Repayment Strategies for Medical School Graduates

KUMC Medical Center
3/23/21

Julie Fresne
Senior Director, Student Financial and Career Advising Services
AAMC

Disclaimer: All information and estimates are based on AAMC interpretation of federal regulations as of January 2020 and are subject to change. Numbers are rounded for clarity; these are estimates only. Students should contact their servicer(s) to discuss exact loan balances and repayment options.
Step-by-step guide to walk you through the repayment process

aamc.org/nextsteps
Financial Information, Resources, Services, and Tools

Education Debt Manager
for Matriculating and Graduating Medical School Students

Learn
Serve
Lead

Publication to help you understand student loans and loan repayment

aamc.org/first/edm
Tips to help you prepare for graduation and loan management

aamc.org/first/residencytips
Timeline

Now
In School

May/June
Graduate

July
Start Residency

Nov/Dec
End of Grace

Dec/Jan
Start Forbearance or Repayment

Annually
Re-submit IDR Paperwork or Forbearance Request
Who's Who and What Do They Do?

**Department of Education**
- Operates the William D Ford Federal Direct Loan Program (a.k.a. Direct Loan Program)
  - The lender of all federal student loans (as of 2010)

**Loan Servicer**
- A company contracted by the Dept of Ed
- Oversees the management of federal loans
- Point of contact for a loan borrower

**studentaid.gov**
- National Student Loan Data System
  - The Department of Education’s central database of student aid
Manage Loans

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

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
Your loan balance is $200,000
SUBSIDIZED

Interest paid for you

UNSUBSIDIZED

You pay the interest
COVID Relief Measures

On March 27, 2020, Congress passed, and the president signed into law, the *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)*, which provides relief measures through Sept. 30, 2020.

On Aug. 8, 2020, President Trump directed the Secretary to continue to suspend loan payments, stop collections, and waive interest on ED-held student loans until Dec. 31, 2020.


The CARES Act and other relief measures provide positive benefits for borrowers.

1. Suspends monthly payments and interest accrual of federal student loans from 3/13/20 through at least 9/30/21.

2. Does **NOT** apply to private loans or to Perkins or FFEL Program loans that are **NOT** owned by ED.

3. During this administrative forbearance, 3/13/2020 through 9/30/21, payments will be applied to principal if all accrued interest prior to March 13th has been paid.
Federal Interest Rates

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Direct Unsubsidized Loans</th>
<th>Direct PLUS Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-2018</td>
<td>6.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>2018-2019</td>
<td>6.60%</td>
<td>7.60%</td>
</tr>
<tr>
<td>2019-2020</td>
<td>6.08%</td>
<td>7.08%</td>
</tr>
<tr>
<td>2020-2021</td>
<td>4.30%</td>
<td>5.30%</td>
</tr>
</tbody>
</table>

**REMEMBER:** Mar. 13, 2020 through Sept. 30, 2021
No interest has accrued.
Aid Summary

studentaid.gov

**STUDENT AID TIP**
It looks like you’ve recently completed school, withdrawn, or dropped below half-time enrollment. This means that you will soon need to start making payments on your federal student loans.

You can use Loan Simulator to explore your repayment options.

**STUDENT AID TIP**
When your grace period ends, your interest may be capitalized (i.e., added to your principal balance). You may want to consider making an interest payment to lower the total amount you need to repay.

14 Loans  View Breakdown

3 Servicers | Total Original Amount Awarded:
MedLoans® Organizer and Calculator

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

Review more FIRST resources »

Sign in to MLOC® »

Free for medical school students!
Timeline

Now
In School

May/June
Graduate

July
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Nov/Dec
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6-mo. grace period (Direct Unsub.)
6-mo. post-enrollment deferment (Direct PLUS)
A grace period is a 6-month period when a borrower isn’t required to make a payment on their Direct Subsidized or Direct Unsubsidized Loan(s).

A post-enrollment deferment is a 6-month period when a borrower isn’t required to make a payment on their Direct PLUS Loan(s).

Direct Unsubsidized and Direct PLUS Loans will continue to accrue interest during both a grace period and a post-enrollment deferment.
Think about how you want to manage loans that might not have a grace period.
CAPITALIZATION

When unpaid interest is added to the original amount borrowed (principal).

This new, larger amount, is the principal that will continue to accrue interest until the loan is paid in full.
Amount Borrowed

$185,000

+ $12,400

School

+ $1,800

Grace

= $199,200

Grace
<table>
<thead>
<tr>
<th>Principal Borrowed</th>
<th>Interest</th>
<th>Owed After Grace/Capitalization Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100K</td>
<td>$ 8K</td>
<td>$108K</td>
</tr>
<tr>
<td>$150K</td>
<td>$11K</td>
<td>$161K</td>
</tr>
<tr>
<td>$200K</td>
<td>$16K</td>
<td>$216K</td>
</tr>
<tr>
<td>$250K</td>
<td>$20K</td>
<td>$270K</td>
</tr>
<tr>
<td>$300K</td>
<td>$24K</td>
<td>$324K</td>
</tr>
<tr>
<td>$350K</td>
<td>$29K</td>
<td>$379K</td>
</tr>
<tr>
<td>$400K</td>
<td>$33K</td>
<td>$433K</td>
</tr>
<tr>
<td>$450K</td>
<td>$38K</td>
<td>$488K</td>
</tr>
</tbody>
</table>

Numbers are estimated and rounded. Example reflect CARES Act and other student loan relief provisions (3/13/20 through 9/30/21).
Grace and post-enrollment deferment period ends 6 months after graduation
PREPARE

Now
In School

May/June
Graduate

July
Start Residency

PLAN

Nov/Dec
End of Grace

Dec/Jan
Start Forbearance or Repayment

Dec/Jan
Start Repayment

ACT

Annually
Re-submit IDR Paperwork or Forbearance Request

Timeline

Decide how you’ll manage your loans going forward

Decide how you’ll manage your loans going forward

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FORBEARANCE

A way to postpone payment or make reduced payments

- Interest accrues on all loans – subsidized and unsubsidized
- To receive borrower must request the forbearance from their servicer(s)
- There are several forbearance types
- Residents may choose to use a mandatory medical residency forbearance
Postpones payments in annual increments

Borrowers request the forbearance from their servicer (specify medical resident)

All residents are eligible

Could postpone additional interest capitalization until the end of residency if requested on-time
DEFERMENT

A way to delay payment; however, borrower must meet eligibility requirements
Interest and Forbearance

Principal Amount Borrowed: $185,000

Balance After Grace: $199,200

Interest During Residency: $35,000

Post-Residency Balance: $234,500

Choose a repayment plan and begin repayment.

Initial capitalization occurs at the end of grace.

Interest continues to accrue throughout 3 yr. residency.

Capitalization occurs again at the end of residency.

Numbers are estimated and rounded. Example reflect CARES Act and other student loan relief provisions (3/13/20 through 9/30/21).
<table>
<thead>
<tr>
<th>Principal Borrowed</th>
<th>Interest</th>
<th>Owed After Grace/ Capitalization Process</th>
<th>Approximate Monthly Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100K</td>
<td>$8K</td>
<td>$108K</td>
<td>$500/mo.</td>
</tr>
<tr>
<td>$150K</td>
<td>$11K</td>
<td>$161K</td>
<td>$800/mo.</td>
</tr>
<tr>
<td>$200K</td>
<td>$16K</td>
<td>$216K</td>
<td>$1,100/mo.</td>
</tr>
<tr>
<td>$250K</td>
<td>$20K</td>
<td>$270K</td>
<td>$1,400/mo.</td>
</tr>
<tr>
<td>$300K</td>
<td>$24K</td>
<td>$324K</td>
<td>$1,700/mo.</td>
</tr>
<tr>
<td>$350K</td>
<td>$29K</td>
<td>$379K</td>
<td>$2,000/mo.</td>
</tr>
<tr>
<td>$400K</td>
<td>$33K</td>
<td>$433K</td>
<td>$2,300/mo.</td>
</tr>
<tr>
<td>$450K</td>
<td>$38K</td>
<td>$488K</td>
<td>$2,600/mo.</td>
</tr>
</tbody>
</table>

Numbers are estimated and rounded. Example reflect CARES Act and other student loan relief provisions (3/13/20 through 9/30/21).
Choosing Forbearance

- May provide more disposable income during residency
- May offer more flexibility to repay other expensive debt
- May reduce financial obligations when income is lower
What Are Your Repayment Options?
Traditional repayment plans base your monthly payment on the amount you owe and the repayment term.
Traditional Repayment Plans

- **Standard Repayment**: 10-year repayment term
- **Extended Repayment**: 25-year repayment term
- **Graduated Repayment**: 10-year repayment term
### Traditional Repayment Plans

Based on 2021 graduate borrowing $185,000 and entering repayment after grace period ends. Values are rounded. Note: Monthly payment for graduated plan will increase every two years.

<table>
<thead>
<tr>
<th>Plan</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Repayment</td>
<td>$2,200</td>
</tr>
<tr>
<td>Extended Repayment</td>
<td>$1,300</td>
</tr>
<tr>
<td>Graduated Repayment</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
Income-Driven Repayment (IDR) plans base your monthly payment on discretionary income and family size.
Income-Driven Repayment Plans

Based on 2021 graduate entering repayment after grace period ends. Monthly payment based on resident stipend of $59,300. Values are rounded. Note: Borrowers who had loans before 7/1/14 are only eligible for the original IBR plan shown above. Those with loans after 7/1/2014 would qualify for “new” IBR and the payment would mirror the PAYE payment above.
Example of a PGY-1 Resident in PAYE/REPAYE

<table>
<thead>
<tr>
<th>Monthly Adjusted Gross Income$4,940</th>
</tr>
</thead>
<tbody>
<tr>
<td>(minus) 150% of Poverty Guideline$1,620</td>
</tr>
<tr>
<td>(equals) Discretionary Income$3,320</td>
</tr>
<tr>
<td>(multiplied by) x 10%</td>
</tr>
<tr>
<td>Monthly Payment$330</td>
</tr>
</tbody>
</table>

1. Based on AAMC estimate for the 2021 first post-MD-year median stipend.
2. Based on AAMC estimate of 2021 federal poverty guideline for a family size of one in the 48 contiguous states.
3. Discretionary income is the difference between your income and 150% of the poverty guideline (based on your family size and state of residence).
4. Based on 2015 federal regulations.
5. Rounded to the nearest $10.
IDR Plans - Eligibility

**PAYE**
- Direct Loans are the only loans that qualify
- Must be a “new borrower” which means:
  - No federal loan balance on 10/1/07
  - Direct Loan disbursed on or after 10/1/11

**REPAYE**
- Direct Loans are the only loans that qualify

**IBR**
- Direct Loans AND FFEL (older loans)
IDR Plans – Partial Financial Hardship

**PAYE**
- You must show a Partial Financial Hardship (PFH) to enter the program

**REPAYE**

**IBR**
- You must show a Partial Financial Hardship (PFH) to enter the program

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PARTIAL FINANCIAL HARDSHIP

Exists when the monthly payment for the Standard plan is greater than the monthly payment for IBR or PAYE

IS YOUR STANDARD MONTHLY PAYMENT . . .

(the 10-year monthly payment amount determined when you enter the plan)

greater than your monthly payment in IBR or PAYE

(whichever plan you are applying for)

If “yes,” you have a PFH.
IDR Plans – Payment Cap

**PAYE**
- Payment Cap – Standard payment amount

**REPAYE**

**IBR**
- Payment Cap – Standard payment amount
# IDR Plans – Repayment Term

<table>
<thead>
<tr>
<th>Plan</th>
<th>Payment Term</th>
<th>Forgiveness at the end of the repayment term</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAYE</td>
<td>20 years</td>
<td>Forgiven at the end of the repayment term</td>
</tr>
<tr>
<td>REPAYE</td>
<td>25 years</td>
<td>Forgiven at the end of the repayment term</td>
</tr>
<tr>
<td>IBR</td>
<td>25 years</td>
<td>Forgiven at the end of the repayment term</td>
</tr>
</tbody>
</table>
IDR Plans – Spouse’s Income

- **PAYE**
  - Spouse’s income is included in calculation of monthly payment
  - ...If filing jointly

- **REPAYE**
  - Spouse’s income is included in calculation of monthly payment

- **IBR**
  - Spouse’s income is included in calculation of monthly payment
  - ...If filing jointly
IDR Plans - Capitalization

**PAYE**
- Capitalization – when you no longer show a Partial Financial Hardship (when you hit the cap) or if you leave the plan
- 10% of principal at time of entering repayment

**REPAYE**
- Capitalization – when you leave the plan

**IBR**
- Capitalization – when you no longer show a Partial Financial Hardship (when you hit the cap) or if you leave the plan
## IDR Plans - Subsidy

<table>
<thead>
<tr>
<th>PAYE</th>
<th>REPAYE</th>
<th>IBR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidy – on previously subsidized loans for 3 years</td>
<td>Subsidy – 50% of unpaid interest per month</td>
<td>Subsidy – on previously subsidized loans for 3 years</td>
</tr>
</tbody>
</table>
Negative amortization occurs when the principal increases because you haven’t paid all the interest due on the loan.

Monthly Interest During Residency: $1,000
Monthly Payment During Residency: $330

$770 is the amount of interest not covered by the payment

Subsidy is 50% of the unpaid interest
Subsidized amount = $335
### New Applicants

**I am not currently on an income-driven plan and I want to apply**

You can apply for an income-driven repayment plan that limits your payments to a percentage of your income.

### Returning IDR Applicants

**Submit annual re-certification of my income**

To re-certify for your existing income-driven repayment plan you must provide updated information about your income and family size annually.

**Recalculate my monthly payment**

If your income or family size has changed you can request that your income-driven payment be re-calculated to reduce your current monthly payment.

**Switch my current plan to a new plan**

If you are currently enrolled in an income-driven repayment plan and would like to switch to another income-driven repayment plan.
Failing to annually re-certify your income (on-time) matters!

ICR
Stay in plan, but payment is now Standard

IBR and PAYE
Stay in plan, but interest capitalizes, and payment is now Standard

REPAYE
Kicked out of plan, interest capitalizes, and loan is re-amortized over lesser of 10 years or time to forgiveness
<table>
<thead>
<tr>
<th><strong>Spouse’s Income</strong></th>
<th><strong>Standard</strong></th>
<th><strong>PAYE</strong></th>
<th><strong>REPAYE</strong></th>
<th><strong>IBR</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility</td>
<td>All borrowers</td>
<td>“New” borrowers</td>
<td>All borrowers</td>
<td>All borrowers</td>
</tr>
<tr>
<td>Partial Financial Hardship (PFH)</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Payment Amount</td>
<td>10 year plan – consistent</td>
<td>10% of discretionary income</td>
<td>10% of discretionary income</td>
<td>15% of discretionary income</td>
</tr>
<tr>
<td>Payment Term</td>
<td>10 years</td>
<td>20 years</td>
<td>25 years</td>
<td>25 years</td>
</tr>
<tr>
<td>Forgiveness</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Payment Cap</td>
<td>n/a</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Spouse’s Income</td>
<td>No</td>
<td>Yes-if filing jointly</td>
<td>Yes</td>
<td>Yes-if filing jointly</td>
</tr>
<tr>
<td>Capitalization</td>
<td>n/a</td>
<td>No more PFH or if you leave PAYE</td>
<td>If you leave REPAYE</td>
<td>No more PFH or if you leave IBR</td>
</tr>
<tr>
<td>Subsidy</td>
<td>none</td>
<td>Yes – on sub loans – 3 yrs</td>
<td>Yes – 50% of unpaid interest</td>
<td>Yes – on sub loans – 3 yrs</td>
</tr>
</tbody>
</table>
Consolidation = federal
Refinancing = private
CONSOLIDATION

- The process of applying for a new Direct Loan to pay off all other outstanding federal loans (FFEL and/or Direct)

- When a Direct Consolidation occurs, the new interest rate is a **weighted average** of all the underlying combined loans and will be a fixed rate
**About Consolidation**

**Advantages**
- Allows borrower to choose single servicer
- Could make FFEL or Perkins Loans eligible for IDR plan or Public Service Loan Forgiveness (PSLF)
- Could allow borrower to “give up” grace period and start repayment sooner

**Disadvantages**
- Possibly longer repayment term
- Possible loss of current borrower benefits or previous PSLF payments
- Higher interest rate (new interest rate is the weighted average of all combined loans rounded up to the nearest 1/8 of one percent)
Should You Consolidate?

aamc.org/first/consolidatequiz
REFINANCING

- The process of borrowing a private consumer loan to pay off federal loans
- Once a federal loan is refinanced, it can not be changed back to a federal loan
When a federal loan is refinanced into a private loan...

- Postponement of payment is at the lender’s discretion.
- It’s not eligible for federal IDR plans.
- It’s no longer eligible for PSLF (no longer a Direct Loan).
- Death/disability forgiveness is up to the lender.
Questions you should consider if you are thinking about refinancing

- Will the new private loan have a fixed or variable interest rate?
- Am I going to work in public service and seek loan forgiveness through PSLF?
- Are my payments affordable even during residency?
- If I need to, can I postpone payments?
- Am I comfortable with the financial risk?

aamc.org/first/shouldirefinance
Should I Refinance?

aamc.org/first/shouldirefinance
Career: Family Practice
Residency Length: 3yrs
Starting Residency Stipend: $59,300
Post Residency Starting Salary: $195,000 (2020$)
Net Monthly Income: residency $3,600
post residency $11,000
# Dr. Family Practice – 3 Year Residency

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency 3yrs</th>
<th>Post-Residency Payment</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
<th>Total Years including Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>$2,600</td>
<td>$311K</td>
<td>$0K</td>
<td>13</td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>$330 - $380</td>
<td>$1,600 - $2,200 (15yrs)</td>
<td>$355K</td>
<td>$0K</td>
<td>18</td>
</tr>
<tr>
<td>Revised PAYE (REPAYE)</td>
<td>$330 - $380</td>
<td>$1,600 - $2,200 (14 yrs)</td>
<td>$332K</td>
<td>$0K</td>
<td>17</td>
</tr>
</tbody>
</table>

Note: Based on PGY-1 median stipend and Merrit-Hawkins data – 2021 Graduate. All figures approximate
# Dr. Family Practice – 3 Year Residency

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency 3yrs</th>
<th>Post-Residency Payment</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
<th>Total Years including Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>$3,700</td>
<td>$445K</td>
<td>$0K</td>
<td>13</td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>$330 - $380</td>
<td>$1,600 - $2,300 (17yrs)</td>
<td>$403K</td>
<td>$207K</td>
<td>20</td>
</tr>
<tr>
<td>Revised PAYE (REPAYE)</td>
<td>$330 - $380</td>
<td>$1,600 - $2,600 (22 yrs)</td>
<td>$554K</td>
<td>$62K</td>
<td>25</td>
</tr>
</tbody>
</table>

Note: Based on PGY-1 median stipend and Merrit-Hawkins data – 2021 Graduate. All figures approximate.
Career: Cardiology

Residency Length: 6yrs

Starting Residency Stipend: $59,300

Post Residency Starting Salary: $325,000 (2020$)

Net Monthly Income: residency $3,600
post residency $20,000
## Dr. Cardiology – 6 Year Residency

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency (6 yrs)</th>
<th>Post-Residency Payment</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
<th>Total Years including Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>$3,000</td>
<td>$358K</td>
<td>$0K</td>
<td>16</td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>$330 - $470</td>
<td>$2,200 (13 yrs)</td>
<td>$372K</td>
<td>$0K</td>
<td>19</td>
</tr>
<tr>
<td>Revised PAYE (REPAYE)</td>
<td>$330 - $470</td>
<td>$2,900 – $3,400 (7 yrs)</td>
<td>$301K</td>
<td>$0K</td>
<td>13</td>
</tr>
</tbody>
</table>

Note: Based on PGY-1 median stipend and Merrit-Hawkins data – 2021 Graduate. All figures approximate
# Dr. Cardiology – 6 Year Residency

**Student Loan Debt:** $260,000  
**Net Monthly Income:** $20,000

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency (6 yrs)</th>
<th>Post-Residency Payment</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
<th>Total Years including Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>$4,300</td>
<td>$514K</td>
<td>$0K</td>
<td>16</td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>$330 - $470</td>
<td>$2,900 - $3,100 (14 yrs)</td>
<td>$545K</td>
<td>$0K</td>
<td>20</td>
</tr>
<tr>
<td>Revised PAYE (REPAYE)</td>
<td>$330 - $470</td>
<td>$2,900 - $3,800 (11 yrs)</td>
<td>$472K</td>
<td>$0K</td>
<td>17</td>
</tr>
</tbody>
</table>

*Note: Based on PGY-1 median stipend and Merrit-Hawkins data – 2021 Graduate. All figures approximate*
## Dr. Cardiology – 6-year residency

$2K/month Extra Payment

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment During Residency (6 yrs)</th>
<th>Post-Residency Payment</th>
<th>Total Repayment Amount</th>
<th>Forgiven</th>
<th>Total Years including Residency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbearance then Standard</td>
<td>$0</td>
<td>$4,300</td>
<td>$514K</td>
<td>$0K</td>
<td>16</td>
</tr>
<tr>
<td>Forbearance then $2k extra/mo</td>
<td>$0</td>
<td>$6,300</td>
<td>$461K</td>
<td>$0K</td>
<td>12</td>
</tr>
<tr>
<td>REPAYE plus extra $2k/mo</td>
<td>$330 - $470</td>
<td>$4,900 – $5,400</td>
<td>$412K</td>
<td>$0K</td>
<td>12 vs. 17</td>
</tr>
</tbody>
</table>

**Note:** Based on PGY-1 median stipend and Merrit-Hawkins data – 2021 Graduate. All figures approximate
What If …

... I'm married or have kids?

... I change repayment plans?

... I pay more after residency?

... I have more debt?

... I can't afford the payment plan I chose?

... my residency is longer?

... I have more debt?

... I earn a larger salary?

... I can't afford the payment plan I chose?

... I'm married or have kids?

... I can't afford the payment plan I chose?
Additional Case Studies in the Education Debt Manager Publication

aamc.org/first/casestudies
MLOC is a tool to help you organize your loans and evaluate your repayment options.

aamc.org/medloans

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.

For log in assistance, email dhales@aamc.org.

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Public Service Loan Forgiveness

Direct Loans Only

Eligible Loans

Eligible Payments

Standard PAYE REPAYE IBR

Public Service

Eligible Employment

$$$ Loan Forgiveness
Public Service Loan Forgiveness
Starting Salary $155,000

PAYE

$200,000

$330-$380 (3)
$1,200-$1,400 (7)

Pays $123K
$220K Forgiven

$$$ Loan Forgiveness
Public Service Loan Forgiveness (PSLF)

How to Qualify for PSLF

- Have eligible loans: **Direct Loans only**.
- Make eligible payments: **any income-driven repayment plan**.
- Work for a qualifying employer: **501(c)(3) nonprofit or government work**.
- After making 120 qualifying payments: **apply for forgiveness**.

For more information, visit [aamc.org/first/facts/pslf](http://aamc.org/first/facts/pslf).

How to Check Your PSLF Status

- Submit a Public Service Loan Forgiveness form **annually** to FedLoan Servicing (myfedloan.org) and immediately before and after any job change.
- View your progress toward PSLF in your FedLoan Servicing account. Progress is not tracked in real time and is only updated after processing your annual PSLF form.
- Refer to the Federal Student Aid PSLF Help Tool: [aamc.org/pslfhelptool](http://aamc.org/pslfhelptool)

[aamc.org/first/pslfinfographic](http://aamc.org/first/pslfinfographic)

Details, information, and instructions to better understand PSLF
Use the PSLF infographic so you don’t make these common mistakes

aamc.org/first/pslf infographic

Why Is “No One” Qualifying for PSLF?

The majority of application denials could have been avoided. Between October 2017 and August 2020, the most prevalent reasons borrowers did not qualify for PSLF were:

- Not enough qualifying payments: 56%
- Incomplete application: 25%
- No eligible loans: 14%
You're currently not logged in!

Log in to use the Public Service Loan Forgiveness (PSLF) Help tool.

If you are not logged in, you cannot use the Public Service Loan Forgiveness (PSLF) Help tool.

What is Public Service Loan Forgiveness (PSLF)?

The Public Service Loan Forgiveness (PSLF) Program forgives the remaining balance on your Direct Loans after you have made 120 (10 years) qualifying payments under a qualifying repayment plan while working full-time for a qualifying employer. However, your loan will only be forgiven if you meet all PSLF...
Lump-Sum Payments and Prepayments Now Qualify

Now, you can make future payments (or prepayments) to your qualifying federal student loans, and they will all be counted toward your PSLF qualifying payment count if all other program criteria are met. Prepayments will count for up to 12 months or the next time you're due to recertify for your income-driven repayment (IDR) plan, whichever is sooner. Here's an example:

<table>
<thead>
<tr>
<th>Previous Processing</th>
<th>Current Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your monthly payment is $100 and your due date is the first day of the month.</td>
<td>Your monthly payment is $100 and your due date is the first day of the month.</td>
</tr>
<tr>
<td>You are set to recertify for your income-driven repayment (IDR) plan on May 23, 2023.</td>
<td>You are set to recertify for your IDR plan on May 23, 2023.</td>
</tr>
<tr>
<td>The $1,200 payment you made on Nov. 1 counts as one qualifying payment toward PSLF loan forgiveness.</td>
<td>The $1,200 payment you made on Nov. 1 counts as one qualifying payment toward PSLF loan forgiveness.</td>
</tr>
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</table>

*Provided all other program criteria are met, the lump-sum payment counts for November and December 2020 (two) and January, February, March, April, and May 2021 (five) for seven total eligible payments. Once your employment is certified, your eligible payments will become qualifying payments.*
Loan Forgiveness – Taxable?

Yes
Income-Driven Plans

No
Public Service Loan Forgiveness
## Taxpayer Relief Act of 1997*

<table>
<thead>
<tr>
<th></th>
<th>Full Deduction</th>
<th>Partial Deduction</th>
<th>NO Deduction</th>
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<tr>
<td><strong>Single</strong></td>
<td></td>
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<td></td>
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<tr>
<td>$70,000 or less</td>
<td>$70,000 or less</td>
<td>$70,001 to $84,999</td>
<td>$85,000 or more</td>
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<td>$85,000 or more</td>
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<td></td>
<td></td>
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<tr>
<td><strong>Married filing Jointly</strong></td>
<td>$140,000 or less</td>
<td>$140,001 to $169,999</td>
<td>$170,000 or more</td>
</tr>
</tbody>
</table>

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

May be eligible: Voluntary payments & capitalization


* Student Loan Interest Deduction (1/2020)
Repayment Assistance Programs

aamc.org/repayasst

Learn about repayment assistance programs.
How am I going to remember all this?
WHAT LOANS DO YOU HAVE?
• View federal student loans: studentaid.gov
• View nonfederal student loans: annualcreditreport.com

DO YOU HAVE UNDERGRADUATE LOANS WITHOUT A GRACE PERIOD?
• Payment for undergraduate loans may be due before medical school loans.
• To delay repayment or select a repayment plan for undergraduate loans, contact loan servicer(s).

DO YOU WANT OR NEED TO CONSOLIDATE LOANS?
• To consolidate, submit an application at studentaid.gov. Applications are usually processed within 30-75 days. Note: You can only consolidate after your school reports that you’ve graduated or separated from school.

ARE YOU PLANNING TO PURSUE PSLF?
• Note: While in forbearance, payments will not count toward PSLF.
• To indicate interest in PSLF, borrower and employer complete the PSLF form (studentaid.gov/publicservice) and send to FedLoan Servicing.
• Complete the form annually and when changing employers.

DO YOU WANT TO POSTPONE PAYMENTS?
• Complete forbearance request form at studentaid.gov or contact loan servicer(s).

DO YOU WANT TO CONTINUE WITH FORBEARANCE?
• Complete annual forbearance request form at studentaid.gov or contact loan servicer(s).
Steps for Loan Repayment

Now

What loans do you have?
- View federal student loans: studentaid.gov
- View nonfederal student loans: annualcreditreport.com

Before graduation

Do you have undergraduate loans without a grace period?
- Payment for undergraduate loans may be due before medical school loans.
- To delay repayment or select a repayment plan for undergraduate loans, contact loan servicer(s).

Upon graduation

Do you want or need to consolidate loans?
- To consolidate, submit an application at studentaid.gov. Applications are usually processed within 30-75 days. Note: You can only consolidate after your school reports that you’ve graduated or separated from school.

Beginning of residency

Are you planning to pursue PSLF?
- Borrower and employer complete the PSLF form (studentaid.gov/publicservice) and send to FedLoan Servicing.
- Complete the form annually and when changing employers.

90 days before grace ends

Which repayment plan do you want to select?
- To apply for an income-driven repayment plan (REPAYE, PAYE, IBR, ICR), go to studentaid.gov or contact loan servicer(s).
- For a traditional repayment plan (Standard, Extended, Graduated), contact loan servicer(s).

90 days before first repayment year ends

Do you want to continue with an income-driven repayment plan?
- Recertify annually by submitting income and household size information at studentaid.gov or by mailing to your loan servicer(s).

Association of American Medical Colleges
## Resources

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Questions? first@aamc.org