Financing A Medical Education

Presented by:
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General Timelines

• **Sept-Dec:** Review financial literacy information provided by the Federal Student Aid website, AAMC's FIRST (Financial Information, Resources, Services, and Tools) program as well as SALT, American Student Assistance’s web-based tool.
  ◦ Learn the Financial Aid Policies of the schools you are applying to.

• Apply for financial aid. Application timelines may vary – depending on the school.
  ◦ Application materials include the FAFSA (Free Application For Federal Student Aid and possibly other required school specific forms and applications (CSS PROFILE, institutional aid applications, scholarship applications)
• **March-May:** Check school financial aid websites for priority deadlines in order to be eligible for need-based institutional aid and loans

• Tuition and cost of attendance budgets are made available

• Award letters are sent out to aid recipients

• **June:** Applicants who want to apply for federal student loans will need to complete an Entrance Interview (New Borrowers)

• Complete Master Promissory Note (New Borrowers)

• **July-September:** Attend mandatory financial aid presentations highlighting topics like debt management, financial literacy and budgeting
The Total Cost of Attendance (COA) is made up of:

Tuition + Fees + Estimated Cost of Living

- Note: Each school will prescribe an estimated cost of living but you have some control with your spending habits.

<table>
<thead>
<tr>
<th>Cost</th>
<th>Public (Resident)</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Tuition and Fees</td>
<td>$36,755</td>
<td>$60,517</td>
</tr>
<tr>
<td>Median Cost of Living</td>
<td>$24,657</td>
<td>$24,173</td>
</tr>
<tr>
<td>Median COA</td>
<td>$61,412</td>
<td>$82,672</td>
</tr>
<tr>
<td>Median 4-Yr. COA for Class of 2016</td>
<td>$245,648</td>
<td>$330,688</td>
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</table>
Great rate of return later

Where there is cost now
“to give away money is an easy matter and in any man’s power but to decide to whom to give it, and how large, and when, and for what purpose is neither in every man’s power nor an easy matter” - Aristotle
1st Expectation is to utilize Family Resources

2nd Consider forms of Financial Assistance

- Scholarships: *(always voted most popular)*
  - Need-based
  - Merit
  - Service Commitment
  - MD-PhD
  - External

- Student Loans
  - Direct Unsubsidized and Direct GradPLUS Loans
  - Private Loans
  - Institutional Loans

- Employment
  - Federal Work Study
  - Other Employment
Institutional vs. Federal Methodology

• Federal need analysis excludes parent data for Federal Loans
• Institutional need analysis: will include parent information
  ◦ divorced/separated parents
  ◦ recognition of independent status
  ◦ what if they won’t contribute?

Requested Forms and Documents: FAFSA, CSS Profile and Institutional Applications, tax returns.

Questions:
Why/how a student can be identified as independent?
For students where their parents will be covering majority to all, is there a benefit or need to consider financial aid?
Begin Exploring External Resources

1. Who are you?
2. Get Organized
3. Get Connected
4. Every Little Bit Helps
5. Have your application ready
6. Show Gratitude
• 74.42% of 2017 US medical school graduates borrowed
  ◦ 82% had debt in excess of $100,000.
  ◦ 44% had debt in excess of $200,000.

• Median Med School Debt : $192,000
• Median Public Med School Debt: $172,551
• Median Private Med School Debt: $186,407
Understanding Debt

KEY LOAN CONCEPTS

- Subsidized vs. Unsubsidized
- Fixed vs. Variable Interest Rate
- Federal, Institutional, Private
- Forbearance, Deferment
- Effects of Capitalization
Can Medical Students Afford to Choose Primary Care? An Economic Analysis of Physician Education Debt Repayment

Youngclaus, James A. MS; Koehler, Paul A. PhD; Kotlikoff, Laurence J. PhD; Wiecha, John M. MD, MPH

Conclusion: a primary care career remains financially viable for medical school graduates with median educational debt levels (ie $162K)

Still viable for students with higher debt levels, but will need to consider additional strategies:

- Extended repayment plans
- Loan Forgiveness Programs (PSLF/NHSC, etc)
- Not living in high cost areas

Caveat: Report produced prior to (RE)PAYE which essentially makes it possible under any circumstances
Flexible Repayment Options:
• 10 Year Standard, Extended, Income-Based Repayment plans (IBR, ICR, PAYE, REPAYE)

Public Service Loan Forgiveness (PSLF)
• The Public Service Loan Forgiveness program through the federal government offers loan forgiveness for qualifying professionals with qualifying federal loans, who are working in public service careers. The balance that is forgiven is not taxable. May not be around....

NHSC: Primary care clinicians are eligible for scholarship and loan repayment assistance in exchange for working in an HPSA (Health Professional Shortage Areas) and with underserved communities

State and Federal Loan Forgiveness Programs
• There are also loan forgiveness opportunities through some state and federal loan programs. To learn more about these opportunities take a look at the AAMC's list of state and federal loan repayment and forgiveness programs.
What About Expenses That Aren’t In the Cost of Attendance?

- Living expenses in excess of student budget
- Relocation Costs
- Auto expenses
- Financial support to people other than legal dependents
- Credit card payments
- Application and Interview Costs
Why Budget?

“A bargain is something you have to find a use for once you have bought it.” — Benjamin Franklin

• Ensures you have resources for the things you “need”.
• Help you identify your priorities.
• Builds Wealth.
• Retirement planning.
• Peace of Mind.
A realistic budget will help control finances

- Put it in writing
- Review periodically
- Make necessary adjustments

“Live like a student while you are a student...”
Here are a few useful websites on building a budget:

- [www.aamc.org/services/first](http://www.aamc.org/services/first)
- [www.mint.com](http://www.mint.com)
- [https://www.huecu.org/other-services/balance-financial-fitness/](https://www.huecu.org/other-services/balance-financial-fitness/)
- [https://www.smartsheet.com/top-excel-budget-templates](https://www.smartsheet.com/top-excel-budget-templates)
What Should I Be Doing Now?

- Pre-medical school educational loans
  - Know the terms of your loans
    - Do they offer in-school deferment?
    - Do you need to file an in-school deferment form when you enter medical school?
    - Contact lenders for more information
  - Your federal loan information available at:

*Federal PIN required to access site*
Helpful Resources

- HMS, National and State Loan Forgiveness Programs: www.hms.harvard.edu/finaid
- PSLF FAQs: http://studentaid.ed.gov
- NHSC: www.nhsc.hrsa.gov
- AAMC: www.aamc.org/first
- AAMC MedLoans Organizer: www.aamc.org/services/first/medloans
Good Luck

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