

Full assumptions for selected loan repayment estimates

Sample Repayment - \$150,000 in Federal Stafford Loans at current interest rate (6.8% fixed). This is the median medical school debt for the Class of 2008 according to AAMC Graduation Questionnaire (GQ) data.

Description	Repayment Years	Monthly Payment	Interest Cost	Total Repayment
IBR during 4 yr. residency, then repayment under IBR guidelines	4 during residency, then nearly 12	\$385 to \$500 during 4-yr. residency, then \$2,000	\$152,000	\$302,000
Forbearance during 4 yr. residency, then standard 10 yr. repayment	4 of forbearance, then 10	\$0 during residency, then \$2,600	\$157,000	\$307,000
Forbearance during 4 yr. residency, then extended 25 yr. repayment	4 of forbearance, then 25	\$0 during residency, then \$1,500	\$313,000	\$463,000
Public Service (Direct) Loan Forgiveness with \$100,000 starting salary after residency	10 of IBR (4 during residency, 6 after residency)	\$385 to \$500 during 4-yr. residency, then \$1,020 to \$1,220 for 6 years	\$89,000	\$102,000 then \$180,000 forgiven

Notes: IBR is Income-Based Repayment. All figures are approximate and rounded for clarity.

Description: Income-Based Repayment (IBR) during 4 year residency, then repayment under IBR guidelines

Assumptions: 4 years of medical school with 206 total months of interest on loan disbursements made during medical school, annual interest rate of 6.8%, post graduation 6 month grace period with interest capitalization after this grace period, no voluntary or early payments, no borrower benefits, IBR during 4 year residency, family size of one in the 48 contiguous states. During residency the monthly payment amounts project as:

Year of IBR/ Post-M.D./ Residency year	Resident/Fellow Stipend	Federal Poverty Guideline	Monthly Loan Repayment per IBR guidelines
1	\$47,166	\$10,830	\$387
2	\$50,427	\$11,150	\$421
3	\$54,117	\$11,480	\$461
4	\$58,058	\$11,820	\$504

Per IBR guidelines, the annual loan repayment amount is "capped" at 15 percent of the income that exceeds 150 percent of the federal poverty guideline for specified family size. The 2009 federal poverty guideline is used for year 1 in the table above and increases by three percent annually, a reasonable assumption given recent data. The resident/fellow stipend amounts increase 3.3 percent annually based on recent data from the AAMC Survey of Resident/Fellow Stipends and Benefits.

In this example, four years of residency IBR payments result in approximately \$21,000 in accumulated interest which will capitalize when the borrower no longer demonstrates a "partial financial hardship." Per IBR guidelines, partial financial hardship exists as long as the IBR-calculated monthly payment (15 percent of income above 150 percent of the federal poverty guideline) is less than the monthly payment of a standard 10-year repayment plan for the borrower's loan balance when they entered IBR. Based on this example's assumptions, the borrower would enter IBR after the grace period with a balance of nearly \$171,000 which has a standard 10-year monthly repayment amount of \$1,966. Additionally, once in IBR, a borrower has the option of never having their monthly payment exceed this amount, whether or not they have a "partial financial hardship."

In this example, a borrower with a post-residency starting salary of \$176,000 or more would be unlikely to demonstrate a "partial financial hardship." This example assumes the borrower's salary is at this level and they choose to keep their monthly payment amount at the \$1,966 level until the loan is repaid, even if that would make the total repayment amount higher compared to a different repayment strategy. With the capitalization of residency interest, the borrower in this example has a post-residency repayment balance of approximately \$192,000 that would be repaid in about 12 years with \$1,966 monthly payments.

Description: Forbearance during 4 year residency, then standard 10 year repayment

Assumptions: 4 years of medical school with 206 total months of interest on loan disbursements made during medical school, annual interest rate of 6.8%, post graduation 6 month grace period with interest capitalization after this grace period, no voluntary or early payments, no borrower benefits, forbearance during all 4 years of residency with interest capitalizing annually and at the end of residency, begin standard 10 year repayment plan. With the capitalization after residency, the borrower in this example has a repayment balance of approximately \$222,000 that would be repaid in 10 years with \$2,558 monthly payments.

Description: Forbearance during 4 year residency, then extended 25 years repayment

Assumptions: 4 years of medical school with 206 total months of interest on loan disbursements made during medical school, annual interest rate of 6.8%, post graduation 6 month grace period with interest capitalization after this grace period, no voluntary or early payments, no borrower benefits, forbearance during all 4 years of residency with interest capitalizing annually and at the end of residency, begin extended 25 year repayment plan. With the capitalization after residency, the borrower in this example has a repayment balance of approximately \$222,000 that would be repaid in 25 years with \$1,543 monthly payments.

Description: Public Service (Direct) Loan Forgiveness with \$100,000 starting salary after residency.

Assumptions: 4 years of medical school with 206 total months of interest on loan disbursements made during medical school, annual interest rate of 6.8%, post graduation 6 month grace period with interest capitalization after this grace period, no voluntary or early payments, no borrower benefits, IBR during 4 year residency, family size of one in the 48 contiguous states. During residency the monthly payment amounts project as:

Year of IBR/ Post-M.D./ Residency year	Resident/Fellow Stipend	Federal Poverty Guideline	Monthly Loan Repayment per IBR guidelines
1	\$47,166	\$10,830	\$387
2	\$50,427	\$11,150	\$421
3	\$54,117	\$11,480	\$461
4	\$58,058	\$11,820	\$504

Per IBR guidelines, the annual loan repayment amount is "capped" at 15 percent of the income that exceeds 150 percent of the federal poverty guideline for specified family size. The 2009 federal poverty guideline is used for year 1 in the table above and increases by three percent annually, a reasonable assumption given recent data. The resident/fellow stipend amounts increase 3.3 percent annually based on recent data from the AAMC Survey of Resident/Fellow Stipends and Benefits.

In this example, four years of residency IBR payments result in approximately \$21,000 in accumulated interest which will capitalize when the borrower no longer demonstrates a "partial financial hardship." Per IBR guidelines, partial financial hardship exists as long as the IBR-calculated monthly payment (15 percent of income above 150 percent of the federal poverty guideline) is less than the monthly payment of a standard 10-year repayment plan for the borrower's loan balance when they entered IBR. Based on this example's assumptions, the borrower would enter IBR after the grace period with a balance of nearly \$171,000 which has a standard 10-year monthly repayment amount of \$1,966.

After residency, borrower pursues a "public service" career and continues in IBR for 6 more years (making 10 total years of IBR) with starting salary of \$100,000 which is roughly comparable to a pediatrician starting at a non-profit community health clinic, a career path consistent with the guidelines of the Public Service Loan Forgiveness program. Salaries and IBR payments after residency are:

Year of IBR/ Post-M.D.	Post-Residency Year	Salary	Federal Poverty Guideline	Monthly Loan Repayment per IBR guidelines
5	1	\$100,000	\$12,170	\$1,022
6	2	\$103,500	\$12,540	\$1,059
7	3	\$107,123	\$12,920	\$1,097
8	4	\$110,872	\$13,310	\$1,136
9	5	\$114,752	\$13,710	\$1,177
10	6	\$118,769	\$14,120	\$1,220

In this table, the federal poverty guideline continues to increase by three percent each year and the salary increases by 3.5 percent each year. Each year the borrower continues to demonstrate a "partial financial hardship" because the IBR-calculated monthly payment is less than \$1,966. Therefore the "unpaid" interest from the residency would not capitalize in this example. Total amount forgiven includes unpaid balance after 10 years of IBR (approximately \$158,000) in addition to approximately \$21,000 in interest that accrued during the four year residency for a total of nearly \$180,000.