

Repaying Medical School Student Loans

Congratulations, you have just graduated from medical school! You probably now have two things weighing on your mind: finding a job and paying off your medical school loans. Like it or not, repaying your loans will play a large role in the next few years of your life. However, you do not necessarily have to start making payments on your loans immediately. Once you graduate, leave school, or drop below part-time enrollment status, you enter into your grace period. During this time, you do not have to begin making the monthly payments on your medical school loans. With FFEL or Direct Stafford Loans, you are given a 6 month grace period. A 9 month grace period is given with a Federal Perkins medical school loan. Once your grace period is over, you must begin repaying your medical school loans.

Some time between when you graduate and your grace period expires, you will need to receive Exit Counseling. Exit Counseling will let you know how much you are required to repay each month towards your loan balance, when your repayment begins and other important information about your repayment plan.

The repayment plan that you follow depends on what type of loan you received. With a FFEL or a Direct Stafford Loan, you have a variety of options which will be explained to you in your Exit Counseling. If you have a Federal Perkins Loan, you are normally given ten years to repay. Your monthly payment is dependent upon the size of your loans and the length of the repayment period.

It is very important that payments are made on time. Failing to do so could result in Default. Default occurs when your loan payments are not made according to the terms stated in your promissory note. A promissory note is the legally binding paper you signed when you took out your medical school loan. A range of consequences can result from entering into Default, including:

- State and federal income tax refunds can be seized and used towards paying off your debt
- A court can order loan repayments to be taken directly from your salary
- Credit ratings can be harmed, making it difficult to take out any kind of loan in the future
- You could be barred from receiving further financial aid
- Greater loan fees and costs will incur, which will be added to the balance already owed
- In certain instances, you could be sued

To get information on your medical school loan or grant status, go to the U.S. Department of Education's National Student Loan Data System (NSLDS), which is accessible at www.nslds.ed.gov. There, you will be able to check your loan balance and see any disbursements that have been made.