



(MD)²: Monetary Decisions for Medical Doctors is an electronic resource, developed by the AAMC's Group on Student Affairs Committee on Student Financial Assistance, designed to provide information regarding the financing of a medical education from the pre-medical school years through the early practice years.

This slide presentation, and accompanying notes, has been specifically developed for non-financial aid officers for use in their financial aid presentations and focuses on the pre-medical and post-baccalaureate student. The AAMC is happy to provide brochures describing **(MD)²** for distribution to your students. For further information, please contact Shelley Yerman at syerman@aamc.org.

Slide 1. (MD)² – Phase I – The Pre-Medical Student

Strategies for Making a Successful Financial Transition to Medical School

Slide 2. Step 1 Know who to turn to for help

- **Premedical Advisors**
- **College Financial Aid Officers**
- **Medical School Admissions Officers**
- **Medical School Financial Aid Officers**
- **Faculty Members**
- **Physicians**
- **Financial Professionals**

Slide 3. Step 2a Prepare for Medical School Costs

- **Understand the Philosophy of Financial Aid**
- **Discuss Financial Options with your Family**
- **Manage Educational Debt acquired prior to medical school**
- **Start Living on a Budget Now**

Speaker Notes:

One of the first steps in preparing for medical school costs is to understand the basic concepts of Financial Aid. Need-based financial aid programs require one to demonstrate financial need in order to qualify. This is done through a process called need analysis. You can learn about need analysis in Phase I of **(MD)²**.

Another way you can prepare for the cost of medical school is to discuss financial options with your family and determine what costs they can and cannot help you with.

If you have accumulated educational debt acquired prior to medical school, this is also a good time to understand how to manage that debt. Good record keeping, understanding deferment options and knowing the combined limits of the loan programs are very important in this process.

Finally, if you aren't used to living on a restricted budget, start practicing now! Financial aid budgets are based on a low to moderate cost of living.

Slide 4. Step 2b Some Critical Issues for the Non-traditional Applicant

- **Choose a Postbaccalaureate Premedical Program Carefully**
- **Prepare for Lifestyle Changes: Making the Work-to-School Transition**

Speaker Notes:

Non-traditional students have some other special issues to attend to.

Choose either a formal or informal pre-medical post-baccalaureate program carefully keeping in mind the cost and the availability of coursework you will need. Other important factors are location and the level of academic competition.

Many non-traditional students have already established themselves in well-paying jobs with a steady income. Making the work-to-school transition is easier if you practice living on a reduced income now. It's also important to avoid consumer debt from credit cards and other consumer loans that will be difficult to support on a financial aid budget.

Juggling outside responsibilities such as caring for children and maintaining a home are often critical issues for non-traditional students. Talking to current non-traditional students is often helpful in learning how to handle these responsibilities and remain successful in medical school.

Slide 5. Step 3 Understand the Effects of Credit and Consumer Debt

- **What is Credit?**
- **How is it Used?**
- **How Is Your Credit History Maintained?**
- **What are Credit Criteria?**
- **How can you use Credit Wisely?**

Speaker Notes:

Avoiding credit card debt is not just an issue for non-traditional students. Most college students have at least one credit card. Credit comes with a responsibility to understand its effects.

You can establish credit with a credit card, home mortgage, commercial loan, line of credit at a bank, or a student loan.

After you have established credit, you will have a Credit History. Your credit history contains information about your employment, how long you have lived or worked in the same place, how much credit is available to you and the terms of each account, how much you owe to creditors,

your timeliness in paying bills, any negative information concerning your accounts during the past seven years, and the number of applications you have made for additional credit.

Credit Criteria includes the following:

- Too many open credit cards and other credit accounts
- Large outstanding balances on credit cards and other consumer debts
- Delinquent payments
- Accounts assigned to collection agencies
- Charged-off accounts
- Financial judgments
- Defaults on student loans
- Bankruptcy
- A large number of recent requests for your credit report

You can protect your credit history by having a minimal number of open accounts with limited available credit, low unpaid balance and by paying on time!

Before you enter medical school, it's important to check your credit report to verify that the accounts are yours, any negative reporting concerning your payment history is correct, the information about balances and credit available is accurate. In addition, credit reports list all credit card accounts that you have ever opened. These accounts are evaluated in terms of credit available to you. Please review this information with the goal of closing any accounts that are no longer active.

If you need to correct errors on your credit report, you can do so by writing to the credit bureau with documentation from your lender or from your own records.

- While in medical school, use credit wisely
- Avoid opening too many lines of credit
- Live within your budget
- Resist spontaneous spending
- Understand all of the terms and conditions of credit cards and loans

Slide 6. Step 4: Understand the Associated Costs of Medical School

- **Medical School Application Expenses**
- **The Cost of Education**
- **The Cost of Living at Your Medical School**

Speaker Notes:

Medical school expenses begins to accumulate before you submit your first application. Some of the expenses you will encounter prior to beginning medical school are:

Preparation for the MCAT

Review books and sample exams
Software
Review courses
Home study courses
Private tutoring

Taking the MCAT

MCAT Registration Fee

- Fee Assistance Program -
<http://www.aamc.org/students/applying/fap/start.htm>

Additional Score Report Fee

Application Fees

AMCAS fee

- Fee Assistance Program -
<http://www.aamc.org/students/applying/fap/start.htm>

School application fee

College service fees

Interviewing Costs

Clothing

Travel

Lodging and meals

Transportation

Costs after Acceptance

School deposit (s)

Tuition prepayment (s)

Relocation costs

It is also important to know the cost of education at the medical school. The cost of education includes direct expenses (i.e., tuition, fees, books, and supplies) and indirect costs (i.e., room and board, transportation, health insurance, and personal expenses).

You can get information about the cost of living at your medical school from:

- The medical school student budget or cost of attendance figure
- Enrolled medical students
- Apartment and housing lists
- Local newspapers
- The Chamber of Commerce
- The Bureau of Labor Statistics
- The College Board

Slide 7. Step 5: Know the Types of Medical School Financial Aid Available

Types of Financial Aid

- **Outside Sources**
- **Service Obligation Programs**
- **Alternative Approaches to Financing a Medical Education**

Speaker Notes:

Once you know the cost of education, you need to find out what types of aid are available to you. There are three categories of financial aid: gift aid (grants and scholarships), student loans and work-study. The medical school financial aid office can provide you with a list of federal, state, and institutional aid available. In addition to these sources there are many outside sources of funding through non-profit agencies, foundations, clubs, employers, churches, hospitals and communities. It's a good idea to start identifying outside sources of aid up to a year before you plan to enter medical school.

There are also many Service Obligation Programs available to medical students, most notably through the military Health Professions Scholarship Programs and the National Health Service Corps. These programs offer scholarship assistance during medical school in exchange for a service commitment after graduation. A complete list is available on the AAMC Web site. (www.aamc.org/students)

There are also some alternative approaches to financing a medical education through family loans, home equity loans, other service contracts, and loan repayment programs. The financial aid office can help you in exploring these options as well.

Slide 8. Step 6: Understand the Financial Aid Application Process

- **Complete the Correct Application Forms**
- **Pay attention to Deadlines and Timelines**
- **Apply for Aid at Multiple Schools**
- **Know the difference between Direct Lending and FFELP**

Speaker Notes:

Once you understand the cost of education and the types of aid available, it's important that you understand the financial aid application process to ensure that you complete the correct application forms in a timely manner for the types of aid you wish to receive.

All schools require students to complete the Free Application for Federal Student Aid (FAFSA). Information collected on the FAFSA includes enrollment plans, household size, income and asset data, and parent information. Most medical schools require parental information even if you are an independent student. Make sure you review this requirement carefully.

It's important to file your FAFSA form early, and list all medical schools to which you are applying. You may also be asked to provide your and your parents tax returns to your school to verify your FAFSA data.

In addition, many schools require submission of an Institutional Financial Aid Application, which collects information not available from the FAFSA.

Slide 9. VISIT THE WEB SITE

www.aamc.org/md2

You will find detailed information regarding financing your medical education complete with many useful links.