

## Graduate PLUS Loans Give Medical Students Another Option to Pay for School

For some people, the dream of becoming a doctor began years ago when they were in elementary school and first learned about the human body. Throughout their intermediate and secondary schooling, their interest was fostered by helpful classes and gifted teachers. All of these years of dreams and ambitions are now about to pay off with an acceptance to medical school. A dream fulfilled; a step into a bright future. But then reality sets in—how does one pay for medical school?

One thing is for certain, medical school is neither cheap nor easy. That is why the federal government now offers medical school students the opportunity to take out a fixed interest Graduate PLUS Loan.

Prior to 2006, PLUS Loans were only available to parents of undergraduate students. However, the federal government in the Reauthorization Act of 2005 made the loans available to graduate and professional students.

A Graduate PLUS Loan is available to any professional or graduate student enrolled at least half-time in an eligible program at a qualifying school. A professional student is defined as a student who is pursuing advanced study in law or medicine, education, pharmacy, or dentistry. A graduate student is defined as a student who holds a bachelor's or first-professional degree or its equivalent, is taking courses at the post-baccalaureate level, and is admitted to a graduate or first-professional program.

### How to Qualify for a Graduate PLUS Loan

In order to qualify for a Graduate PLUS Loan, the potential borrower must be a U.S. citizen with a valid social security number. He or she must also complete a Free Application for Federal Student Aid (FAFSA). This application is available online at <http://www.fafsa.ed.gov/> or can be found in the financial aid office of the student's school. This application will register the borrower into the FAFSA system where they will be analyzed for all possible financial aid options. These options include Graduate PLUS Loans, as well as Stafford Loans, grants and several other financial aid options. Graduate PLUS Loans are available after a borrowing student has taken out and exhausted all Stafford Loan options.

The potential borrower must also meet the following requirements. First, he or she must be enrolled at least half-time in a graduate or post doctorate program at the time of the Graduate PLUS Loan's first disbursement. Second, the borrower must be credit worthy and not be in default on any other student loans.

A person is not necessarily declared “unworthy” if they do not have a credit history or have an insufficient history. If a borrower’s credit rating is inadequate to qualify for a Graduate PLUS Loan, they have the option of using a cosigner to sign with them. The cosigner must have a good credit rating and be willing to take on the debt of the Graduate PLUS Loan if the primary borrower fails to or is incapable of making payments on the loan.

## **Loan Limits**

Graduate PLUS Loans are intended to supplement Federal Stafford Loans in covering the costs of medical school and to serve as an alternative to higher interest private loans. There are no set annual limits for Graduate PLUS Loans. Medical Students may borrow up to the full cost of attendance, minus any other financial aid that the borrower receives, such as subsidized loans, unsubsidized loans, scholarships and certain fellowships. For example, if the total cost of attending medical school is \$135,000 and \$20,000 of that was already awarded in financial aid, then a borrower may take out \$115,000 in Graduate PLUS Loans.

## **Disbursement**

The money from the loan is disbursed directly to the borrower’s school. It is then applied toward the student’s individual medical school expenses. Any remaining money is sent directly to the medical student, but must be used for educational purposes.

## **Benefits of a Graduate PLUS Loan**

As mentioned before, Graduate PLUS Loans are an excellent alternative to private loans in that they have fixed interest rates for the life of the loan and are less expensive than most private loans. Graduate PLUS Loans do have fees involved, but some lenders will waive the fees as part of their borrower benefits. Graduate PLUS Loans are similar to private loans in that they have higher loan limits, however, the Graduate PLUS Loans offer all of the benefits of a federal loan in that they are backed by the government, offer deferment and forbearance options and are forgiven upon death.

Another benefit of a Graduate PLUS Loan is that they are not need-based. Therefore, any professional or graduate student that meets the preceding requirements can receive a Graduate PLUS Loan.

A Graduate PLUS Loan disbursed on or after July 1, 2006, carries a **low, fixed interest rate of 8.5%** for the life of the loan. Graduate PLUS Loans offer peace of mind to the borrowers in that no matter the state of the economy, the interest rate will not change. Consolidating your Graduate PLUS Loans upon graduation, will ensure you an even lower, fixed interest rate on your loans.

Another major benefit of taking out a Graduate PLUS Loan is that the borrower will not be penalized for repaying their loan early. Paying off the loans early will lower the principal and can help to drastically reduce the amount of time and interest that the borrower must pay on the loan.

## **Deferment & Forbearance**

Borrowers who are considering taking out a Graduate PLUS Loan should know that the repayment will begin right away, with the initial payment of the loan due within 60 days from the time the loan is fully disbursed. However, the good news is that students may postpone payments while they are in school by requesting an in-school deferment that allows them to postpone payments on the loans until the student graduates or drops below half-time status. Students requesting an in-school deferment on their Graduate PLUS Loans must complete and submit an In-School Deferment Request form, which may be obtained from the school's financial aid office

If the medical student is temporarily unable to pay back the loan, he or she can receive a deferment or forbearance on the loan. Deferment enables the students to suspend principal and interest payments for a specified period of time. This option is typically available for borrowers who need short-term financial relief. Forbearance is similar to deferment, and is generally used when a borrower is willing, but temporarily unable, to make regular payments due to financial hardship. Borrowers who have used all of their deferment options typically request forbearance. Interest still accrues during the time in which the monthly payments are not being made in both cases.

## **Consolidating Graduate PLUS Loans**

Upon graduation from medical school, the borrower can consolidate his or her Graduate PLUS Loans with the other loans that they may have taken out during their schooling. Consolidation helps borrowers save time and money, both of which are very important to a new physician. By consolidating, a borrower will only have to make one loan payment with a lower monthly note.

## **Medical School Loans' Consolidation Program**

Medical School Loans is a consolidation company that specifically works with physicians and medical school students. Because we limit our services to only those in this field, we can deliver a high standard of service to our borrowers. We offer *competitive, low, fixed interest rates* and flexible repayment options. There are no credit checks and no fees associated with our federal consolidation process. We also offer the same deferment and forbearance options that borrowers enjoy with their Graduate PLUS Loans. Borrowers can also qualify for additional savings with our appealing borrower benefits, such as an immediate 0.25% interest rate reduction by enrolling in our automated debt payment

program, as well as an additional 1.00% interest rate reduction when borrowers make 36 consecutive on-time payments. Our borrower benefits are guaranteed! Once you earn the 1% interest rate reduction, you cannot lose this benefit anytime throughout the life of the loan.

With Medical School Loans' Federal Consolidation program, there are no credit checks, no fees and no prepayment penalties!

### **The Time To Save Is Now!**

Whether our borrowers are consolidating Graduate PLUS Loans, Stafford Loans, or anything in between, Medical School Loans can help them save thousands of dollars over the life of their loan. For more information on consolidation loans, call (800) 680-7197.

Medical School Loans is a leader in medical school financing options and is dedicated to helping medical students realize all of their educational goals while meeting their loan and consolidation needs.