

# Dear Applicant:



- ⌘ **Welcome to the School of Medicine at Saint Louis University. As part of your preparation for applying to medical school, I am sure that you investigated the costs associated with a medical education. To supplement the information you already have investigated, we are providing an outline of financial aid programs, important credit-worthiness information, and procedures that applicants to the School of Medicine should be familiar with.**
- ⌘ **Please take time to read this and be prepared with any questions at the Q & A session immediately following the luncheon.**

# **PHILOSOPHY OF BORROWING TO FINANCE YOUR MEDICAL EDUCATION**

**at**

**Saint Louis University School of Medicine**

- **a major investment**
  - **largest investment decision, to date**
- ***EDUCATION MORTGAGE***
  - **Same, or more costly than a first home mortgage**
- **Wise investing: maximize the benefits = minimize the costs**
- **Decisions should involve YOU, your family, and the school you want to attend**
- **Preparation now = maximum future disposable income**

# In Order To Borrow You Must . . .

## A -have **GOOD CREDIT**

### ▪ **What is on a credit report?**

- Student loans
- Credit cards
- Utilities
- Bankruptcies
- **SOMETIMES**, other people's credit
- **SOMETIMES**, erroneous information about yourself

## B -Identify theft:

- **OPT-OUT** – To remove name from credit card mailing lists
- call (800) 353-0809

### ▪ **Watch your credit limits**

### ▪ **Close Excess Accounts**

### ▪ **Limit Inquiries-You can request & no impact**

### ▪ **Expect Errors**

### ▪ **Explain Lapses**

### ▪ **Credit Report**

- **Creditreport.com**
- **Lists all 3 major reporting agencies on one report**



# HOW IS AID DETERMINED?

☰ **Cost of Attendance (minus) Family Contribution = Financial Need**

☰ **University Aid (loans and/or scholarship)**

- **Financial information required from you (& spouse) & both biological parents**

☰ **No University Aid, Federal and Private only**

- **Financial information required from you (& spouse)**

# LOAN PROGRAMS AVAILABLE



## **Federal Stafford Subsidized Student Loan (FSSL)**

- **\$8,500 per year**
- **Insured against death and permanent disability**

## **Federal Unsubsidized Stafford Student Loan (FUSSL)**

- **\$18,500 per year (including amount received in subsidized Stafford)**
  - **Please note: You may be eligible for increased FUSSL up to an additional \$26,667**
- **Variable interest rate upon disbursement**
- **Insured against death and permanent disability**

## **Alternative Loan**

- **\$25,000 per year**
- **Variable interest rate upon disbursement**
- **T.H.E. Alternative loan is insured against death and permanent disability during medical school and residency.**

# Repaying the Loans

- ⌘ Start thinking about loan repayment, NOW
- ⌘ Because for every **\$1** borrowed, you can repay **\$3** to **\$5**, regardless of where you go to school



**\$100,000 = \$300,000 to \$500,000**

**SLUSM =**

**\$135,000** Class of 2001 Average Indebtedness

- ⌘ Repayment of your educational loans **WILL** cause your future disposable income to be reduced while in repayment

# LOAN DEFAULTS

## Who Defaults?

- people who borrow needlessly
- people who are unaware of what & how much they borrowed

## Ramifications:

**Schools** are accountable for their default rates

- ☹️ withhold transcripts, enrollment certification, hold up or terminate faculty appointments

**Lenders** report your loans to national credit bureaus

- ☹️ defaulted loans affect credit rating and future ability to borrow funds for any purpose

**Federal Government**

- ☹️ withhold tax refunds
- ☹️ garnish employee wages
- ☹️ withhold Medicare/Medicaid refunds to health professions providers
- ☹️ some states are denying licensure privileges

# ALTERNATIVE METHODS TO FINANCING MEDICAL EDUCATION

## Armed Forces Health Professions Scholarships

1. ARMY      2. NAVY      3. AIR FORCE

### ⌘ AMOUNT

- Tuition and Fees
- Monthly Stipend \$1,185
- Books
- Active Duty Pay

### ⌘ OBLIGATION

- One year service for each year of support (min. 3 years)
- No yearly contract
- Currently, no obligation for primary care
- Interrupt residency training after 1 year to serve as GMO
- Possibly owe military for time in residency
  - Military residency unless no opening, then civilian residency

# National Health Service Corp Scholarship Program

## ■ AMOUNT

- Tuition and Fees
- Monthly Stipend
- Books

## ■ OBLIGATION

- One year service for every year of support (min. 2 years)
- Sign contract on a yearly basis
- Serve in primary care specialty in designated health shortage area
- Civilian Residency
- Payback after residency training

## ■ Penalty for breaking contract:

**Repay 3x's support you received.**

**Compounding interest from date of first promissory note. 1 year to repay.**

# 2004-2005 Standard Student Budget -- 1st Year Students:

*August 11, 2004 through May 23, 2005 (\*40 weeks)*

<b>Budget Item</b>	<b>Annual Amount</b>	<b>Semester Amount</b>	<b>Weekly Amount</b>
Tuition	\$36,190	\$18,095	N/A
Fees (+ SOAF)	1,820	910	N/A
Living Expenses	8717	4,359	218
Books/supplies/ equipment	1,368	684	N/A
<b>TOTAL</b>	<b>\$48,095</b>	<b>\$24,048</b>	<b>\$218</b>


\*No Financial Aid available during summer

# **SAMPLE STUDENT BUDGET**

**Saint Louis University School of Medicine  
2004-2005 1<sup>st</sup> year Student Budget**

- **Assist in estimating monthly budget and managing available financial resources (e.g., financial aid, assistance from family members, etc.)**
- **Most helpful when used to compare your actual personal budget**
- **Standard student budgets may only be modified in extreme cases such as uncovered medical expenses**

# ISSUES OF UNMET NEED



## 1. Loan Limits

- ✓ aggregate loan limit of \*\$189,125 (undergraduate & graduate)

## 2. Lifestyle choices

- ✓ live frugally, like a student.
- ✓ You DO NOT have an income

## 3. # of dependents

- ✓ budget can be increased for dependents, but if student has reached loan limits, then funding is not possible

\*case by case basis = credit status

# LOAN FORGIVENESS PROGRAMS

- **National Health Service Corp Loan Forgiveness Program**
- **State , Local & Private Programs**

## ➤ **STRUCTURE**

- **Complete a primary care residency and desire to enter primary care practice**
- **Identify a designated health professions shortage area and negotiate competitive salary package (including retirement, health, etc., benefits)**

- **APPLY TO AGENCY for LOAN FORGIVENESS**

## **AMOUNT:**

- **Varies with agency**

## **OBLIGATION:**

- **To practice in the underserved area**

# HOUSESTAFF STIPENDS NATIONWIDE 2003-2004



## YEAR OF TRAINING

**1st Post-MD Year**

**2nd Post-MD Year**

**3rd Post-MD Year**

**4th Post-MD Year**

**5th Post-MD Year**

**6th Post-MD Year**

## MEAN

**\$39,800**

**\$41,491**

**\$43,442**

**\$45,361**

**\$47,146**

**\$49,038**

# REPAYMENT STRATEGIES



- ✓ **Utilize deferments**
- ✓ **Continue to live a frugal lifestyle during residency**
- ✓ **Make unscheduled loan repayments with resident salary**

# IMPORTANT REMINDERS IN APPLYING FOR ASSISTANCE



- ✓ Check your credit report, ***NOW***
- ✓ Complete all required forms and provide any supplemental information as requested
- ✓ Be consistent when completing forms
- ✓ Answer all questions - neatly
- ✓ Apply as early as possible
- ✓ Adhere to published deadlines
- ✓ Keep copies of all forms
- ✓ Read the SFP Newsletter on our Website

# HELPFUL INFORMATION

- **School Code E00318**
- **Be sure to send all information to:**  
**Saint Louis University School of Medicine**  
**Student Financial Planning**  
**1402 S. Grand Blvd. MS229**  
**St. Louis, MO 63104**
- **On Parental Information - Identify Student**
- **Web Address:**  
**<http://medschool.slu.edu/sfp>**
- **E-mail: [sfp@slu.edu](mailto:sfp@slu.edu)**

**REMEMBER.....**

**EVERY DOLLAR BORROWED WHILE IN  
MEDICAL SCHOOL ENCUMBERS  
FUTURE DISPOSABLE INCOME &  
EFFECTS FUTURE LIFESTYLE  
CHOICES**



# CALCULATORS



- **T.H.E. Calculator:**
  - [www.northstar.org](http://www.northstar.org)
  
- **Access Advisor:**
  - [http://accessgroup.org/software/access\\_advisor/index.htm](http://accessgroup.org/software/access_advisor/index.htm)
  
- **These are interactive student financial planners developed to assist students in planning and managing education loan debt**