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# Financing Your Medical School Education

***For more information:***  
**AAMC FIRST for Medical Education**



Association of  
American Medical Colleges

# Where Do You Start

Know the cost

Understand your financial aid options

Manage your money wisely

Find support along the way

# Know the Cost of Attending

<b>Medical School 2010-2011</b>	<b>Public (In-State)</b>	<b>Private (In-State)</b>
<b>Tuition/Fees</b>	<b>\$28,685</b>	<b>\$46,899</b>
<b>Cost of Attendance</b>	<b>\$49, 296</b>	<b>\$66,984</b>

<https://www.aamc.org/download/152968/data/10debtfactcard.pdf>

# Class of '10 Indebtedness

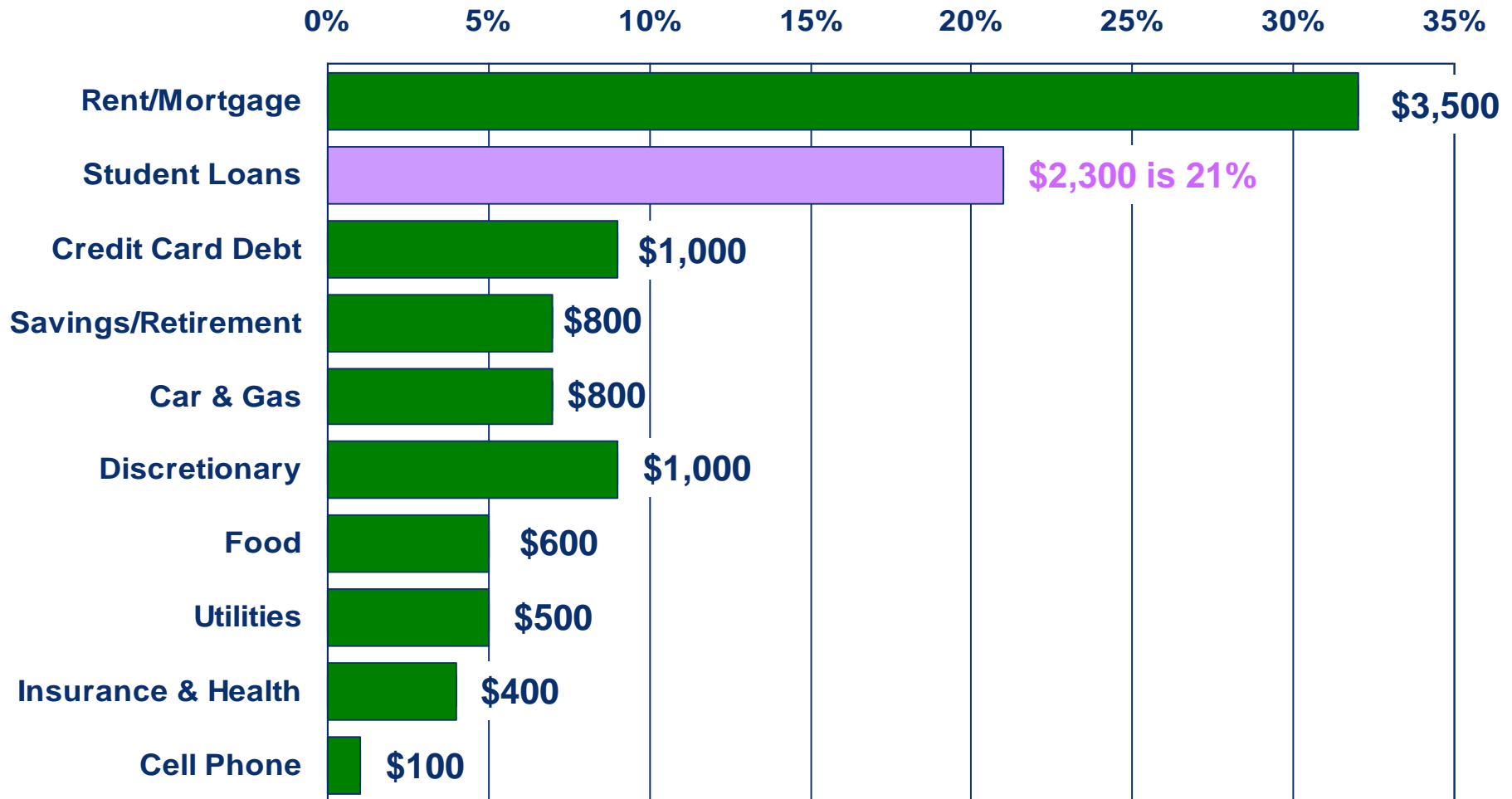
	All Schools	Public Schools	Private Schools
Mean	\$157,944	\$148,222	\$172,422
Median	\$160,000	\$150,000	\$180,000

**88% of graduates report having educational debt**

**59% of graduates report debt \$150,000 or higher**

<https://www.aamc.org/download/152968/data/10debtfactcard.pdf>

# Sample Monthly Budget for 2012



Assumptions: 10 year Standard Repayment after 4 Year Residency; \$2,300 mo. payment based on Internal Medicine median salary 1-2 years in specialty at \$179K based on 2007 data, projects to \$215K in 2012. After all taxes, roughly \$11K per month.



# Know the Cost of Applying

## Fixed Costs

**MCAT – admissions test for medical school**

**AMCAS – web based medical school application**

## Variable Costs

**MCAT prep course?**

**Secondary Application Fees**

**Interviews – clothing, travel**

**Moving expenses**

# Application Process Expenditures

## Average application costs:

MCAT: \$225

AMCAS: \$160 first app; \$32 each additional

Secondaries: \$75 - 100 each

Interviews: \$300- 400 each (average), includes:

- Clothing
- Transportation: flights or train
- Meals
- Taxis
- Accommodations: hotel/motel
- Haircut

## Cost of applying to 15 schools:

MCAT: \$225

AMCAS: \$594

Secondaries: \$1125 - \$1500

Interviews (assuming 5 interviews): \$1500 - \$2000

**Total: \$3444-\$4319**

*Note: The numbers above provide only a rough estimate. The actual cost may be more or less depending on number of interviews, location of schools and more.*

*Example by MIT Prehealth Advising (GECD)*



# AAMC Fee Assistance Program

Assists MCAT® examinees and AMCAS applicants who, without financial assistance, would be unable to take the MCAT or apply to medical schools that use the AMCAS application.

## Benefits:

- MCAT Registration fee reduction: \$225-\$85
- One free copy of both The Official Guide to the MCAT Exam and the MSAR Guide
- Waiver of the AMCAS Application fee and up to 14 Medical School Designations
- Most AMCAS-participating medical schools waive their supplemental application fees for applicants who have been granted fee assistance by the AAMC.



# Understand Financial Aid Options

- Federal Student Loans (Stafford Loans)
  - Subsidized
  - Unsubsidized
  - Federal Graduate PLUS loan
- Institutional Aid: Grants & Scholarships
  - Need based and Merit based
- Private loans
- Other sources of aid
  - Service Based Aid
  - Outside scholarships

# How to Apply for Financial Aid

## 1. Complete the FAFSA

- The Free Application for Federal Student Aid (FAFSA) is the form used by medical schools for the awarding of federal student aid and most state and college aid.
- **When should I complete the FAFSA?**
  - After January 1 of the year you intend to enter Med School
  - Ideally after you've filed federal income taxes

## 2. Contact the Medical School's FAO

- To learn about Institutional Funding Opportunities
- To complete Institution specific forms
- **When should I contact the Medical School FAO?**
  - As soon as you are accepted

# Federal Student Loans

**Stafford loans** are fixed-rate student loans that are the most common and one of the lowest-cost ways to pay for school

Two different types of stafford loans:

## Subsidized Stafford Loan

Awarded based on Financial Need

Interest is not accrued before repayment/deferral periods

## Unsubsidized Stafford Loan

Not awarded based on Financial Need-anyone eligible

Interest is accrued as soon as the loan is dispursed

# Federal Loans (Cont.):

A Federal Perkins Loan is a low-interest loan for graduate students with exceptional financial need

- Fixed interest rate of 5%
- Government Funded Loan, but awarded by/paid to school

A Direct Plus Loan can be used to cover educational expenses not covered by Federal Stafford Loans

- Fixed interest rate of 7.9%
- A fee of 4% of the loan amount is deducted proportionately each time a loan disbursement is made

*Apply for both of these loans through your School's FAO*



# **Primary Care Loan (PCL)**

The PCL program is a low-cost loan program governed by the Department of Health and Human Services for students who plan to enter a primary care field in medicine.

The Primary Care Loan program provides long-term, low interest rate loans to full-time, financially needy students to pursue a degree in allopathic or osteopathic medicine. Loans to third and fourth year students may be increased to repay outstanding balances on other loans taken out while in attendance at that school.

Medical students receiving a Primary Care Loan must agree to enter and complete residency training in primary care within four years after graduation and practice in primary care for the life of the loan.

# Select Student Loans Carefully

Know whether the loan is federal or private

Know the amount, interest rate and terms

Know from whom you are borrowing

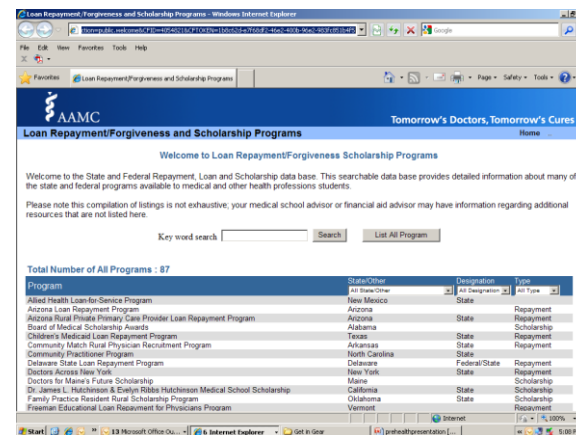
Know the deadlines for applying

Keep and organize all paperwork

# Loan Repayment/Forgiveness and Scholarship Programs

The AAMC Hosts a searchable database of Loan Repayment/Forgiveness and Scholarship Programs

The database provides detailed information about many of the State and Federal Programs available to medical and other health profession students



Key word search:  Search

Total Number of All Programs : 87

Program	State/Other	Designation	Type
Allied Health Loan-for-Service Program	New Mexico	State	Repayment
Arizona Loan Repayment Program	Arizona	State	Repayment
Arizona Rural Private Primary Care Provider Loan Repayment Program	Arizona	State	Repayment
Board of Medical Scholarship Awards	Alabama	State	Scholarship
Children's Medical Loan Repayment Program	Texas	State	Repayment
Community Match Rural Physician Recruitment Program	Alabama	State	Repayment
Community Practitioner Program	North Carolina	State	Repayment
Delaware State Loan Repayment Program	Delaware	Federal/State	Repayment
Doctors Across New York	New York	State	Repayment
Doctors for Maine's Future Scholarship	Maine	State	Scholarship
Dr. James L. Hutchinson & Evelyn Debra Hutchinson Medical School Scholarship	California	State	Scholarship
Family Practice Resident Rural Scholarship Program	Oklahoma	State	Scholarship
Freeman Educational Loan Repayment for Physicians Program	Vermont	State	Repayment



# **Scholarships for Disadvantaged Students (SDS)**

The purpose of the SDS program is to provide financial assistance to health professions and nursing students who are from financially disadvantaged backgrounds.

Institutions apply for SDS funds from the Department of Health and Human Services and are responsible for both selecting eligible recipients and determining their financial need.

To apply for funding, the school must determine the number of disadvantaged students enrolled and the number of disadvantaged students who graduated in the preceding academic year.

# **National Health Service Corps** **(NHSC)**

The National Health Service Corps offers a competitive federal scholarship program to a select population of health professions students.

Selected recipients receive full tuition, book/supply reimbursement, and a living expense stipend while enrolled, in return for a service commitment to work in a medically underserved area of the country following completion of residency.

# National Institutes of Health Intramural Loan Repayment Program

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.

**Amount:** Up to \$35,000 per year for qualified research

**Minimum Commitment:** Two year minimum. Three year minimum for General research



# **Commissioned Corps and U.S. Civil Service Scholarship and Loan Repayment Options**

Air Force Health Professions Scholarship Program

Army Health Professions Scholarship Program

Army Financial Assistance Program

Army Reserve

U.S. Navy Health Professions Scholarship  
Program

U.S. Navy Health Professions Loan Repayment  
Program (HPLRP)

# Public Service Loan Forgiveness

If you aspire to work in the public service sector: The College Cost Reduction and Access Act of 2007 established a program that forgives some federal student loans under certain circumstances.

## Program Summary

This government program provides for the forgiveness - or cancellation - of the remaining balance (principal and interest) due on eligible federal Direct student loans after the borrower has made 120 monthly payments to Direct Loans while employed in qualifying public service jobs.

*Borrowers must have made 120 monthly payments after October 1, 2007 in the Direct Loan Program; therefore, the first cancellations of loan balances will not be granted until October 2017 (at the earliest).*



# **Consider ALL Repayment Options**

AAMC: Loan Repayment Options

## The Economics of Becoming a Doctor

A 40-minute, narrated presentation explaining the most common repayment strategies during residency. Includes information on the new programs Income-Based Repayment and Public Service Loan Forgiveness, and a discussion of the economics of earning an M.D. degree

# Manage Your Money Wisely

Review your credit report

[www.annualcreditreport.com](http://www.annualcreditreport.com)

Ensure existing student loans are in good standing

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

Pay all of your bills on time

Reduce your credit card debt

# Create a Spending Plan



## Budgeting Basics: Managing Your Money During the Lean Years

Let's face it. Money will probably be tight during medical school and residency. That's why a realistic budget – one you can stick to – will be critical to your financial well-being during the early years.

### Benefits of Budgeting

Although the word "budget" often has negative connotations, it offers many benefits. For example, you will find that a realistic budget will help you to:

- Maintain better control of your spending and be less likely to run into credit problems.
- Make sure you cover your essential expenses before making an optional purchase.
- Prepare for an unexpected expense by building an emergency fund.

### How to Set Up a Budget

The basics are simple. You need to add up your monthly income, determine your monthly expenses, and calculate the difference to see if you have a surplus or deficit. One helpful tip is to categorize your expenses as either "fixed" (the ones that stay the same every month) or "variable" (the ones that fluctuate monthly). That way, you'll know to look at your variable expenses to make up any possible shortfall.

Examples of fixed expenses are:

- Rent
- Auto loan payment
- Health insurance premium

Examples of variable expenses are:

- Groceries
- Clothing
- Dining out

Total your monthly expenses, subtract that amount from your income, and see if your "bottom line" is in balance – or if you're running a shortfall. The budget worksheet from the AAMC can help.

### Some Cost-Savings Measures

If you find that you have "too much month at the end of the money," there are many ways you can reduce your spending. A few possibilities are to:

- Share housing costs with a roommate
- Clip coupons to save on grocery costs
- Carpool or use public transportation if possible
- Buy clothes at end-of-season sales
- Buy cheaper generic rather than name brands
- Buy non-perishable items in bulk
- Take advantage of those 15% and 20% off coupons from department stores
- And cut out the daily latte!

### Some Special Considerations for Medical Students and Residents

#### STUDENTS:

Every medical school determines the total cost of attendance (COA). This is a figure that usually reflects most expenses as well as the maximum financial aid you can receive – and will be very helpful to you in formulating a budget. Request this information from your medical school's Student Financial Aid Office if it is not reflected on your award letter.

#### RESIDENTS:

If you're currently in residency, know that you are eligible for a mandatory forbearance on your Stafford, Grad PLUS, and Consolidation loans during that time. After that, you will need to incorporate your student loan repayments into your budget. See *Enjoying Repayment during Residency and Repayment Options* for more information.

### Look to the Internet for More Cost-Saving Tips

- "66 Ways to Save Money", an online publication from the Federal Citizen Information Center.
- "Be Prepared, Be Informed, Be in Charge," a 12-page booklet from the FDIC containing simple money management strategies.
- "Common Mistakes Young Adults Make with Money and How to Avoid Them," an article in FDIC Consumer News.

## Monthly Budget Worksheet

### INCOME:

Salary (after deductions) \_\_\_\_\_  
 Spouse salary (after deductions) \_\_\_\_\_  
 Investment income \_\_\_\_\_  
 Financial aid \_\_\_\_\_  
 Gifts \_\_\_\_\_  
 Other \_\_\_\_\_

Total Fixed Income \_\_\_\_\_

### FIXED EXPENSES:

Tuition & fees \_\_\_\_\_  
 Books & supplies \_\_\_\_\_  
 Regular savings \_\_\_\_\_  
 Rent/mortgage \_\_\_\_\_  
 Utilities \_\_\_\_\_  
 Telephone (base rate) \_\_\_\_\_  
 Taxes (federal, state) \_\_\_\_\_  
 Vehicle payments \_\_\_\_\_  
 Other transportation \_\_\_\_\_  
 Credit card payments \_\_\_\_\_  
 Personal loans \_\_\_\_\_  
 Educational loans \_\_\_\_\_  
 Insurance (life and health) \_\_\_\_\_  
 Home/renter insurance \_\_\_\_\_  
 Auto insurance \_\_\_\_\_  
 Auto registration/taxes \_\_\_\_\_  
 Other \_\_\_\_\_

Total Fixed Expenses \_\_\_\_\_

### VARIABLE OR FLEXIBLE EXPENSES:

Food/household supplies \_\_\_\_\_  
 Dining Out \_\_\_\_\_  
 Clothes \_\_\_\_\_  
 Laundry/dry cleaning \_\_\_\_\_  
 Gas, oil, auto maintenance \_\_\_\_\_  
 Parking \_\_\_\_\_  
 Medical/dental/eye care \_\_\_\_\_  
 Entertainment \_\_\_\_\_  
 Travel/vacation \_\_\_\_\_  
 Pets, supplies, food \_\_\_\_\_  
 Records & books \_\_\_\_\_  
 Personal care \_\_\_\_\_  
 Subscriptions \_\_\_\_\_  
 Cable TV and Internet \_\_\_\_\_  
 Phone \_\_\_\_\_  
 Gifts \_\_\_\_\_  
 Charity/contributions \_\_\_\_\_  
 Savings for interviews/relocation \_\_\_\_\_  
 USMLE \_\_\_\_\_  
 Other \_\_\_\_\_

Total Variable Expenses \_\_\_\_\_

Total Fixed Expenses +

Total Monthly Expenses = \_\_\_\_\_

Total Income \_\_\_\_\_

Less Total Expenses \_\_\_\_\_

Total Discretionary Income =  
(or Deficit) \_\_\_\_\_

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



# The Cost of what you “Want”

**Ed Entitlement**, M1 student, buys a coffee and a muffin approximately 4 mornings a week at his favorite coffee shop. The cost is \$5 per day.

**Fairleigh Frugal**, M1 student, purchases a coffee maker and thermos for \$40. She eats breakfast at home. The cost is \$6 each month.

# The Cost of what you “Want”

	Entitled	Frugal
<b>Monthly Payment</b>	<b>\$48</b>	<b>\$6</b>
<b>4 Years Medical School</b>	<b>\$2,700</b>	<b>\$216*</b>
<b>Interest Cost</b>	<b>\$3,081</b>	<b>\$247</b>
<b>Total Cost</b>	<b>\$5,781</b>	<b>\$463</b>



\* Does not include \$40 cost of coffee maker.

# “Sally Starbucks” vs. “Gary Grocery Store”

A Month of Breakfasts ... for 4 years ...



\$5/day or \$100/month

Vs.



\$2.60/day or \$52/month

4 Years + Loan  
Repayment  
Cost

= **\$9,240 !!** Vs. **\$5,040**



# Little Things Do Add Up - Entertainment

## Going to the Movies 1-2 times a month



Yearly cost: \$360

4 Year + Repayment Cost: **\$3,120**

## Netflix



Yearly cost: \$170

4 Year + Repayment Cost: **\$1,440**

## Basic Cable w/ On Demand



Yearly cost: \$570

4 Year + Repayment Cost: **\$5,520**

# Little Things Do Add Up - Laundry

## Dry Cleaners for shirts



Yearly cost: \$360

3 Year Residency Cost: **\$1,080**

## Iron Yourself



1<sup>st</sup> Year cost: \$180

3 Year Residency Cost: **\$300**

# Just Say “No” to:

Eating out

Starbucks

Weekly trips to the movie theatres

Vacations during medical school (spring break)

Credit card offers

# Just Say “Yes” To:

Roommates

Cooking your own meals and making your own coffee. **This will do more to reduce your monthly expenses than anything else.**

Peanut butter and jelly

Borrowing videos and DVD's from the library

Any relative offering you money

# Occasionally Say “Yes” To:

Dinner and a movie with friends

**Everyone needs a break now and then**

“An investment  
in knowledge  
always pays  
the best interest”

- Benjamin Franklin

# Support Along the Way

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

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

1-877-557-2575

Your family



[FIRST for Medical Education](#)

Your loan servicers' and their web sites

Your residency program

Your medical school financial aid office





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# Questions?

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