

How to Choose a Repayment Strategy for Your Student Loans

These simple steps should help you determine an effective repayment strategy as you graduate from medical school, regardless of your specialty and ultimate career plans.

Step 1: Know **WHAT you borrowed, **WHO** services your loans, and **WHEN** they come due**

1. See [StudentAid.gov](https://studentaid.gov) for listing of all federal loans, including Direct Unsubsidized and Direct PLUS (Grad PLUS), including any premed federal loans (your loan servicer is also listed here)
2. Check your credit report or with your financial aid office for loans not at StudentAid.gov
3. Most federal loans come due 6 months after graduation, **unless entire grace period already used**
 - a. See your disclosure statements for due dates on private and campus-based loans

Step 2: Determine your repayment objectives and constantly review them

1. **Smartly aggressive repayment**
 - a. Select repayment plan that provides manageable payments, then target additional payments against highest rate loans whenever you can in whatever amount you can
2. **Preserve the option for Public Service Loan Forgiveness (PSLF)**
 - a. Use an income plan like SAVE and make minimum payments
 - b. Submit PSLF Form annually
3. **Service commitment programs like NHSC, NIH, armed forces, states, etc.**
 - a. Financial support to pay down your loans in exchange for service (check tax provisions); note these are NOT forgiveness programs, they are simply helping you pay off your debt
4. **Cautious to help with monthly cash flow**
 - a. Select repayment plan with lowest possible payment or postpone payments
5. **Refinance with a private lender**
 - a. Pay off all your loans with a private lender to secure lower overall interest rate
 - b. Consider carefully, as it takes income plans and PSLF off the table and cannot be undone

Step 3: Select a repayment plan to meet your repayment objectives

1. Look at time-driven plans (Standard 10 and Extended 25 year) first, then income plans, and note you will likely be placed into the Standard 10-year plan until you apply for repayment
2. Use the AAMC Medloans Organizer and Calculator to help, available at [www.AAMC.org/MLOC](https://www.aamc.org/MLOC)
3. You generally make one payment regardless of which plan you choose and your loan servicer applies it proportionally against each loan they service based on the interest rate and balance
4. Use comparison chart at [www.PGPresents.com](https://www.pgpresents.com) to help select the best income plan
5. In general, you can switch plans if needed
6. **Watch for correspondence from your loan servicer prior to your loans coming due**

Important Reminders

- Keep your approach simple, find a repayment plan you can afford, then decide whether or not to overpay (which you would never do if PSLF is part of your strategy)
- **Review your strategy every year, especially when using income plans (you must renew annually)**
- Document everything you do and note who you speak with each time you call your loan servicer
- Borrowers interested in PSLF should complete the PSLF Form at [StudentAid.gov/publicservice](https://studentaid.gov/publicservice) ASAP (we suggest at orientation), regardless of who their loan servicer is
- See [www.PGPresents.com](https://www.pgpresents.com) for important updates (see right navigation bar)

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