



# Financial Aid & Money Management

for Entering UofL Medical School Students

Prepared for the SOM Class of 2025

Leslie R. Kaelin M.Ed.  
Financial Aid Director-School of Medicine  
University of Louisville-SOM Orientation

Disclaimer: All information and estimates are based on AAMC interpretation of federal regulations as of July 2020 and are subject to change. These are estimates only. Students should contact their servicer(s) to discuss exact loan balances and repayment options.



# SOM Financial Aid



*Welcome to the  
SOM class of 2025 !*

# SOM Financial Aid Staff



❖ ***Leslie R. Kaelin, M.Ed.***  
***Financial Aid Director, SOM***

❖ ***Angela Hall, MSM***  
***Financial Aid Coordinator, SOM***

❖ **SOM A Building (Instructional Bldg.)**  
**Suites 205 & 208** *(across from SOM Student Affairs)*  
**502-852-5187**



Make Financial Literacy Fun!



- M1 –The Price is Right!-Topic: Goals and Budgeting (Fall)
- M1-Fashion \$ense Show (Spring) College competition- “Doing More with Less”-Celebrity SOM Judges
- M2-So You Want To Be a Millionaire?-Credit Reports and Scores
- Various emails about AAMC Financial Literacy Webinars
- Financial Aid Open house – Scholarship raffle, Snacks!
- Individual Counseling
- Financial Wellness programing and M4 elective course



# 21-22 (M1) Cost of Attendance Details (COA)

FIRST PROGRAM

## Bursar's Office Bill **Fall 21**

- \$21,305 KY-R Tuition
- \$625 Technology Fee
- \$52.50 HSC Health Fee
- \$98 UofL Recreation Fee
- \$55 Disability Insurance Fee
- \$1,446 Major Medical Health Ins. *(waive?)*

**\$23,581.50** Total Billed fall 21

## Bursar's Office Bill **Spring 22**

- \$21,305 KY-R Tuition
- \$625 Technology Fee
- \$52.50 HSC Health Fee
- \$98 UofL Recreation Fee
- 0 Disability Insurance Fee *(not billed in spring)*
- \$1,446 Major Medical Health Ins. *(waive?)*

**\$23,526.50** Total Billed spring 22

## Not billed, but in your (M1) 21-22 COA

- \$1,142 M1 Books & Supplies-per UME (includes 24 month-USMLE RX 360 First Aid & all UME required books + supplies)
- \$21,716 Living Expenses *(Plus the \$2,892 billed Major Medical Health Ins.= \$24,608)*

Living Expenses include: Room & Board, Transportation, Major Medical Insurance, Personal Expenses & Loan fees

**Total M1 COA: \$69,966**

**Total M1 COA Non-Resident tuition: \$92,154**

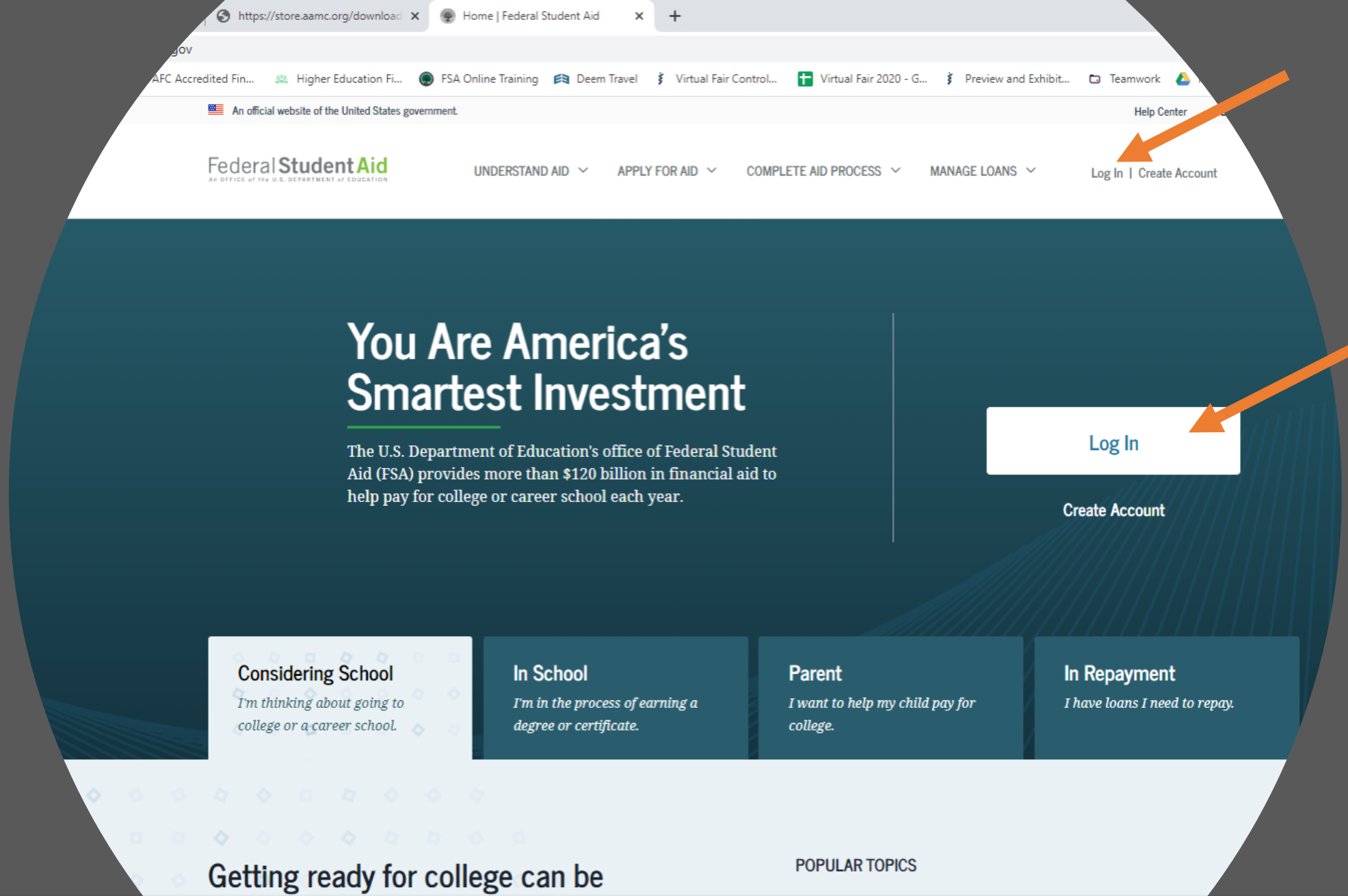
## Books & Supplies items included in COA for M2-M4

**M2 includes:** 6 month Uworld Question Bank (*UME pays half*), First Aid for Step 1, Pretest Question Books for 7 subjects, 2 extra NBME practice exams for Step 1, Cost of Step 1, all UME required books + supplies.

**M3 includes:** Step 2 CK, all UME required books + supplies.

**M4 includes:** Residency Application/Interview Expense, all UME required books + supplies.

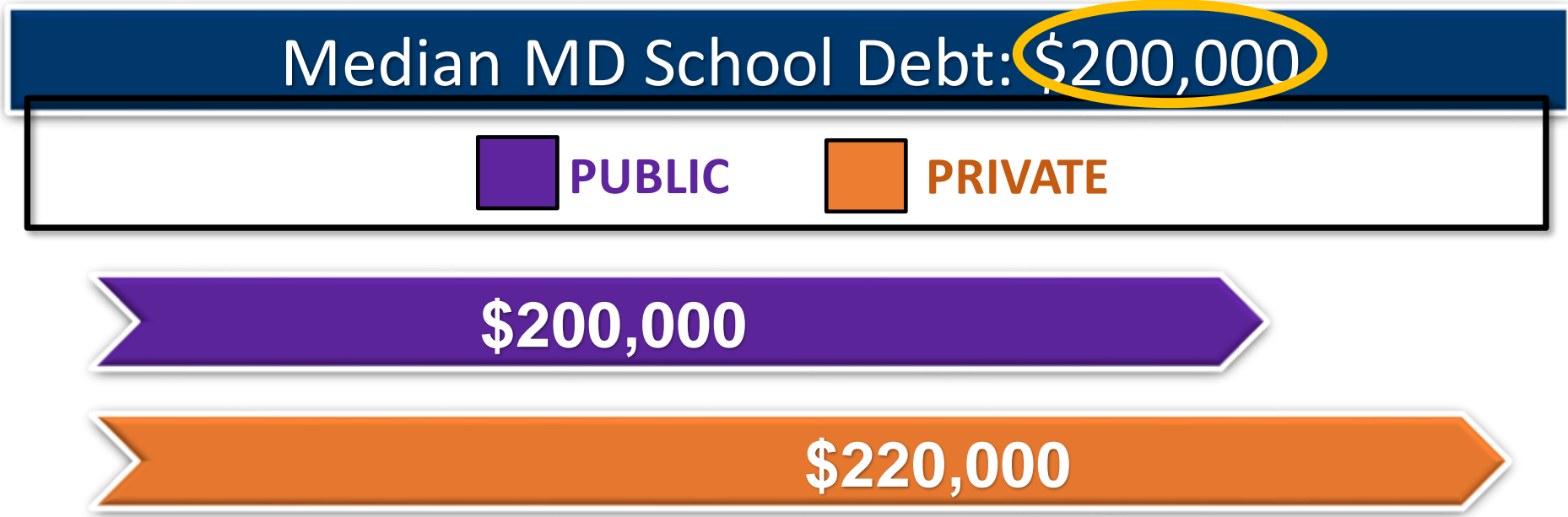
# Federal Loan Aid



**studentaid.gov**



# Class of 2020 Indebtedness



Source: AAMC 2020 Graduate Questionnaire (GQ)

73% of class report having education debt  
54% report debt of \$200,000 or higher



**UL** SCHOOL OF MEDICINE  
**SOM Indebtedness**

**Class of 2020 Average Debt (MD degree borrowing only): \$207,458**

- **151 Graduates**
- **34 Graduates with zero debt**
- **59 Graduates with prior debt (Average: \$26,870)**

# Master Promissory Note (MPN)



- Is a contract with the lender
- Can be used for multiple years
- Read before signing
- Lists your rights & responsibilities

# Rights and Responsibilities

## Rights

- Prepay any federal loan without penalty
- Request a copy of your MPN
- Change repayment plans
- Receive grace periods and subsidies on certain loans
- Use deferment or forbearance to postpone payments
- Receive documentation of loan obligations, rights and responsibilities, and when the loan is fully repaid

**See the MPN for all rights**

# Rights and Responsibilities

**Responsibilities**

- Complete exit counseling before leaving or dropping below half-time enrollment
- Make loan payments on time
- Make payments despite nonreceipt of a bill
- Notify the servicers of changes to your contact or personal information
- Notify the servicers of changes in your enrollment status

**See the MPN for all responsibilities**



# A Serious Obligation

## Student Loans Must Be Repaid





# Consequence of Late Payments



**Delinquency**

- Credit bureaus notified.
- Credit negatively affected.

**Default**

- Credit bureaus notified.
- Entire balance becomes due immediately.
- Additional charges, fees, and collection costs are assigned.
- Credit negatively affected.
- Wages and tax returns are garnished.
- Social Security and disability benefits are withheld.
- Legal fees and court costs are your responsibility.
- You are ineligible for additional student aid.
- Other federal debt collection methods are used.



# Subsidized Loans vs. Unsubsidized Loans

### Subsidized

- **Direct Subsidized**
- **Perkins Loans\***
- **Primary Care Loans**
- **Loans for Disadvantaged Students (LDS)\***
- **Institutional Loans**  
*(some)*
- **Consolidation Loans**  
*(underlying subsidized loans)*

### Unsubsidized

- **Direct Unsubsidized**
- **Direct PLUS**
- **Private Loans**
- **Consolidation Loans**  
*(underlying unsubsidized loans)*
- 

\* Subsidy and deferment rights are lost in a consolidation loan



# Direct Unsubsidized & Grad/Plus

## 2021-2022 Direct Unsubsidized Loan

- 5.28% Fixed Interest Rate (4.30 % in 20-21)
- 1.057% Federal Loan Fee
- Interest starts accruing continuously, at the point of disbursement\*
- Automatic in-school deferment
- Maximum yearly (if eligible): M1-\$42,722 (10), M2-\$44,944 (11), M3-\$47,167 (12), M4-\$42,722 (10)
- Maximum Undergrad/Grad: \$138,500 Maximum professional student lifetime limit: \$224,000

## 2021-2022 Direct Grad/PLUS Loan

- 6.28% Fixed Interest Rate (5.20% in 20-21)
- 4.228% Federal Loan Fee
- Interest starts accruing continuously, at the point of disbursement\*
- Automatic in-school deferment will postpone repayment
- Grad/PLUS has a maximum interest rate cap of 10.5%
- Maximum up to COA (if eligible)
- Dept. of Education approval includes a “Credit Check”

**\*(Interest free until Sept. 30, 2021-per COVID Relief federal legislation)**



# Interest Rates – Class of 2025

## Fixed Interest Rates ('21 - '22 Student Loans)

DIRECT  
UNSUBSIDIZED  
LOAN

5.28%

FIXED

DIRECT  
PLUS  
LOAN

6.28%

FIXED

\* PCL Loans and LDS Loans are a fixed 5%



# Fixed Interest Rates for the Class of 2021

M1 2017-18	M2 2018-19	M3 2019-20	M4 2020-21
PERKINS* 5.0%	PERKINS* 5.0%	PERKINS* 5.0%	PERKINS* 5.0%
DIRECT UNSUBSIDIZED 6.0%	DIRECT UNSUBSIDIZED 6.6%	DIRECT UNSUBSIDIZED 6.08%	DIRECT UNSUBSIDIZED 4.30%
DIRECT PLUS 7.0%	DIRECT PLUS 7.6%	DIRECT PLUS 7.08%	DIRECT PLUS 5.30%

\* Perkins, PCL and LDS Loans are disbursed at a fixed rate of 5%. All loans shown have a fixed interest rate.



# Federal Loan Origination Fees

- *The federal loan fee is deducted proportionately from each loan disbursement by the Dept. of Education prior to disbursement*
- *The disbursed amount you receive will be slightly less than the amount you actually accept/borrow*
- *You're responsible for repaying the entire amount ("Gross" amount) you borrowed and not just the ("Net" amount) that was disbursed*

## Unsubsidized Loan: 1.057% Loan Fee

**\$20,500 + \$22,222=\$42,722** Total Accepted

**\$216 + \$234=\$450** Total Loan Fees

**\$42,272 "Net" Disbursed** (\$21,136 per semester)

## Grad/PLUS Loan: 4.228% Loan Fee

**\$27,244** Total Accepted

**\$1,150** Total loan Fees

**\$26,094 "Net" Disbursed** (\$13,047 per semester)





# Capitalization

Addition of unpaid interest to the principal

**\$200,000**



**\$31,700**



**\$231,700\***



**Principal + Interest = Larger Principal**

\*Based on the median education debt level for the Class of 2019 and interest rates from the Class of 2020



# Capitalization of Interest

Addition of unpaid interest to the principal

**\$200,000**



**\$15,500\***



**\$215,500**



**Principal + Interest = Larger Principal**

\* Based on CARES Act in effect through Sep. 30, 2021. "Savings" of an estimated. \$17,000 is realized because interest was avoided due to the CARES Act.



# If possible, pay the interest before it capitalizes!

1. Separate from required payments

2. With instructions to apply the monies

- immediately
- towards the highest % rate

3. Follow-up to see it was done





# Primary Care loan & Loan for Disadvantaged Students

Need based loans with limited funding:

- **Primary Care Loan (PCL):** Interest rate is 5%
  - Subsidized (interest free) during school and approved primary care residency
  - Pediatrics, Internal, Med/Peds, Family Medicine, Preventative Medicine – NO specialties
- **Loan for Disadvantaged Students (LDS):** Interest rate is 5%
  - Subsidized (interest free) during school and residency

*If interested: update your 21-22 FAFSA to include your parents' financial information and notify SOM Financial Aid if you are interested in PCL*



# The Loan Repayment Timeline





# Loan Repayment Timeline

The path for many federal student loans





# NOTICE: Repayment Begins

If taking a LOA, dropping below half-time or withdrawing



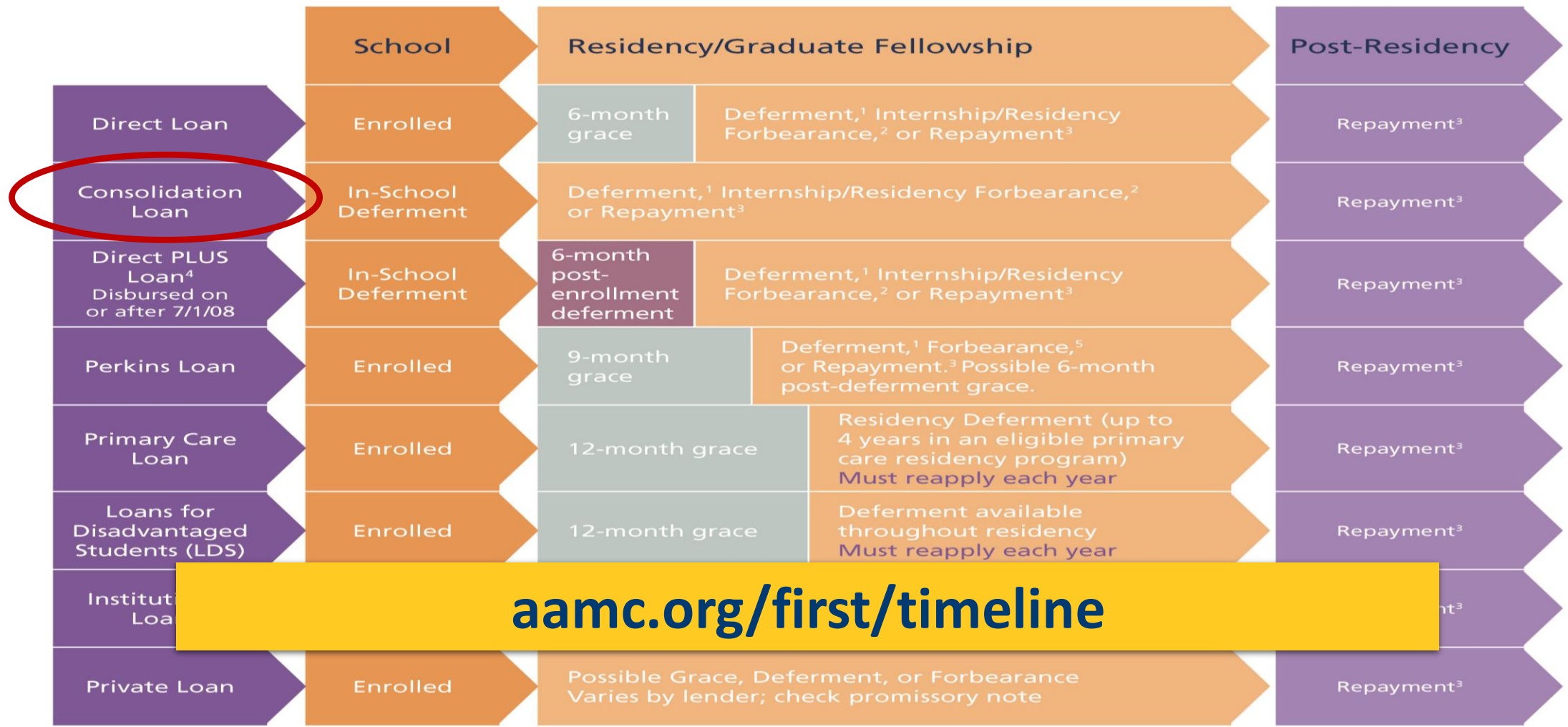
Contact the Financial Aid Office

Exit counseling is required

Payments may start  
*(or 6 month grace period begin)*



# When is Your First Payment Due?





# Options During Residency

There are two choices during residency





# Postpone Payments

## Deferment

Must apply and qualify

Interest continues to accrue on Direct Unsub and Direct PLUS loans (only waived on subsidized loans-from undergrad)

## Forbearance

Must request from servicer

Interest accrues on all loans

Medical Residency Forbearance available

NOTE: For more details, or to request a deferment or forbearance, contact the servicer of the loan.



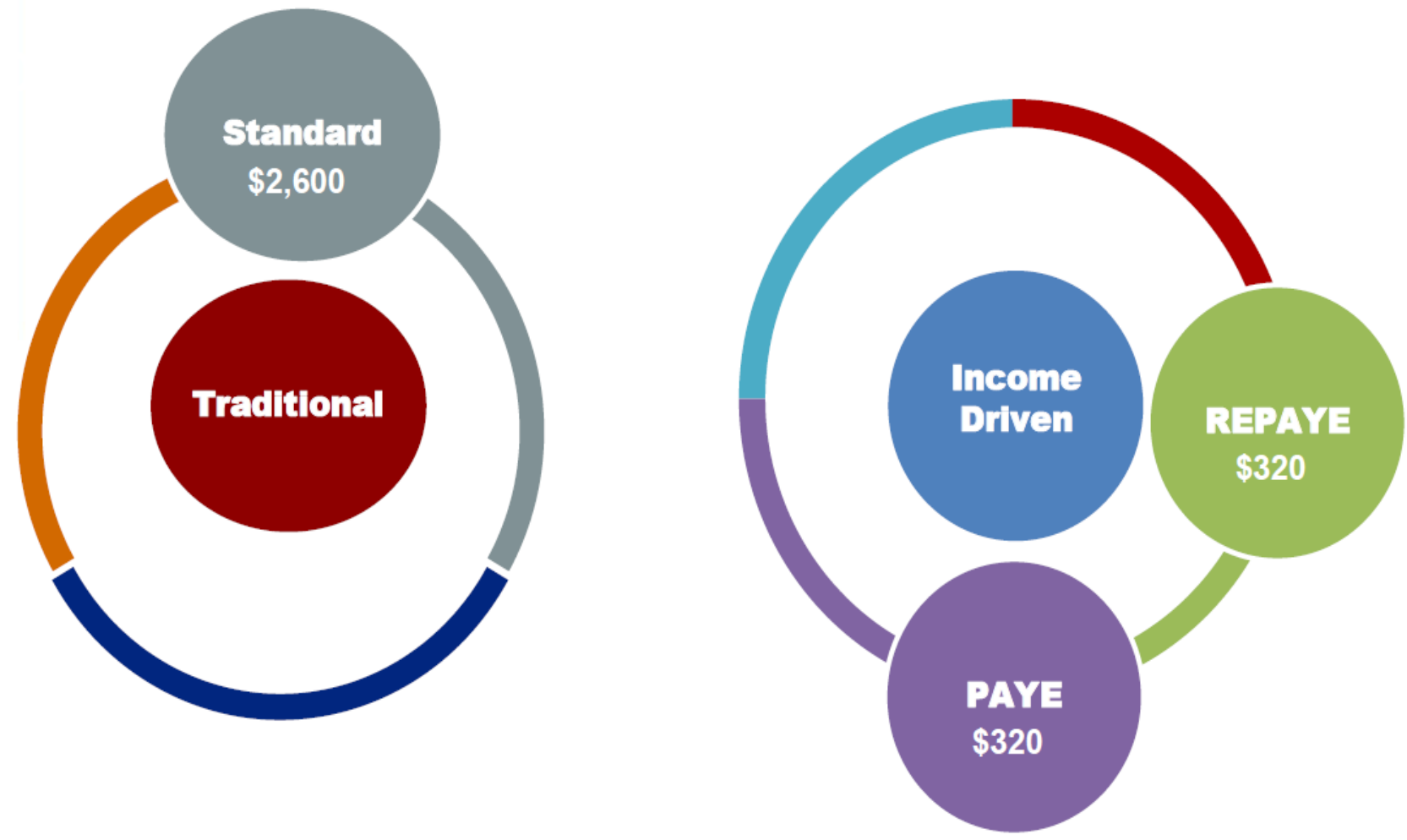
# Options During Residency

There are two choices during residency





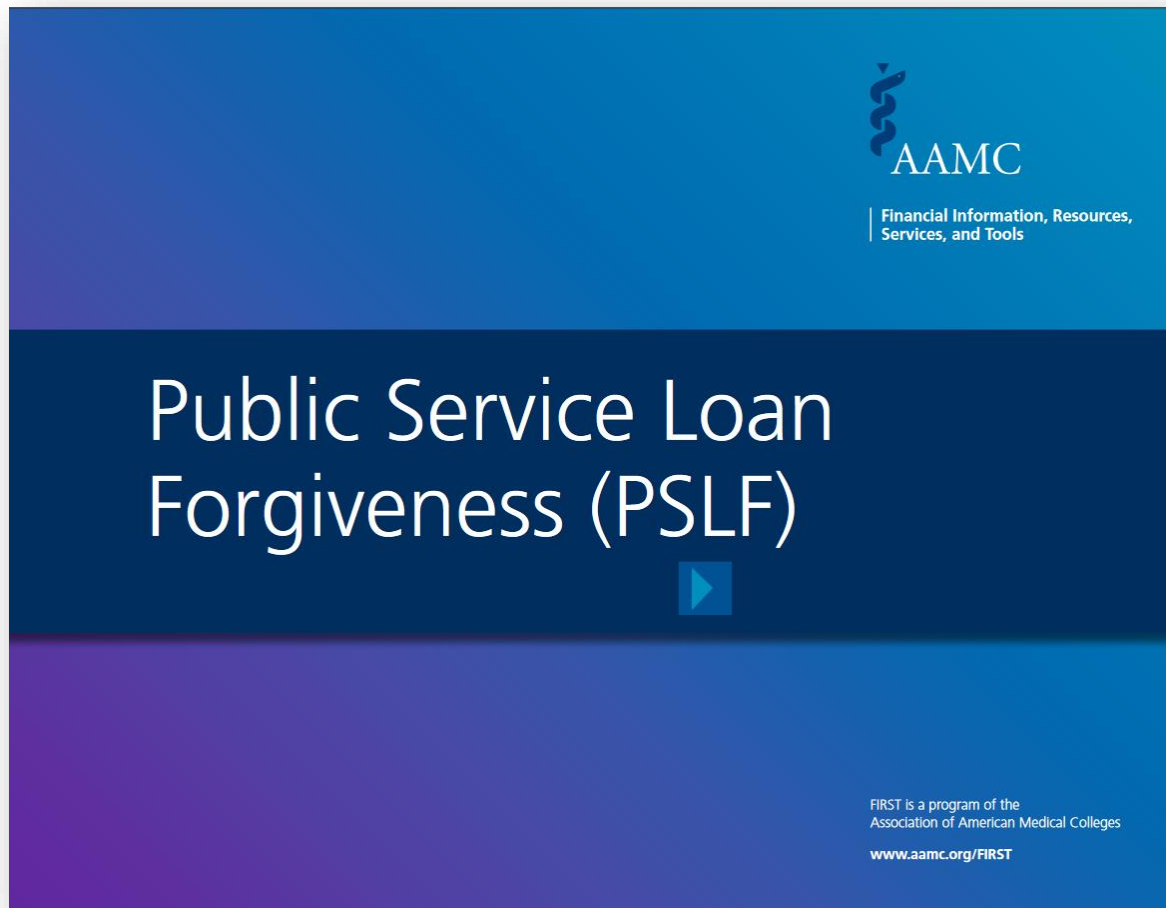
# Repayment Plans – 2 Types of Plans



Figures based on \$200,000 borrowed during 4 years of medical school

	Standard	PAYE	REPAYE
Eligibility	All borrowers	“New” borrowers	All borrowers
Partial Financial Hardship	No	Yes	No
Payment Amount	10 year plan – consistent	10% of discretionary income	10% of discretionary income
Payment Term	10 years	20 years	25 years
Forgiveness	No	Yes	Yes
Payment Cap	n/a	Yes	No
Spouses Income	No	Yes-if filing jointly	Yes
Capitalization	n/a	No more PFH or if you leave PAYE	If you leave REPAYE
Subsidy	none	Yes – on sub loans – 3 yrs	Yes – 50% of unpaid interest





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



# Loan Forgiveness & Repay Assistance



[aamc.org/stloan](https://aamc.org/stloan)  
[aamc.org/repayasst](https://aamc.org/repayasst)

# Strategic Borrowing



# Alternatives to Borrowing



- Faith & civic organizations
- Military
- NHSC S2S
- [aamc.org/stloan](http://aamc.org/stloan)

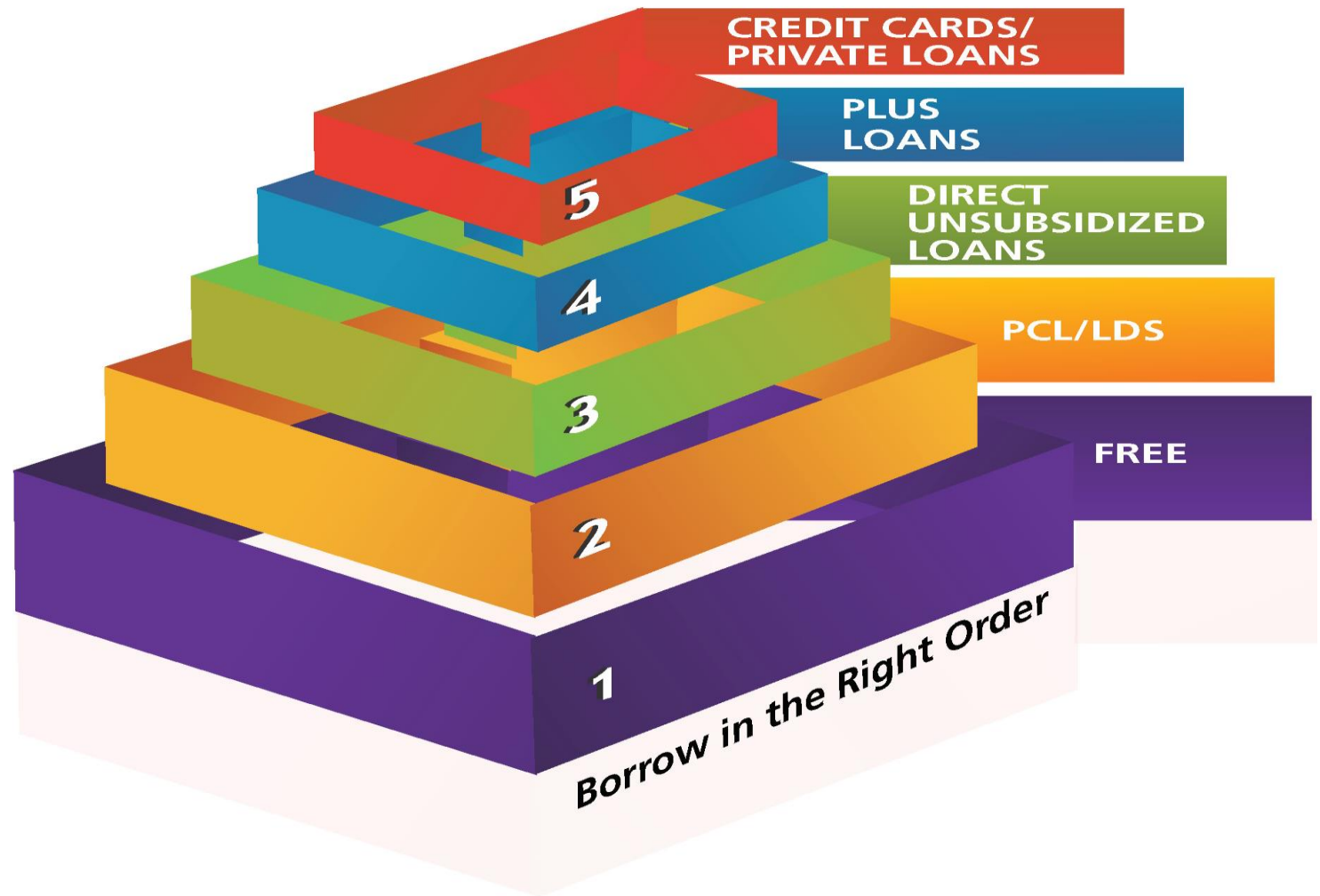
- Financial aid office
  - Family support

- Cornerstone to avoid unnecessary debt
- [aamc.org/studentbudget](http://aamc.org/studentbudget)
- [aamc.org/financialwellness](http://aamc.org/financialwellness)

- Hospital, county & state
- Income-Driven Repayment
- Public Service Loan Forgiveness
- [aamc.org/first/pslfbooklet](http://aamc.org/first/pslfbooklet)



# Borrow Wisely – In The Right Order



# How Will You Borrow?

Do NOT borrow just because you are eligible...

- Create a **BUDGET**, only way to know what you need to borrow
- Cannot borrow above the published **SOM COA**
- Know the difference between a **NEED** and **WANT**  
Borrow what you need, not what you want
- Know how you will cover the expenses for summer, after **M1**
- Decline loans that exceed your need

Live like a medical student while you are a medical student,  
and you will reap the rewards during repayment.



# Borrow Wisely

**BORROWING CHALLENGE**

\$5,000 less each year will **REDUCE** the amount borrowed and **REDUCE** your:

- Monthly Payments by \$310
- Total Interest Cost by \$17,500




**TIP -**  
Have a budget and save money



Note: Example is based on a projected 2025 M.D. graduate borrowing Direct Unsubsidized and PLUS Loans at CBO-projected interest rates with forbearance during a three-year residency prior to beginning a Standard 10-year repayment plan.

# How to Create a Spending Plan

### Spending Plan Steps

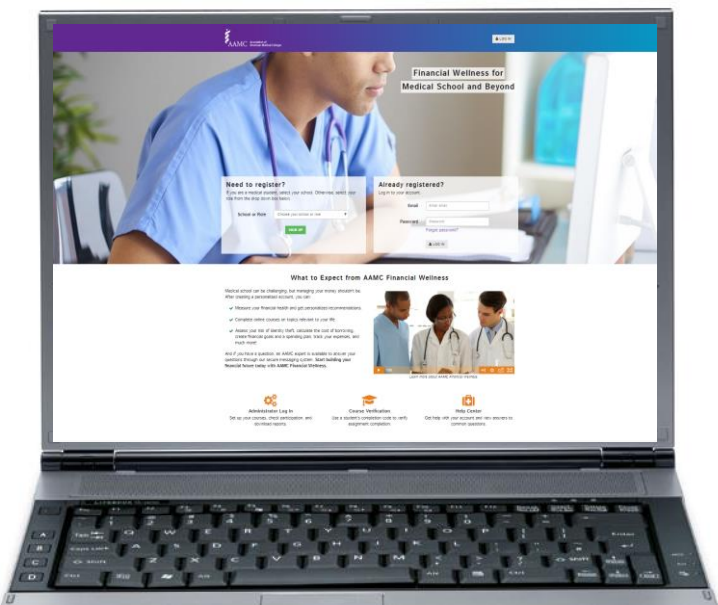
-  1. Put it in writing.
-  2. Review it periodically.
-  3. Make necessary adjustments.

*“Live like a student while you are a student...”*





# Resources to Create a Spending Plan



[aamc.org/financialwellness](https://aamc.org/financialwellness)

[aamc.org/studentbudget](https://aamc.org/studentbudget)



# The Basics of Budgeting

$$\begin{aligned}
 & \text{Your Total Income} \\
 & - \text{Your Total Expenses} \\
 \hline
 & = \text{Your Discretionary Income}
 \end{aligned}$$

$$\text{Your Total Income} - \text{Your Total Expenses} = \text{Your Discretionary Income}$$



# Spending Wants: Leaks

## Small amounts add up over time

It may not seem like much in the short term



**\$5/day, 5 days/week**  
**\$100/month, 10 months**  
**\$1,000/year x 4 years =**

**\$4,000**



# Spending Wants: Leaks

Consider the alternatives

Savings can also add up quickly

**\$10/month**

**10 months/year**

**\$100/year x 4 =**

**\$400**





# Are Credit Cards Bad?



# The Minimum Payment Trap

**\$5,000 balance with an 18% interest rate**  
*(Making minimum monthly payments)*



Source: BankRate.com



# The Minimum Payment Trap

## THE MINIMUM PAYMENT TRAP

**\$ 5,000 @ 18%**  
\$5,000 financed at 18%

**23 Years**  
Paying the minimum monthly payment means it will take you almost 23 years to fully repay.

**\$12,000**  
**Total Paid**

Paying the minimum monthly payment means you will pay \$7,000 in interest.

What could possibly be worth paying more than twice its original value?

Source: BankRate.com



# Credit: Understand & Protect





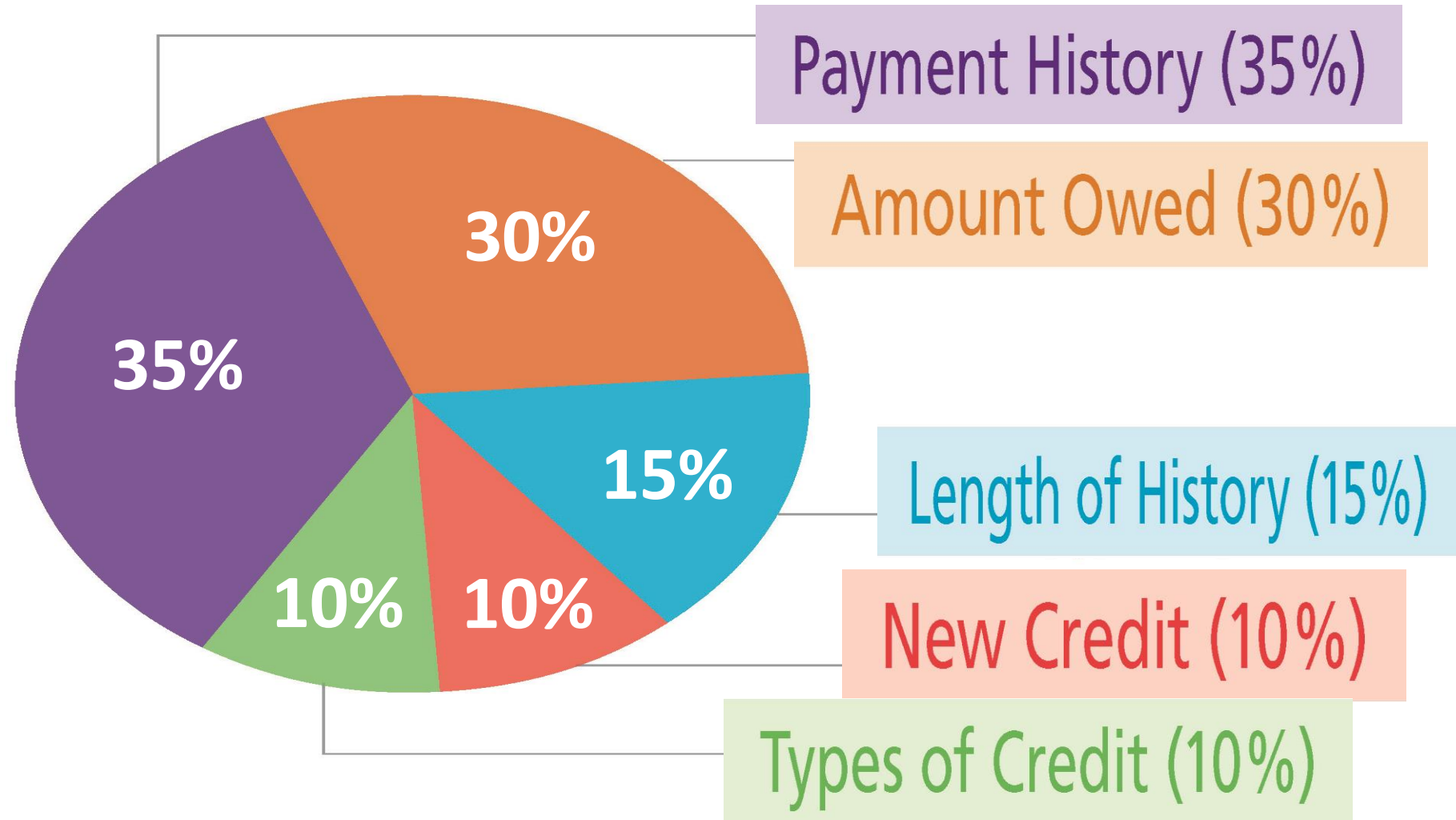
# Check your Credit Report



[annualcreditreport.com](https://annualcreditreport.com)



# A FICO Score is Based On





# How to Improve Your Score

During medical school, these simple steps will help.

Pay bills on time

Pay down debt on lines of credit

Apply for credit sparingly





# UofL Specifics...





# Financial Aid Helpful Hints

- #1 Develop a **Budget !!!** *Just do it!*
- **Ask SOM Financial Aid**, don't assume or take the advice from a fellow classmate to answer your questions. *There are no stupid or wrong questions!*
- If you originally received or borrowed less than your full allowed 21-22 Cost of Attendance (COA), **you can request previously declined loan funds**, contact our office by April 15, 2022
- If you are having any financial issues or concerns throughout medical school, **contact our office**. SOM FA will do everything we can to assist you. Unfortunately an answer may be "no" based on federal aid regulations but it never hurts to inquire. *You don't know unless you ask!*
- If possible, **plan for a backup financial assistance option**, **plan in advance**, before it happens
- Remember to **save for lump sum expenses** from your first disbursement
- **Attend** Financial Wellness & Literacy programs! *Fun, informative, prizes and lunch!*
- Make a plan for **summer 2022**





# Most frequently asked questions...

I forgot to submit my FAFSA, now what do I do? *File the 21-22 FAFSA as soon as possible!*

When should I expect my refund? *M1 & M2 Financial Aid First Disbursement today! Bursar's Office Refund/Residual 3-5 days after aid disbursement (estimate Thursday?)*

How do I request my loans to be re-offered? *Contact SOM FA at 502-852-5187*

Why haven't my loans disbursed? *Many possible reasons...*

- *UofL did not receive your 21-22 FAFSA or you have not filed it yet*
- *Not packaged yet-late FAFSA or other issue*
- *Did not accept loans on Ulink*
- *Just accepted loans on ULink in the last few work days*
- *Did not complete Loan Entrance or Loan MPN at [www.studentaid.gov](http://www.studentaid.gov)*
- *Did not sign up for Bursar's Office refund process*
- *Expired MPN*
- *Prior balance due to UofL,*
- *Credit issue with Grad/Plus loan*
- *Various possible Registrar, Admissions, Student ID issues*

How do I waive the health insurance or the health insurance charge is still on my account! *Contact Campus Health Services at 502-852-6519*

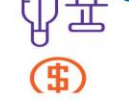




**What has to be completed in order for my loans to disburse?**

**What do I have to do to make sure any **refund/residual** amount is deposited into my bank account?**

- A. I have to accept my loans on my ULink account**
- B. I have to complete Master Promissory Notes and Loan Entrance Counseling at [studentaid.gov](http://studentaid.gov)**
- C. I have to set up my refund “Direct Deposit” with the **Bursar’s Office** via “Student Choice” (Nelnet)**
- D. I have to do all of the above!**



# AAMC Resources





Financial Information, Resources,  
Services, and Tools

# Education Debt Manager

For Matriculating and Graduating Medical School Students

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Learn

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Serve

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Lead

[aamc.org/first/edm](https://aamc.org/first/edm)

# Resources: from the AAMC

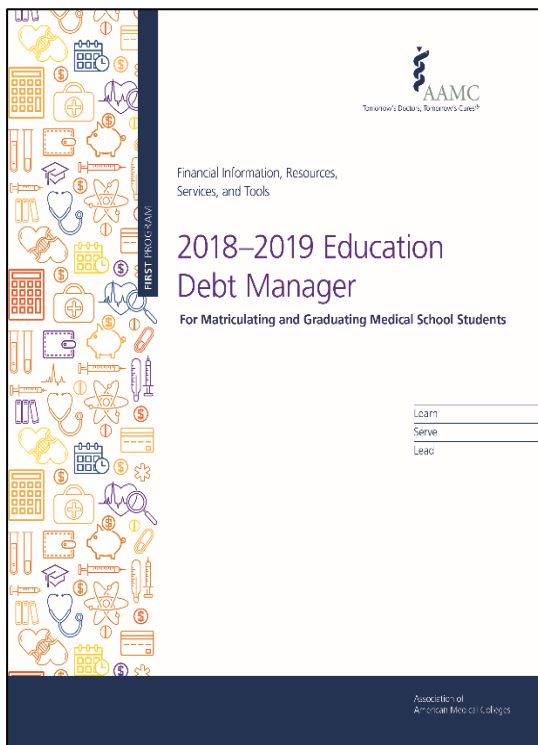
## AAMC FIRST

### Offers Financial Aid Fact Sheets on Topics Like:

- **Budgeting worksheets**
- **Roommates and money**
- **Transitioning to medical school**
- **The cost of interviewing for residency**
- **Repayment**
- **Credit**

### Offers Videos and Webinars on Topics Like:

- **How long will it take to pay your student loans**
- **7 steps to increasing your credit score**
- **Home financing for graduating Medical students**
- **Student loans and repayment for married physicians**



AAMC's – Education Debt Manager –  
Free PDF Download –  
[aamc.org/first/edm](http://aamc.org/first/edm)



# AAMC Financial Wellness Program

## Some of the available courses include:

- **Budget Basics**
- **Buying a Car**
- **Financial Basics**
- **Financial Planning**
- **Financial Trouble**
- **Having a Baby**
- **Identity Theft**
- **Managing Credit**
- **Saving and Investing**
- **Understanding Insurance**

**Financial Health Check** - Measure your financial wellness.

**Auto Loan Calculator** - Estimate your monthly car payment.

**Chronic Debtor Assessment** – Obtain feedback on your spending behavior.

**Financial Goals** – Set your short and long term financial goals and store them within your account.

**Mortgage Calculator** – See estimated payments and learn about potential tax breaks.



# Know Your Numbers

## MedLoans<sup>®</sup> Organizer and Calculator



- Upload your student loan data (details on page 7).
- Keep track of your student loan information.
- Develop personalized repayment strategies.

"Loans are less scary, and I've made a strategy to confront them. I'm also more confident that I can manage my debt during residency and beyond after using the MedLoans Calculator."

**A free tool for MD students and graduates!!**

**Nathaniel Bayer,**  
2015 Graduate, University of Rochester School of Medicine and Dentistry

[aamc.org/medloans](https://aamc.org/medloans)



# QUESTIONS





# What did she say???

