Loan Repayment Options for Residents

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Agenda

- What type of loans do you have?
- What are grace, deferment and forbearance?
- What repayment plans are available?
- Should you consolidate?
- Can your loans be discharged or canceled?
- Whom do you pay?
- What loan repayment programs are available?
- What is Public Service Loan Forgiveness?
Types of Loans

- Federal Loans
  - Direct – Subsidized, Unsubsidized, Grad PLUS, Consolidation
  - FFELP – Subsidized/Unsubsidized Stafford, Grad PLUS, Consolidation
  - Perkins

- Private/Alternative
  - Institutional
  - Bank
Grace Period

Period of time immediately after graduation

- Automatic
- No payment required
- Loan specific – 6 months for most federal loans
Deferment

Period when borrower who meets certain criteria may suspend loan payments

- In-School
- Economic Hardship
- Military
- Unemployment
- Graduate Fellowship
Forbearance

Typically sought for temporary repayment relief and provides temporary adjustment of no payments or reduced payments

- Adds expense – interest accrues and capitalizes.

- Can be very useful to help avoid delinquency and default.

Mandatory Medical Resident Forbearance
Federal Loan Repayment Plans

- **Standard**
  - Level monthly payments that cover accruing interest and a portion of principal over a 10-year period
  - Higher monthly payments
  - **Lowest overall cost**

- **Graduated**
  - Payments start low, increase over time
  - Interest-only payments followed by standard principal and interest
  - Finish in 10 years
  - Higher overall – but good for early cash flow
Federal Loan Repayment Plans (cont’d)

- **Income Sensitive (FFELP loans only)**
  - Payments based on percentage of your monthly income
  - Payments must be sufficient to cover accruing interest
  - Finish in 10 years (may be extended to 15 years)

- **Income-Contingent (Direct Loans only)**
  - Payment is based on income
  - Negative amortization is allowed
  - Up to 25 years to repay
  - Balance remaining after 25 years’ worth of payments can be forgiven
  - Amount forgiven is taxable
Federal Loan Repayment Plans (cont’d)

- Extended
  - Available to borrowers who have accumulated more than $30K in Federal Stafford, PLUS and Consolidation loans first disbursed on or after October 7, 1998
  - Repayment can be extended up to 25 years
  - Allows you to manage monthly cash flow needs, but will increase your cost
Income-Based Repayment (IBR)

- Available to federal loan borrowers experiencing financial hardship.
- Borrower qualifies if annual monthly student loan payments exceed 15% of “discretionary income.”
- If eligible for IBR, borrower’s monthly payment will be determined by a formula that takes into account household size and adjusted gross income. Increases to income will impact the required monthly payment amount.
- Unpaid balance may be forgiven after 25 years of scheduled monthly payments.
Income-Based Repayment (IBR) – cont’d

- Generally lowest payment
- Single resident pays between $400-$500 per month
- If married, may want to consider filing separate
- Electronic application available at www.StudentLoans.gov
- Calculate estimated payment at www.IBRinfo.org
Consolidation

- Convenience of one servicer
- May lower monthly payment
- Longer repayment plan - up to 30 years to repay
- No prepayment penalty
- May need to consolidate if interested in the Public Service Loan Forgiveness Program

Direct Loan Origination Center’s Consolidation Dept.
- 1-800-557-7392
- www.LoanConsolidation.ed.gov
Loan Discharge

- May be discharged if totally and permanently disabled
- Federal loans are canceled upon death
  - Do not need life insurance
  - May need life insurance for private loans
- Generally cannot discharge in bankruptcy
National Student Loan Data System

Access with FAFSA pin

Itemization of all federal loans

Servicer information

Contact information
Federal Loan Servicers

- **Nelnet**
  - www.nelnet.com
  - 1-888-486-4722

- **Great Lakes Educational Loan Svcs.**
  - www.mygreatlakes.org
  - 1-800-236-4300

- **Sallie Mae**
  - www.salliemae.com
  - 1-800-722-1300

- **FedLoan Servicing (PHEAA)**
  - www.myfedloan.org
  - 1-800-699-2908

- **Direct Loan Servicing Center (ACS)**
  - www.myedaccount.com
  - 1-800-848-0979

- **MOHELA**
  - www.mohela.com
  - 1-888-866-4352

- **ESA/Edfinancial**
  - www.edfinancial.com/DL
  - 1-855-337-6884

- **CornerStone**
  - www.MyCornerStoneLoan.org
  - 1-800-663-1662

- **Aspire Resources, Inc.**
  - www.AspireResourcesInc.com
  - 1-855-475-3335

- **Granite State - GSMR**
  - www.gsmr.org
  - 1-888-556-0022

- **OSLA Servicing**
  - www.osla.org
  - 1-866-264-9762

- **EdManage**
  - www.edmanage.myedloan.com
  - 1-855-479-0490
If you’re unable to resolve issue with servicer(s), please contact:

- Federal Student Aid Ombudsman
  - U.S. Department of Education – FSA Ombudsman
    - http://www.ombudsman.ed.gov or 1-877-557-2575
Scholarship Programs

▶ Army Financial Assistance Program
  ◦ If in accredited residency, may receive up to $45,000 annual grant plus monthly stipend of more than $2,088
  ◦ Minimum commitment is length of FAP benefit + one year
  ◦ Must be a U.S. citizen
  ◦ www.goarmy.com/amedd/medical/corps_benefits.jsp

The Air Force and Navy have similar programs. Contact a recruiting office for more information.
Loan Repayment Programs

- **Army Reserve**
  - May receive up to $50,000 to repay medical school loans
  - Commitment is up to 5 years
  - Must be a U.S. citizen
  - [www.goarmy.com/amedd/medical/corps_benefits.jsp](http://www.goarmy.com/amedd/medical/corps_benefits.jsp)

- **Armed Forces Loan Repayment Program (LRP)**
  - Up to $65,000 per year, less tax liability
  - Minimum commitment is 2 years
  - Must be a U.S. citizen
  - [www.military.com/Resources/ResourcesContent/0,13964,44245--,00.html](http://www.military.com/Resources/ResourcesContent/0,13964,44245--,00.html)
  - Contact a recruiting office for more information
Loan Repayment Programs (cont’d)

- National Health Service Corps (NHSC)
  - Years 1 & 2 = $60,000 total
    - Years 3 & 4 up to $40,000 per year
  - Not taxable
  - Minimum commitment is 2 years
  - Must be U.S. citizen
  - Board certified in Family Medicine, Obstetrics/Gynecology, Pediatrics, Psychiatry, Geriatrics, Internal Medicine
  - Underserved rural and urban communities in U.S.
  - http://nhsc.hrsa.gov/loanrepayment/
Loan Repayment Programs  (cont’d)

- National Institutes of Health Extramural
  - Up to $35,000 per year for qualified research
  - Minimum commitment is 2 years
  - Must be U.S. citizen
  - Federal and private loans included
  - For researchers outside NIH in Clinical, Pediatric, Health Disparities, Contraception & Infertility, and Clinical research for individuals from disadvantaged backgrounds. Must have total qualified education debt equal to or in excess of 20% of your institutional base salary. Must have a health professional doctor degree from an accredited institution.
Loan Repayment Programs (cont’d)

- National Institutes of Health Intramural
  - Up to $35,000 per year for qualified research
  - Minimum commitment is 2 years; 3 years for general research
  - Must be U.S. citizen
  - Federal and private loans included
  - For NIH employee researchers conducting: AIDS research, clinical research for individuals from disadvantaged backgrounds. Must have total qualified education debt equal to or in excess of 20% of your institutional base salary. Must have a health professional doctor degree from an accredited institution.
Loan Repayment Programs (cont’d)

- Faculty Loan Repayment Program
  - Up to $40,000
  - Minimum commitment is 2 years
  - Must be U.S. citizen
  - Faculty members from disadvantaged backgrounds
  - Must receive matching funds from employer
  - Taxable – funding to offset
  - www.hrsa.gov/loanscholarships/repayment/faculty
Loan Repayment Programs  (cont’d)

- Indian Health Service
  - Receive up to $20,000 per year
  - Minimum commitment is 2 years
  - Must be a U.S. citizen
  - Federal and private loans may be included
  - Payments are taxable income
  - Supports American Indian and Alaska Native communities
  - www.ihs.gov/JobsCareerDevelop/DHPS/LRP
Other State and Federal

- Utilize the AAMC’s free searchable database of state and federal loan repayment and forgiveness programs.
- www.AAMC.org/stloan
Public Service Loan Forgiveness (PSLF)

- Eligible Loans
  - Direct Subsidized Loans
  - Direct Unsubsidized Loans
  - Direct Grad PLUS Loans
  - Direct Consolidation Loans
  - Special Direct Consolidation Loans

- Other federal loans eligible if consolidated into a Direct Consolidation Loan, including:
  - FFEL Subsidized/Unsubsidized Stafford Loans
  - FFEL Grad PLUS Loans
  - FFEL Consolidation Loans
  - Federal Perkins Loans
Public Service Loan Forgiveness (PSLF) (cont’d)

- Borrower must be employed full time (at least 30 hours per week) in a qualifying public service position.
- Must have made 120 on-time payments in the Direct Loan program while employed as described above.
- Upon completion, apply for forgiveness.
- Remaining balance, principal and interest, is forgiven; (must continue to be employed until forgiveness is granted).
- Amount forgiven is not taxable.
Public Service Loan Forgiveness (PSLF) (cont’d)

- Qualifying Work:
  - Public service organization – a private organization providing a public service
  - 501(c)(3) nonprofit organization (i.e., many medical schools and residency programs)
  - Federal, state, local or tribal government organization, agency or entity (i.e., county hospitals and clinics, etc.)
  - Military service
Public Service Loan Forgiveness (PSLF) (cont’d)

- Qualifying Repayment Plans:
  (Do not have to be consecutive)
  - Income-Based Repayment (IBR) – generally lowest payment
  - Income-Contingent Repayment (ICR)
  - Standard Repayment (or a plan where the payment is not less than the monthly amount required under Standard Repayment)
Public Service Loan Forgiveness (PSLF) (cont’d)

- There are 6 steps to obtain PSLF.
  - Step 1
  - Step 2
  - Step 3
  - Step 4
  - Step 5
  - Step 6
**Public Service Loan Forgiveness (PSLF) (cont’d)**

- **Step 1:** Make ineligible loans eligible by consolidating them into a Direct Consolidation Loan
- **Step 2:** Request a qualifying repayment plan from Direct Loans
- **Step 4:** Complete 120 qualifying payments while working in a qualifying position
- **Step 5:** Save all supporting documents surrounding the qualifying payments and work
- **Step 6:** Upon completion, apply for Public Service Loan Forgiveness
Public Service Loan Forgiveness (PSLF) (cont’d)

- For more information visit:
  - Federal Student Aid – Public Service Loan Forgiveness website

Keep in mind opportunity cost - don’t just do it for forgiveness. In many cases you would make more in private practice than amount forgiven.
Resources

- Your financial aid office
- Your servicer(s)
- Student Financial Services website
  https://medschool.vanderbilt.edu/financial-services/
QUESTIONS?

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