

Student Loans for Medical School

June 2022 - Tip Sheet for Entering Class of 2022

Student Loan Basics

- Three types of student loans:
 - Federal Direct Student Loans → issued by the federal government
 - University Trust Fund Loans → issued directly by the University of Minnesota
 - Private Student Loans → issued by a private company
- Review AAMC article: [Federal vs. Private Education Loans](#)

Federal Direct Student Loans

- Medical students are eligible for two types of Federal Direct Student Loans:
 - Federal Direct Unsubsidized Loan
 - Federal Direct Graduate PLUS Loan
- Review AAMC resources:
 - [Direct Loans 101](#)
 - [Direct PLUS Loans for Graduate/Professional Students](#)

Interest and Fees

- Current and historical interest rates for federal student loans are posted [online here](#).
 - Interest rates for the 2022-23 school year will be:
 - Federal Direct Unsubsidized Loan (graduate/professional): 6.54%
 - Federal Direct Graduate PLUS Loan: 7.54%
- A [loan origination fee](#) is charged for both types of federal direct loans.
 - The fee is charged by the federal government prior to disbursement of the loan and is not paid out of pocket. The average loan fee is approximately \$298 per semester and is factored into students' [cost of attendance](#).

University Trust Fund Loans

- Medical students are eligible for University Trust Fund Loans (UTFLs) that are issued directly by the University of Minnesota.
 - Loans with a 5% interest rate do not accrue interest until repayment begins.
 - UTFLs have an interest-free 9-month grace period.
 - UTFLs have an optional 3-year interest-free deferment period during residency.

Student Loan FAQs

- Q:** Will student loans I previously borrowed be put into deferment?
- A:** Yes! Any federal student loans that were borrowed prior to medical school will be automatically placed into an *in-school deferment* by your student loan servicer after school begins. Please be aware that the University automatically reports your enrollment in mid-September. An In-School Deferment Request form does *not* need to be completed.

NOTE: If you borrowed a private student loan or a Federal Perkins Loan, ask your lender/prior institution if they will be automatically notified of your enrollment via the National Student Clearinghouse. Otherwise, you may need to complete an in-school deferment request (but not until you have matriculated and attend Orientation) through your University of Minnesota MyU portal.

- Q:** When does interest begin to accumulate?
- A:** Interest begins to accrue immediately on the federal direct loans upon disbursement towards your University bill each semester.
- Interest for University Trust Fund Loans (UTFLs) with a 5% interest rate accrues when repayment begins. UTFLs do not accrue interest in-school, during a grace period, or during the residency deferment period.
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- Q:** When does disbursement take place?
- A:** The financial aid disbursement schedule is maintained online here.
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- Q:** I have never borrowed student loans before and would like to speak with someone to better understand the loans offered to me.
- A:** Our office is here to help! We schedule one-on-one personalized financial wellness counseling meetings with each first-year medical student who is borrowing loans. However, don't hesitate to reach out if you have questions or concerns.

Resources

- AAMC Guides
 - [Direct Loans 101](#)
 - [Federal vs. Private Education Loans](#)
- US Dept. of Education - Federal Student Aid
 - [Federal Direct Loan Interest Rates](#)
 - [Federal Direct Loan Origination Fees](#)
- University Trust Fund Loan (UTFL)
 - [Loan Information](#)

Contact Information

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