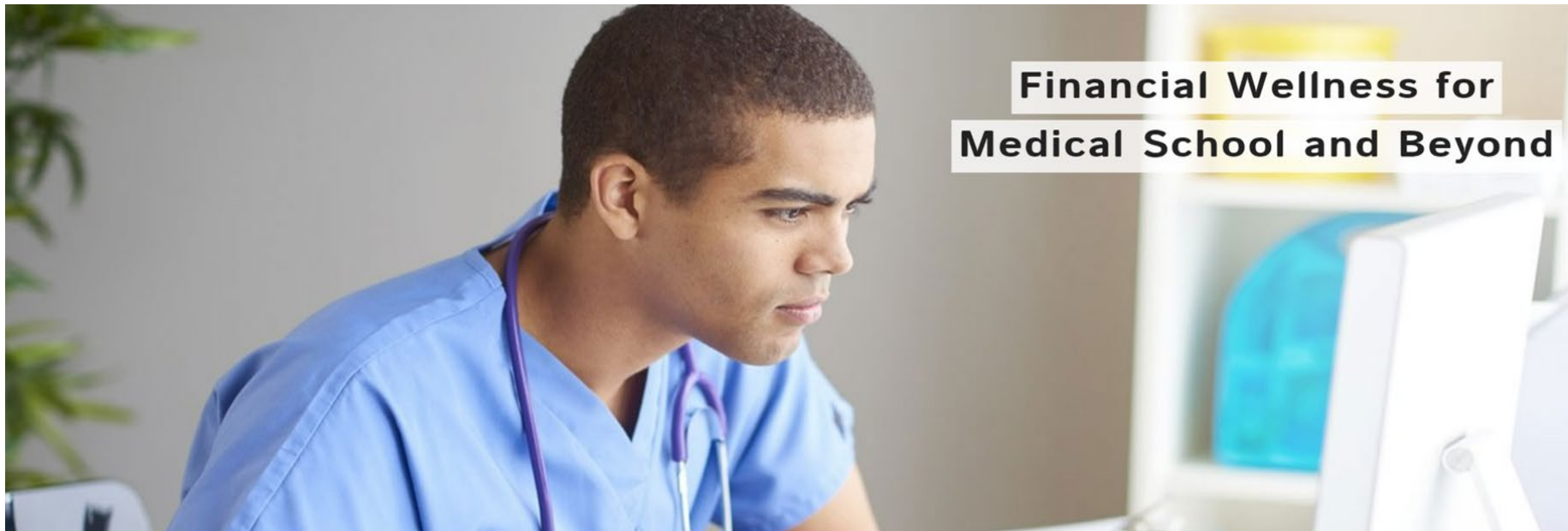
MLOC is a tool to help you organize your loans and evaluate your repayment options

aamc.org/medloans



FIRST PROGRAM

- **Measure your financial health and get personalized recommendations.**
- **Complete online courses.**
- **Assess your risk of identity theft, create financial goals and a spending plan, track your expenses, and much more!**



aamc.org/financialwellness



COMMUNITY

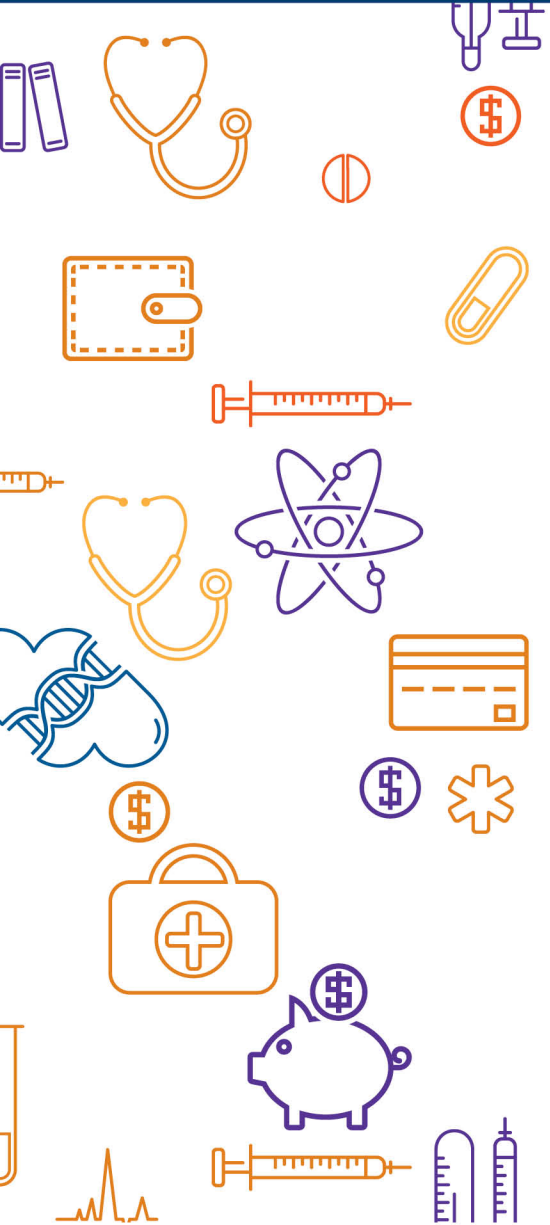
The AAMC Government Affairs team works with constituents in Washington DC and the financial aid community to help with:

- Keeping the Public Loan Forgiveness Program active.
- Making sure you can receive financial assistance for all costs associated with medical school.
- Ensuring loan programs are working in the best interest of medical students regarding rates and repayment terms.

AAMC Advocating for You

**Give Us
Your
Feedback,
Please**





The AAMC's **FIRST** program provides financial information, resources, services, and tools for students and residents regarding debt management and student loan repayment.

aamc.org/FIRST

Questions?
Contact first@aamc.org.



Tomorrow's Doctors, Tomorrow's Cures[®]