

Medical School Graduate PLUS Loans

The federal government understands that paying for school is not easy, especially when student is advancing to a graduate or professional educational level, such as medical school. As a result, federal aid now allows graduate or professional students to take out a fixed interest Graduate PLUS Loan for medical students—available through the Federal Family Education Loan Program (FFELP) or Direct Loan program. Graduate PLUS loans are available to any graduate student enrolled at least half time in an eligible program at a qualifying school. Graduate PLUS Loans are intended to supplement Federal Stafford Loans to help cover the costs of medical school, as an alternative to a higher interest private loan.

The total borrowing limit of a Graduate PLUS Loan is determined by attendance costs and loan fees, minus any financial aid or Federal Stafford Loans already received. The attendance cost consists of tuition, room and board, lab fees, supplies and travel. For example: if attendance costs \$10,000 and \$4,500 was already awarded in financial aid, then a \$5,500 PLUS loan can be taken out. The money from the loan is transferred directly to the school in the form of an electronic funds transfer. It is then applied toward expenses. Any remaining money is sent directly to the medical student, but must be used for educational purposes.

There are two different types of Graduate PLUS loans for medical students:

- Direct PLUS Loans - Money borrowed from the US Department of Education directly through your school
- FFEL PLUS Loans - Money borrowed through a private lending institution

Benefits of a Graduate PLUS Loan:

- Graduate PLUS Loans are not contingent upon financial need. Any graduate student with a good credit score can receive a PLUS Loan. Even without a good credit score, a medical student can still receive a PLUS Loan if someone else is willing to endorse the loan, or there are extenuating circumstances that have directly led to a poor credit score.
- The interest rate for Graduate PLUS Loans disbursed on or after July 1, 2006 is fixed at 8.5%.
- You can apply for a Graduate PLUS Loan beginning in mid-March through October
- There are no prepayment penalties
- You will be notified concerning your approval status within 24 hours

One difference between Stafford Loans and Graduate PLUS Loans is that Graduate PLUS Loans do not have repayment deferred while the medical student is in school. The initial payment on the loan is due thirty to sixty days from the day the loan is fully disbursed.

If the medical student is temporarily unable to pay back the loan, he or she can receive a deferment or forbearance on the loan. The deferment will allow for a temporary suspension of the Graduate PLUS Loan repayment without the accrual of interest. Forbearance is similar to a deferment, but interest will accrue during the suspended period.

For further information on Graduate and Professional Student PLUS Loans, visit the following websites.

<http://www.finaid.org/loans/gradplus.phtml>

<http://studentaid.ed.gov/PORTALSWebApp/students/english/PlusLoansGradProfstudents.jsp>