



AAMC

Financial Information,
Resources, Services, and Tools

Nine Tips for Managing Your Money During Medical School

Review Your Financing Options



- Check out alternatives to borrowing (aamc.org/stloan).
- Investigate scholarships, and remember to look to your personal support system.
- Talk with your school's financial aid office to find out if there are options other than federal student loans.
- Learn the basic principles of student loans before you borrow. It's important to understand how loans work, the rates and terms, and how these details will impact repayment.

If You Borrow, Borrow Smart



- Download and review the *Education Debt Manager* (aamc.org/first/edm).
- Maximize the least expensive aid first — that is, loans with the lowest interest rate and origination fees. This can save you money during repayment.
- Understand the differences between federal and private loans (aamc.org/first/fedvsprivate).
- Borrow only what you need; you aren't required to accept everything that's offered.

Get Organized



- Locate your federal loan information on the Federal Student Aid (FSA) website (StudentAid.gov).
- Save all your important financial aid documents in one place.
- Use the MedLoans® Organizer and Calculator (MLOC) to securely organize your loans and review repayment scenarios (aamc.org/medloans).
- To enhance your financial literacy skills, create and use an AAMC Financial Wellness account (aamc.org/financialwellness).
- Become familiar with the AAMC's FIRST program, which offers financial information, resources, services, and tools to medical students and residents (aamc.org/first).

aamc.org/FIRST

Association of
American Medical Colleges

Learn the Facts About Federal Direct Loans



- Direct Unsubsidized and Direct PLUS Loans are the most common loan types for financing a medical education.
- Both types are unsubsidized loans that qualify for an in-school deferment (no payments required) while enrolled at least half time.
- The Direct PLUS Loan has a higher interest rate and origination fee than the Direct Unsubsidized Loan, so its total repayment cost will be higher (aamc.org/first/factsheets).

Understand the Impact of Interest and Capitalization



- Interest accrues on unsubsidized loans (Direct Unsubsidized and Direct PLUS) from the date of disbursement.
- After you leave school, accrued but unpaid interest will be added to the original principal balance (a process called capitalization). Interest will then accrue on this larger loan balance.
- If you have other sources of income or support, consider making interest payments while in school; this can reduce the total cost of interest and capitalization (aamc.org/first/minimizecost).

Develop a Spending Plan



- Put your plan in writing (or use a free online budgeting tool), review it periodically, and adjust your plan as necessary.
- Use FIRST's budgeting resources (aamc.org/first/budgetbasics).

Protect (and Improve) Your Credit



- ALWAYS pay your bills on time.
- Charge only what you can pay in full each month, if possible.
- Pay down your debt, and apply for new credit sparingly.
- Review your credit reports for free (annualcreditreport.com).
- Report inaccuracies to the appropriate credit bureau(s) by filing a dispute online, and report identity theft or fraud on the Federal Trade Commission website (identitytheft.gov).

Know Your Options During Residency



- It's possible to postpone loan repayment with a deferment or forbearance (aamc.org/first/postponing).
- An income-driven repayment plan may make monthly payments more affordable ([aamc.org/repayplans](https://aamc.org/first/repayplans)).

Explore Forgiveness and Repayment Programs



- Federal agencies and other programs may offer loan repayment assistance or forgiveness ([aamc.org/repayasst](https://aamc.org/first/repayasst)).
- The Public Service Loan Forgiveness (PSLF) program may be available to those working in public service (aamc.org/first/pslfinfographic).