



Residency & Relocation Loans – To Borrow or Not to Borrow

Fourth year medical students have a variety of hidden expenses outside of the standard student budget for which additional funds might be necessary. Participating in the residency match, travelling for interviews, related meals and lodging, and moving expenses, (to name a few,) all cost money. Since such expenses were not included in your financial aid budget, you may need to consider taking out a residency and relocation loan to help cover these additional costs.



Itemize Anticipated Expenses in Your Last Year

Medical school may be coming to an end but there are still many additional expenses that pop up in your last year that are necessary, *even required*, to help you get ready for your residency. Although you may have anticipated these additional expenses, do you have adequate funds to cover them? Or maybe you need some extra resources to help you get through your last year as you prepare for interviewing and relocating? It's helpful to

itemize your anticipated expenses to determine if your need for this loan is legitimate or just a “*nice cushion to have*.” One of the costliest mistakes medical students make is to borrow funds they don't really need.

Residency & Relocation Loans are Private Loans

Unlike federal student loans, Residency & Relocation loans are referred to as private (or alternative) loans. Taking out this loan is strictly between you (the borrower) and the lender – your medical school financial aid office is not involved and will not certify your eligibility for this loan. The fees and interest rate you will pay will be based on your credit-worthiness, or the credit-worthiness of a co-signer. Be discriminating when you choose these loans and compare all information before making a decision. It's important to know what you're getting into – remember this is money that you will have to pay back. And typically, private loans will cost you more than other loans.

What to evaluate and consider before deciding to borrow or not

Contact lenders offering this specific private loan to gather information about interest rates, maximum loan amount, processing time, disbursement times, and other terms and conditions.

Things to consider:

- Interest Rates, Fees, and Terms: How is interest rate calculated? What are terms of the loan?
- Loan Application Process: Online application? Instant loan approval offered?
- Repaying Your Loan: How soon do you start repaying (after graduation)? Are “deferral and forbearance” offered after graduation and during residency? Are incentives offered for on-time or electronic payments?
- Customer Service: Can I reach a live operator to discuss my loan during convenient hours?