Questions?
Email: FIRST@aamc.org

Presentation Feedback:
aamc.org/vanderbilt

Student Loans and Repayment Strategies
Prepared for the Graduating Class of 2017
Nicole Knight, MBA
AAMC
Spring 2017

Disclaimer: All information and estimates are based on AAMC interpretation of federal regulations as of January 2017 and are subject to change. These are estimates only. Students should contact their servicer(s) to discuss exact loan balances and repayment options.

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Free Online Resource (PDF download)
Education Debt Manager (EDM)
www.aamc.org/first/graduating-edm

Agenda
Know Your Loan Portfolio
After Graduation
Repayment Strategies
Other Considerations

Student Loan Management - Life Cycle
by May 2017 Pay off private loans
May 2017 Graduate
July 2017 End of grace
Dec. 2017 Pay on
Every
End of grace
Finally Pay in Full
or Forgiveness

Class of 2016 Indebtedness
Median MD School Debt: $190,000
PUBLIC
PRIVATE
$180,000
$200,000

Got Private Loan Debt?
see page 61

Class of 2016 Indebtedness
Vanderbilt University SOM
Education Debt
Total Education Debt (includes) $133,500
Credit Card Debt* (includes) $4,500

Finding Your Federal Loans
To access, provide your FSA ID, including: Username & Password
For questions, visit https://fsaid.ed.gov

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Know Your Loan Portfolio

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**Fixed Interest Rates for the Class of 2017**

Refer to pages 13-14

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct Subsidized</th>
<th>Direct Unsubsidized</th>
<th>Perkins*</th>
<th>Direct PLUS</th>
<th>Institutional Loans</th>
<th>Consolidation Loans</th>
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<tbody>
<tr>
<td>2013-14</td>
<td>$140K</td>
<td>$211K</td>
<td>$271K</td>
<td>$161K</td>
<td>$207K</td>
<td>$231K</td>
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<tr>
<td>2014-15</td>
<td>$180K</td>
<td>$271K</td>
<td>$271K</td>
<td>$207K</td>
<td>$231K</td>
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<td>2015-16</td>
<td>$200K</td>
<td>$311K</td>
<td>$311K</td>
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<td>$231K</td>
<td>$290K</td>
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<tr>
<td>2016-17</td>
<td>$250K</td>
<td>$401K</td>
<td>$401K</td>
<td>$290K</td>
<td>$290K</td>
<td>$349K</td>
</tr>
</tbody>
</table>

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

**Repayment Tip**

When sending voluntary payments:

1) Send as a separate payment:
   - Instruct to APPLY NOW
   - Specify INCREASEE on the check
2) Verify payment was applied as requested

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

**Capitalization for the Class of 2017**

<table>
<thead>
<tr>
<th>Principal Borrowed</th>
<th>Interest</th>
<th>Dealership Sword</th>
</tr>
</thead>
<tbody>
<tr>
<td>$140K</td>
<td>$21K</td>
<td>$161K</td>
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<tr>
<td>$180K</td>
<td>$27K</td>
<td>$207K</td>
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<tr>
<td>$200K</td>
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<tr>
<td>$250K</td>
<td>$40K</td>
<td>$290K</td>
</tr>
<tr>
<td>$300K</td>
<td>$49K</td>
<td>$349K</td>
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### Capitalization for the Class of 2017

<table>
<thead>
<tr>
<th>Principal Borrowed</th>
<th>Interest</th>
<th>Total After Grace</th>
</tr>
</thead>
<tbody>
<tr>
<td>$140K</td>
<td>$21K</td>
<td>$161K</td>
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<tr>
<td>$180K</td>
<td>$27K</td>
<td>$207K</td>
</tr>
<tr>
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<td>$290K</td>
</tr>
<tr>
<td>$300K</td>
<td>$49K</td>
<td>$349K</td>
</tr>
</tbody>
</table>

### After Graduation

- **By May 2017:** Find loans and check for grace.
- **May 2017:** Graduate.
- **Nov 2017:** End of grace.
- **Dec 2017:** Pay or not.
- **Every Fall:** Re-up in chosen path.
- **Final Payoff:** Full or forgiveness.

### Student Loan Management - Life Cycle

- **May 2017:** Graduate.
- **Nov 2017:** End of grace.
- **Dec 2017:** Pay or not.
- **Every Fall:** Re-up in chosen path.

### Grace Periods Begin at Graduation

- **The path for some loans:**
  - **GRACE:**
  - **In-School:**
  - **GRACE:**

### When Are Your First Payments Due?

- **Refer to page 16:**
- **Refer to page 17:**

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*www.aamc.org/first/timeline*
Student Loan Management - Life Cycle

By May 2017, graduate from Medical School.

Nov 2017, End of Grace.

Dec 2017, Begin Post-Graduation.

Every Fall, Recoup any chosen path.

Every Fall, Pay in Full or Forbearance.

Decision Time: Post-Graduation

Make Payments

Postpone Payments

Postponement Options

Refer to page 19

Contact the loan servicer to apply

Forbearance

Deferred

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

Know Your Numbers

MedLoans Organizer and Calculator

Situation after a 4-year residency

<table>
<thead>
<tr>
<th>Balance after Grace</th>
<th>Residency Interest</th>
<th>Post-Residency Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$154K</td>
<td>$30K</td>
<td>$189K</td>
</tr>
</tbody>
</table>

TOTAL

A free tool for MD students and graduates!

samlc.org/medloans

Forbearance

Situation after a 4-year residency

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<th>Balance after Grace</th>
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TOTAL

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Forbearance

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

Medical Residency/Internship Forbearance

Is it a good option for Medical Residents and Interns?

BEST for You, IF

Is it a Good Option for Medical Residents and Interns?

NOT for You, IF

Seeking Public Service Loan Forgiveness (PSLF)

Seeking Income-Driven Repayment (IDR) plan forgiveness

Want to begin repayment immediately

Seeking to REDUCE stress and financial obligations

Desiring to INCREASE disposable income

Have PRIVATE loans with higher interest rates
Repayment Plans

Income-Driven

- Revised Pay As You Earn (REPAYE)
  - $710 /mo (25 years)
- Income-Contingent Repayment (ICR)
  - $460 /mo (15 years)
- Income-Based Repayment (IBR)*
  - $300 /mo (20 years)
- Pay As You Earn (PAYE)
  - $300 /mo (25 years)
- Revised Pay As You Earn (REPAYE)
  - $300 /mo (25 years)

IDR Plans Eligibility: Eligible Loans

- ICR
- IBR
- PAYE
- Revised Pay As You Earn (REPAYE)

IDR Plans Eligibility: New Borrowers Only

- ICR
- IBR
- PAYE
- Revised Pay As You Earn (REPAYE)

The Test for a PFH

Partial Financial Hardship (PFH)

$1,700 /mo > $460 (IBR) or $300 (PAYE)

IDR Plans Eligibility: Financial Need

- ICR
- IBR
- PAYE
- Revised Pay As You Earn (REPAYE)


May 2017: Graduate.

Nov 2017: End of grace.

Dec 2017: For above decision.

Feb 2018: Re-up to chosen plan.

Break: Pay in Full (FFP).

Period to 6 years.

IDR Plans Eligibility: Eligible Loans

- ICR
- IBR
- PAYE
- Revised Pay As You Earn (REPAYE)

Pay in Full (FFP)

Show Need

Must have a Partial Financial Hardship (PFH)

- Must have PFH to enter into IBR or PAYE
- Only enter into IBR or PAYE in subsequent plans, even without a PFH
- Must submit annual documentation
- Max payment in IBR or PAYE is the Standard payment (determined when entering the plan)

IBR

- Eligible Loans
- Borrower
- New

PAYE

- Eligible Loans
- Borrower
- New

Repay or Pay in Full (FFP)

Show Need

Must be a "new" borrower.

Partial Financial Hardship (PFH)

$1,700 /mo > $460 (IBR) or $300 (PAYE)
"New Borrower" Defined

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

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

Revised Pay As You Earn (REPAYE)

All Borrowers Eligible

- 50% of interest not covered by payment will be "subsidized"
- No Cap on Payment
- Interest Subsidy

Income-Driven Repayment (IDR)

- Payment of $0 for 12 Months
- Based on Discretionary Income
- Assessed Initially
- Self Certify—No Significant Change
- Taxes Reported
- Self Certify—Zero Taxable Income

Are payments even possible during residency?

Here's how it is possible... IF you budget!

www.aamc.org/ressalary

More Resources

aamc.org/FIRST

- MedLoans Organizer and Calculator
- Financial Aid Fact Sheets
- Videos and Podcasts

saltmoney.org/aamc

#2) Do You Plan to Pay?

aamc.org/vanderbilt

Questions?

Email: FIRST@aamc.org

The Best Repayment Strategies

Develop Your Own “Best” Strategy

It's not about the best one
It's about what fits with your life and financial goals

Three Fundamental Forces of Repayment

MONTHLY COST

TOTAL COST

FORCES

TIME

Each will or depending on your decisions

Choices in one area will impact the others
The FIRST Stop

MedLoans® Organizer and Calculator

www.aamc.org/medloans

Loan Forgiveness (PSLF)

Public Service Loan Forgiveness

Other Considerations

Public Service Loan Forgiveness – Pediatrics

Public Service Loan Forgiveness – Pediatrics

But this one does – higher the debt, higher the forgiveness

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Loan Forgiveness – Taxable?

- Yes
  - Income Driven Plans
- No
  - Public Service Loan Forgiveness

Loan Forgiveness (PSLF)

Want to know more?

www.aamc.org/first/pdf/loans

Loan Forgiveness and Repayment Assist.

aamc.org/repay-asst

aamc.org/stloan

Consolidation vs. Refinancing

Should I consolidate or refinance?

- federal
- private

Reasons to Consolidate

- Reduce # of Servicers
- Eligibility for IBR
- Eligibility for PSLF
- Eligibility for PAYE or REPAYE

Should You Consolidate?

Refer to pages 56-57

aamc.org/first/shouldiconsolidatequiz

Should I Refinance?

Refer to pages 58-59

aamc.org/first/shouldirefinance

Taxpayer Relief Act of 1997*

<table>
<thead>
<tr>
<th>Deduction Level</th>
<th>Full Deduction</th>
<th>Partial Deduction</th>
<th>No Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>$65,000 or less</td>
<td>$65,001 to $79,999</td>
<td>$80,000 or more</td>
</tr>
<tr>
<td>Married Filing Jointly</td>
<td>$130,000 or less</td>
<td>$130,001 to $159,999</td>
<td>$160,000 or more</td>
</tr>
</tbody>
</table>

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

May be eligible: Voluntary payments & capitalization

www.irs.gov/publications/p970

The Next Steps

Refer to page 62

aamc.org/nextsteps
“An investment in knowledge always pays the best interest.”

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