



I. Financing YOUR Medical Education – 3 Steps

- Estimate YOUR Costs
- Become aware of and evaluate YOUR Financial Resources
- Obtain YOUR Financial Assistance needed

1. Estimate YOUR Costs

(Fixed Costs)	<u>ESTIMATED for 21-22 (subject to change)</u> <i>KY Tuition (\$42,610) or NR Tuition (\$64,798)</i> <i>Technology Fee (\$1,250)</i> <i>Recreation Fee (\$196)</i> <i>Books & Supplies (\$1,142) not billed (also receive a free stethoscope)</i> <i>HSC Health Fee (\$105)</i> <i>Health Insurance (\$2,892) (May be waived w/ proof of insurance)</i> <i>Disability Insurance (\$55-Fall only)</i> <i>? Apt. Rental/Mortgage Payment</i> <i>? Apt. Rental Insurance/Home Insurance</i> <i>? Life Insurance</i> <i>? Property Taxes (Car, home, etc.)</i> <i>? Start-up costs (deposits for Apt. & Utilities)</i> <i>? Auto Payment & Insurance (Note: cannot be included in Federal COA)</i> <i>? Transportation expenses</i>
(Variable Costs)	<i>Food</i> <i>Clothes</i> <i>Household supplies</i> <i>Parking</i> <i>Recreation</i> <i>Toiletries/Cosmetics</i> <i>Haircuts</i> <i>Laundry</i> <i>Gas</i> <i>Utilities</i> <i>Etc.</i>

Be aware that the Financial Aid Office bases their budgets on:

- Known costs adjusted for inflation
- The consumer price index or actual rate of Inflation

- Provides a basic standard of living
- Expenses for student only, does not include expenses for spouse or children
- Based on surveys of reasonable Apt. rental in the area & College Board figures



2. Consider YOUR Financial Resources

Family Resources: “Be prepared to "Help Yourself"”

- Students & their families must assume primary responsibility for financing their medical education
- It is not the Financial Aid Office function to finance your education. The FAO is provided to assist in finding means to help you pay for your education with Loans, Grants and Scholarships. The student is the responsible party to finance their education and apply for aid
- Spouse's income
- Parental help, if possible
(Note: Parental contributions will be considered for PCL or LDS award eligibility, regardless of dependency status)

Other Resources: Private Funding & Outside Scholarships

Selection criteria for awards may be based on:

- Ethnicity
- Parent's Occupations
- Religious Affiliation
- Geographic Location
- Specialty
- Fraternal Affiliation
- Academic
- Need Based
- Gender
- Service Commitment
- Etc.

**Be cautious about scholarship search companies that charge a fee. Some have been investigated for mail fraud and many of the scholarships that are found by the services were obvious, inappropriate, or obsolete. Most often a little time and research on the student's part will net at least the same results and probably better results at no cost. Four years of education financing is worth one day of research!*

Great web sites: www.aamc.org/FIRST & www.louisville.edu/medical/financialaid & www.studentaid.gov

3. Obtain YOUR Financial Assistance

Student Loans: *What you need to know*

- The maximum amount you can borrow per loan type and COA (per academic year)
- The maximum aggregate limits of the Direct Subsidized (undergrad) & Unsubsidized Loans
- The interest rate and capitalization policy
- Direct Unsubsidized & Grad/PLUS Loans accrue interest while you are in school
- Loan Fee taken out, prior to disbursement
- The Grace Period, if any (6 months for Direct Subsidized & Unsubsidized Loans)
- Repayment Options: Standard, Extended, Graduated, ICR, IBR, PAYE & REPAYE
- Forgiveness Options: PSLF, NHSC Loan Repayment Programs, NHSC Students 2 Service & Military
- That you can repay the loan at any time, without penalty
- Residency Forbearance during Residency and possible Deferment Options

Some Helpful hints...Keep Financial Aid Records!

- ✓ Copies of Loan Master Promissory Notes - MPN (You will sign online)
 - ✓ Any correspondence from your loan servicer as well as the SOM Financial Aid Office
- *Create a folder for each academic year***

II. PLANNING & BUDGETING for UofL M1 SOM Year

1. Planning - You must plan on a fixed budget & the actual dollars you will have each academic year.

Example 1: If your Cost of Attendance (COA) is \$69,966 (KY Resident) & you choose to accept partial Direct Unsubsidized Loan & the Primary Care Loan & zero scholarship, then...

<u>AID TYPE</u>	<u>GROSS</u>	<u>NET</u>
Direct Unsubsidized	\$20,500	\$20,283 (less loan fees)
Primary Care Loan	\$49,466	\$49,466 (0% fees)
TOTAL AID	\$69,966	\$69,749
Less Tuition (R)		-42,610
Less Health Insurance (can be waived if other ins.)		- 2,892
Less Health Fee		- 105
Less Technology Fee		- 1,250
Less Recreation Fee		- 196
Less Disability Insurance Fee		- 55

Less Estimated Books & Supplies

- 1,142

\$48,250 Total Fixed Costs

NET AID \$69,749 (minus) \$48,250 Fixed Curriculum Costs=\$21,499

Residual for Living & Misc. Expenses (If student is on parents Health Insurance, they can deduct the amount for Health Ins. from Fixed costs & add to Living Expense funds or borrow less.)

\$21,499 Living expenses ÷ 10 Months (COA) = \$2,149 Per Month

\$21,499 Living expenses ÷ 12 Months (COA) = \$1,791 Per Month

This student borrowed the full Cost of Attendance (COA). Maximum award allowed. If the student needs funds for summer expenses they would need to use the 12-month Budget calculation for M1 (not enrolled in summer-no additional aid)

Example 2: If your Cost of Attendance (COA) is \$69,966 (KY Resident) & you choose to accept only the Maximum Direct Unsubsidized Loan in M1 (\$42,722) & zero grad/PLUS then...

<u>AID TYPE</u>	<u>GROSS</u>	<u>NET</u>
Direct Unsubsidized	\$42,722	\$42,270 (less loan fees)
TOTAL AID	\$42,722	\$42,270
Less Tuition (R)		-42,610
Less Health Insurance (can be waived if other ins.)		- 2,892
Less Health Fee		- 105
Less Technology Fee		- 1,250
Less Recreation Fee		- 196
Less Disability Insurance Fee		- 55
Less Estimated Books & Supplies		- 1,142
		\$48,250 Total Fixed Costs

NET AID \$42,270 (minus) \$48,250 Fixed Curriculum Costs= **NEED**

\$5,980 additional to cover Fixed Costs (If student is on parents Health Insurance, they can deduct the amount for Health Ins. from Fixed costs, then only \$3,088 more needed.)

This student may not be planning to borrow for Living expenses (they have funds from savings, spouse, parents or live at home?). This student is still eligible for up to \$24,824 in grad/PLUS loan during the academic year. Best case- may not need to borrow grad/PLUS Loan this year.

Example 3: If your Cost of Attendance (COA) is \$69,966 (KY Resident) and you choose to accept the Maximum Unsubsidized Stafford in M1 (\$42,722) and full grad/PLUS Loan offered, up to the full COA then...

<u>AID TYPE</u>	<u>GROSS</u>	<u>NET</u>
Direct Unsubsidized	\$42,722	\$42,270 (less loan fees)
Direct Grad/PLUS Loan	\$27,244	\$26,093 (less loan fees)
TOTAL AID	\$69,966	\$68,363

Less Tuition	- 42,610	
Less Health Insurance (can be waived if other ins.)	- 2,892	
Less Health Fee	- 105	
Less Technology Fee	- 1,250	
Less Recreation Fee	- 196	
Less Disability Insurance Fee	- 55	
Less Estimated Books & Supplies	- 1,142	
		\$48,250 Total Fixed Costs

NET AID \$68,363 (minus) \$48,250 Fixed Curriculum Costs= \$20,113

Residual for Living & Misc. Expenses (If student is on parents Health Insurance, they can deduct the amount for Health Ins. from Fixed costs & add to Living Expense funds or borrow less.)

\$20,113 Living expenses ÷ 10 Months (COA) = \$2,011 Per Month

\$20,113 Living expenses ÷ 12 Months (COA) = \$1,676 Per Month

This student "Accepted" (borrowed) the full Cost of Attendance (COA). Maximum award allowed. Student should only "Accept" (borrow) the amount of grad/PLUS loan they need. If the student needs funds for summer expenses they would need to use the 12-month Budget calculation for M1 (not enrolled in summer-no additional aid)

Example 4: If your Cost of Attendance (COA) is \$92,154 (NR) and you have a scholarship offer and choose to accept the Maximum Direct Unsubsidized Loan in M1 (\$42,722) then...

<u>AID TYPE</u>	<u>GROSS</u>	<u>NET</u>
Scholarship	\$35,000	\$35,000
Direct Unsubsidized	\$42,722	\$42,270 (less loan fees)
TOTAL AID	\$77,722	\$77,270

Less Tuition (R)	-64,798	
Less Health Insurance (can be waived if other ins.)	- 2,892	
Less Health Fee	- 105	
Less Technology Fee	- 1,250	
Less Recreation Fee	- 196	
Less Disability Insurance Fee	- 55	
Less Estimated Books & Supplies	- 1,142	
		\$70,438 Total Fixed Costs

NET AID \$77,270 (minus) \$70,438 Fixed Curriculum Costs= \$6832

Residual for Living & Misc. Expenses - For the year (If student is on parents Health Insurance, they can deduct the amount for Health Ins. from Fixed costs & add to Living Expense funds or borrow less.)

This student may not be planning to borrow for full Living expenses (they have funds from savings, spouse, parents or live at home?). This student is still eligible for up to \$14,432 in grad/PLUS loan during the academic year. Best case - may not need to borrow grad/PLUS Loan this year.



2. Budgeting

- A positive attitude will help to make budgeting less painful.
- Know the difference between a “NEED” and a “WANT”
- Be aware of the money coming in, is it large lump sums or monthly increments? Both have advantages and disadvantages. Lump sums can be difficult to control overspending during the initial receipt of the money. While monthly income makes it harder to save for large outputs such as tuition.
- Review your checking and savings accounts every couple of years to ensure that you are getting the best deal in terms of service fees, monthly charges, minimum balances, credit card fees, etc. Also review insurance policies.
- Pay your bills on time to maintain a good credit record. If you get into trouble, contact your creditors and explain your situation. Do not ignore it!
- Each budget is unique to that individual in regard to living arrangements & etc. It is a fact of life that people usually spend what they have or make. Quality of life can only be viewed in the eye of the beholder!

Becoming Familiar with the Mechanics of a Budget

- The easier and more realistic a budget is... then dealing with it on a consistent basis will be helpful
- List all of your sources of income or funds (savings, scholarships, family then loan aid)
- List all of your fixed expenses. Fixed expenses are monthly or yearly expenses that are unavoidable because you have already committed yourself to them. They are usually unchanging in their amounts.
- List all of your variable or day to day expenses. Variable expenses are those that

occur in different amounts and may not occur with regularity.

- Try to experiment by keeping track of every penny you spend for 2 weeks. By doing this you will see what your priorities are and where you are spending money. You will probably be surprised at how quickly small incidental expenses add up. (*Can you name some?...soft drinks, snacks from the vending machine, eating out, coffee, gifts, parking tickets and etc.*)
- Periodically review your fixed and variable expenses and adjust your budget accordingly.

Make a Budget Worksheet: Fixed Expenses and Variable/ Flexible Expenses

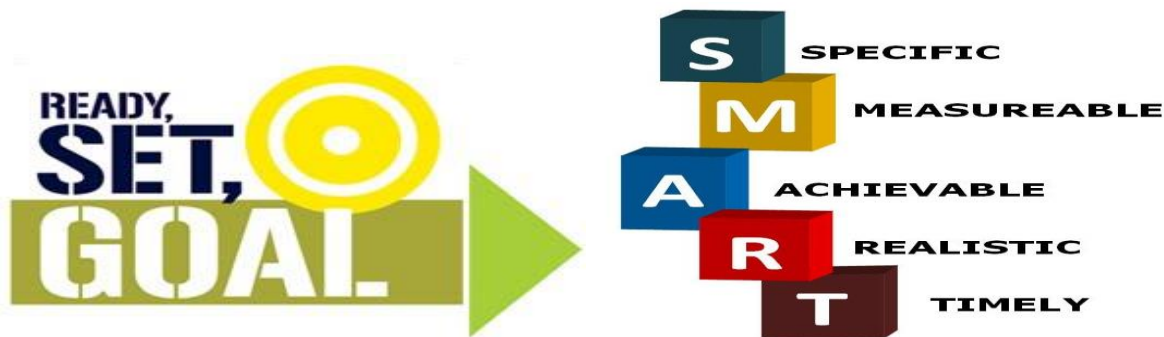
Advice from Sylvia Porter – Financial Advisor

*There are three categories that usually lead to the collapse of a financial plan if not considered:

- **Nibblers** - little things which you take for granted that eat at your money (laundry, haircuts, snacks, gifts, coffee shop, vending machine, impulse buying and etc.)
- **Bouncers** - expenses which occur once or twice a year and are easy to overlook (insurance premiums, federal, state and local taxes, personal property taxes.)
- **Sluggers** - emergency unplanned expenses that are disastrous if you have no savings account to fall back on (*Emergency Fund-talk to your parents/relatives before something happens*) (medical expenses, appliance replacement, emergency travel & etc.)

Plan & Develop Comfortable Financial and Life Goals

- **Short, Mid & Long-Term Goals** are important to begin now. Write it down!
- There are thousands of “Goal Setting” websites to help you learn more about setting your Financial and Life Goals.



***Some information taken from Financial Planning and Management Manual
Association of American Medical Colleges, Revised August 1994.*

- . Cost of Tuition & Fees depend on the school YOU choose.*
- . Cost of Housing/Rent depend on where YOU choose to live.*
- . Cost of Food depends on how/where/what YOU choose to eat.*
- . Cost of Transportation depends on what mode of transportation YOU choose to use.*

**Presentation by: University of Louisville School of Medicine Financial Aid
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