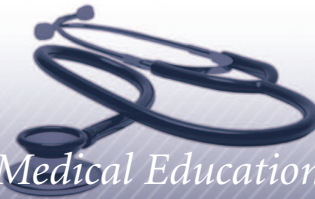


FIRST *for Medical Education*

Financial Information, Resources, Services, and Tools



Loan Repayment Choices

With medical school behind you and your residency completed, you're certainly due for congratulations. But that's not all that's due – loan payback time is just around the corner. Fortunately, though, you have a good deal of flexibility in structuring your repayment schedule by choosing from among five basic options:

1. Standard Repayment

- A fixed payment that remains the same during the repayment period of 10 years for Stafford loans.
- Consolidation loans are typically longer.

Standard Repayment is the schedule your loan servicer will select for you unless you specifically request another option. It's also the option that will allow you to pay the least amount of total interest.

2. Graduated Repayment

- A repayment plan that allows for smaller payments early on (usually when your income is lower), and higher payments in later years (when your income is likely to be greater).
- 10-year repayment period.

3a. Income-Sensitive Repayment (for FFEL

borrowers only)

- Payments are adjusted annually based on expected total gross monthly income. (The only requirement is that the amount is enough to pay at least the interest that accrues every month.)
- Maximum 10-year repayment period.

3b. Income-Contingent Repayment (for DL borrowers only)

- Payments are adjusted annually, based on borrower's household income, family size and total loan debt.
- Not available for PLUS loan payments.
- Maximum 25-year repayment period.

4. Extended Repayment

- New borrowers* with an

outstanding loan balance of more than \$30,000 in FFELP or DL loans may extend their repayment term up to 25 years.

*Borrowers with more than \$30,000 in outstanding loan debt on or after Oct. 7, 1998.

5. Income-Based Repayment

- The IBR program "caps" loan payments at 15% of your income that exceeds 150% of the federal poverty guideline for your family size.
- A borrower can choose to participate in this payment plan for up to 25 years.

When Do You Start Repaying?

About a month or two before your first payment is due, you'll receive a notice that will tell you the exact date you'll need to start making payments, your monthly payment amount, current information about interest rates, and your total outstanding balance.

About Your Option Choices

You'll want to select a plan that provides for a manageable payment amount, but keep in mind that lower isn't always better. Aim instead for a repayment schedule that falls within your budget but at the same time allows the loan to accrue as little interest as possible. The option that charges the least interest is Standard Repayment. *See chart.*

See Related Topics:
[Grace, Deferment & Forbearance](#)
[Income-Based Repayment](#)

Repayment Option	Monthly Payment	Number of Payments	Maximum Term	Total Payments	Total Interest
Standard	\$2,600	120	10 Years	\$307,000	\$157,000
Graduated	\$1,300 \$3,000	24 96	10 Years	\$319,000	\$169,000
Income-Sensitive*	\$1,300 \$3,300	36 84	10 Years	\$325,000	\$175,000
Income-Contingent	\$2,600 to \$3,400	99	8.4 Years 25 Years	\$295,000 \$463,000	\$145,000 \$313,000
Extended	\$1,500	300	25 Years	\$463,000	\$313,000
Income-Based	\$1,900 to \$2,600	150	12.5 Years	\$340,000	\$190,000

*You must apply annually for Income-Sensitive option.

Assumptions: Student borrowed \$150,000 (\$34,000 Subsidized, \$116,000 Unsubsidized) over four years of medical school. Loans have a 6-month grace period with capitalization of all accrued interest occurring at the end of the grace period. Borrower chooses Forbearance during 4-year residency; interest rates are fixed at 6.8%.