Financing a Medical Education

Financial Aid

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• **Application Timelines Vary**
  ◦ Check the website or contact the institution you are applying to, for deadlines differ depending on the school

• **Application Materials Include**
  ◦ Free Application for Federal Student Aid (FAFSA)
  ◦ College Scholarship Service Profile (CSS Profile)
  ◦ Institutional Aid Applications
  ◦ Scholarship Applications
Timelines to Consider

- **September-December**
  - 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

- **March-May**
  - Review financial aid websites for priority deadlines for need-based institutional aid consideration
  - Tuition and cost of attendance budgets are made available
  - Award letters are sent out to aid recipients

- **June**
  - Applicants applying for federal student loans will need to complete documents including Federal Loan Entrance Counseling and Master Promissory Note

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

- 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>
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</thead>
<tbody>
<tr>
<td>Median Tuition and Fees</td>
<td>$39,142</td>
<td>$63,989</td>
</tr>
<tr>
<td>Median Cost of Living</td>
<td>$24,548</td>
<td>$23,636</td>
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<tr>
<td>Median COA</td>
<td>$63,690</td>
<td>$87,625</td>
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<td>Median 4-Yr. COA for Class of 2021</td>
<td>$259,347</td>
<td>$346,955</td>
</tr>
</tbody>
</table>
1st Expectation is to Utilize Family Resources

2nd Consider Forms of Financial Assistance

• **Scholarships**
  - Need-based
  - Merit
  - External

• **Student Loans**
  - Federal Loans
    - Direct Unsubsidized (2020 4.30%)
    - Direct GradPLUS (2020 5.30%)
      - Assigned a loan servicer
  - Institutional Loans
    - Typically subsidized and managed by the Institution
  - Private Loans

• **Employment**
  - Federal Work Study
  - Outside Employment Opportunities
Federal vs. Institutional

• **Federal Needs Analysis**
  ◦ Apply via FAFSA
  ◦ Excludes parent data
  ◦ Direct Unsubsidized Loan
  ◦ Graduate PLUS Loan

• **Institutional Needs Analysis**
  ◦ Apply via CSS Profile
  ◦ Includes parent data
  ◦ More detailed review and often additional documentation required
    • e.g. Tax Returns, W2’s, Business Returns, Schedules
  ◦ Used to determine need based institutional funding
Understanding Loans

Key Loan Concepts

• Subsidized vs. Unsubsidized
  ◦ Subsidized Loan: Interest does not accrue during in-school, grace, and periods of qualified deferment
  ◦ Unsubsidized Loan: Interest Accrues at the time of disbursement

• Fixed vs. Variable Interest Rate
  ◦ Fixed: Interest rate remains the same
  ◦ Variable: Interest rate may change

• Federal, Institutional, Private Loan Borrowing

• Forbearance vs. Deferment
  ◦ Forbearance: Interest accrues but not required to make payments
  ◦ Deferment: No interest accrues and not required to make payments when necessary paperwork is completed

• Effects of Capitalization
  ◦ Accrued interest is added to the principal balance of the loan thus increasing your overall borrowing
FACTS on Medical Student Education According to the AAMC

- 73% of 2020 US Medical School Graduates Borrowed
  - 84% of both Public and Private Borrowers combined had debt >$100,000
  - 54% of both Public and Private Borrowers combined had debt >$200,000
  - 20% had debt >$300,000

- HMS Class of 2020
  - Graduated with Average School Debt: $106,877

• **Budgeting Helps Control Finances**
  • Put it in writing
  • Check periodically
  • Make necessary adjustments

• **Promotes Financial Responsibility**

• **Useful Budgeting Websites**
  • www.aamc.org/services/first
  • www.mint.com
  • https://www.huecu.org/other-services/balance-financial-fitness/
  • https://www.smartsheet.com/top-excel-budget-templates
Additional Expenses

- **Not Factored in Cost of Attendance**
  - Living expenses in excess of student budget
  - Relocation costs
  - Auto expenses
  - Financial support to others aside from legal dependents
  - Credit card payments
  - Various application and associated interview costs
Repayment Options

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....

National Health Service Corps (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.
Pre-Medical School Educational Loans

• **Know the Terms of Your Loans**
  ◦ In-school deferment upon enrollment in medical school
  ◦ Enrollment Verification from Registrar
  ◦ Contact lenders for more information

**The National Student Loan Data System**

◆ Your federal loan information available at:
  www.nslds.ed.gov
  ◆ *Federal PIN required to access site*
Helpful Resources

- **HMS:** [www.hms.harvard.edu/finaid](http://www.hms.harvard.edu/finaid)
- **IBR/PAYE:** [http://studentaid.ed.gov](http://studentaid.ed.gov)
- **PSLF:** [http://studentaid.ed.gov](http://studentaid.ed.gov)
- **NHSC:** [www.nhsc.hrsa.gov](http://www.nhsc.hrsa.gov)
- **AAMC:** [www.aamc.org/first](http://www.aamc.org/first)
- **MedLoans Organizer:** [www.aamc.org/services/first/medloans](http://www.aamc.org/services/first/medloans)
Good Luck!

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