

Financial First Aid to Fund Your M.D.

As a medical school student, you can not correctly perform a complex procedure without the correct instruments in addition to having the right knowledge and understanding necessary to do so. The same is true with paying for your medical schooling. You can not make the best choice without the knowledge and understanding of which ones are available to you. **Medical School Loans** does not expect you to do this alone. Consider this article as your "Financial First Aid Kit" which will provide you with options that will help you in funding your medical degree.

Stafford Loans for Graduates and Professional Students

Stafford Loans are **federal student loans** that are guaranteed by the federal government, regardless of whether they are borrowed through the Department of Education or an FFEL program lender. **Stafford Loans** for medical school students and graduate students are similar to their undergraduate counterparts in that they still have subsidized and unsubsidized versions.

With **subsidized Stafford Loans**, the government will pay off the interest that accrues on your loans while you are in school, in your grace period, and when you use your deferment options. On **unsubsidized Stafford Loans**, you, the borrower, are responsible to pay 100% of the interest that accrues from the beginning of your loan, until it is completely paid off.

As with most federal loans, Stafford Loans offer **deferment and forbearance options**, which allow borrowers to temporarily suspend payments due to financial hardships or other adverse situations that may hinder them from making their monthly payments. There is also **no prepayment penalty**, so you may repay your loan as soon as you choose. There is also **no credit check** on Stafford Loans, which is beneficial to students who may have poor credit or have yet to establish a credit history.

Interest Rates on Stafford Loans

Again, as with undergraduate Stafford Loans, **Graduate or Professional Stafford Loans** first disbursed on or after July 1, 2006, have an interest rate of 6.8%. For Stafford Loans disbursed between July 1, 1998 and June 30, 2006, the interest rate is at 6.54% or 7.14%, depending on the status of the loan.

Loan Limits on Stafford Loans

The difference between **Stafford Loans for medical school students** and Stafford Loans for undergraduates is that the loan limits are not the same for both kinds of loans. The limits on Stafford Loans for medical school students are much higher. This allows medical school students to borrow more to compensate for the higher costs of medical school tuition and fees.

As of July 1, 2007, medical school students may borrow up to \$40,500 a year in Stafford Loans, which is an increase from the current loan limit of \$38,500. If eligible, up to \$8,500 in loans may be subsidized. Many qualifying medical students combine both subsidized and unsubsidized Stafford Loans to receive the greatest amount of funding available.

Fees on Stafford Loans

Be aware that there are fees attached to Stafford Loans for professional and graduate students. As of July 1, 2006, there is a mandatory guarantee fee of 1%. There is also an origination fee of 2%. Both fees are conveniently withdrawn from disbursement checks.

Graduate PLUS Loans

Graduate PLUS Loans are another graduate version of an undergraduate student loan. PLUS Loans used to only be an option for parents who wanted to help fund their dependent student's education. Still fairly new, **Graduate PLUS Loans** have only been an option for professional and graduate students since July 1, 2006. These loans are available to graduate students and **professional students** attending **medical school**, as well as those pursuing advanced degrees in law, education, pharmacology, or dentistry.

Like parent PLUS Loans, **Graduate PLUS Loans** are not need-based, which allows any student who needs help in funding his or her education an option for funding. Graduate PLUS Loans are however, credit-based, so students with a poor credit history may need to bring a cosigner onto the loan with them.

These loans also have as no prepayment penalties as well deferment and forbearance options. As of recently, there is an in-school deferment status available on **Direct PLUS Loans for graduates and professionals** that allows them to automatically be put in this status while being enrolled at least half time.

Interest Rates on Graduate PLUS Loans

As with the original parent PLUS Loan, **Graduate PLUS Loans** have an interest rate of 8.5% for loans given through FFEL companies and 7.9% for Direct loans.

Fees on Graduate PLUS Loans

There are fees attached to Graduate PLUS loans, which can total 4%.

Graduate PLUS Loan Limits

Medical students may take full advantage of the high loan limits on **Graduate PLUS Loans** and borrow up to the total cost of attendance minus any other financial aid that may be received. As an example, if your first year of attendance will cost \$52,000 and you receive \$2,000 in grants, then you may borrow up to \$50,000 for medical school.

Graduate Perkins Loans

Perkins Loans are **campus-based aid** distributed through a student's school. (Check with your medical school's financial aid advisor to ensure that this is an option that your school has.) The funds are from both the federal government and the school, so the loans are considered to be federal.

Like other federal loans, there are **no prepayment penalties**, as well as **deferment and forbearance options**. However, Perkins Loans differ from other federal loans in that they have a nine month grace period instead of the normal six months before students will begin their repayment period. However, for medical students, repayment can be deferred for an additional two years during their residency.

These loans are **need-based** and awarded to students who demonstrate financial need.

Interest Rates on Graduate Perkins Loans

Perkins Loans are perhaps the most beneficial federal loan in that they have the lowest interest rate of 5%, and are also **subsidized**. As with subsidized Stafford loans, the government will pay on the interest that accrues while you are in school, in your grace period and in deferment.

Graduate Perkins Loan Limits

Medical students are allowed to borrow up to \$6,000 for each year of study. You may borrow as much as \$40,000 during your enrollment as a medical school student, which includes any Perkins Loans that you may have borrowed as an undergraduate.

Applying for Federal Loans

To apply for any of these federal student loans, you must complete a **Free Application for Federal Student Aid (FAFSA)**. To complete yours online, go to: <http://www.fafsa.ed.gov/>

Consolidate Your Loans with Medical School Loans

While these loans present great options to funding your medical school degree, they are still not free money, so they can add up over time. Consolidation will help you to manage your student loan debt. When you consolidate with **Medical School Loans**, you can not only **lower your monthly payment by almost half**, but you can also **save thousands of dollars** over the life of your loan!

Trust your medical student loans with an industry leader like **Medical School Loans**.