

**From:** Marks, Cheri  
**Sent:** Wednesday, April 09, 2014 9:19 AM  
**To:** UMHS - MU Med School 2014  
**Subject:** GL Advisor Webinar - Today  
**Importance:** High

Class of 2014 – GL Advisor was here yesterday for \$mart Docs for a very helpful session. If you really wanted to be there and couldn't, you're in luck! You can register for their webinar - two dates are provided for this month. I HIGHLY recommend you watch it if you can. The presentation was very well received with lots of great information. I've also attached the handout that the speaker, Brandon Barfield, provided yesterday.

If you can't watch the webinar, then know this.... One of the tips he shared is to **submit a 2013 Federal Tax Return** even if your income is \$0 to possibly obtain a \$0 monthly payment under IBR or PAYE. This year of \$0 monthly payments will count toward the required 120 monthly payments for Public Service Loan Forgiveness. Is it a loophole? Sure it is. Could this change? Absolutely. But the loan servicers have told us they will accept this documentation.

Let me know if you have any questions and please provide feedback to me about the webinar.

-Cheri

## ***"Student Loan Best Practices for 2014 Medical Graduates"***

***A webinar series from GL Advisor***

***DATES: April 9<sup>th</sup> and 22<sup>nd</sup>***

***TIME: 8PM EST***

*(Login details below)*

***Please RSVP [here](#) if you would like to attend***

*Founded out of a student research project at Harvard Business School, GL Advisor provides medical residents with access to free, unbiased advice about managing student loan debt. The salient questions to be addressed include:*

- **When do my student loans go into repayment?**
- **What strategies can I employ to keep my monthly payments manageable during residency?**
- **What are Income-Based Repayment (IBR) and Pay As You Earn (PAYE)? What's the difference between them, and what can I do to maximize my savings from them?**
- **I'm married and my spouse works. How will this affect my monthly payments?**

- **What is Public Service Loan Forgiveness? Is forgiveness really a viable option?**
- **How would I be impacted by changes to current student loan programs, such as those contained in Obama's new budget proposal?**
- **What variables related to my student debt should I be considering when filing my taxes?**
- **What strategies can I employ to effectively manage my private loan and credit card debt during my residency?**
- **How will my student loan debt affect my ability to qualify for a mortgage?**
- **Should I consolidate my loans when I graduate?**

*All students are eligible to receive a free consultation in order to review your loan portfolio and answer any questions you may have. Register at [www.giplan.com](http://www.giplan.com)*

*Questions? Contact Brandon Barfield at 404-973-8081 or [bbarfield@gladvisor.com](mailto:bbarfield@gladvisor.com)*

#### **Login details for April 9<sup>th</sup>**

Topic: Loan Repayment Webinar for 2014 Graduates (Brandon)

Date: Wednesday, April 9, 2014

Time: 8:00 pm, Eastern Daylight Time (New York, GMT-04:00)

Meeting Number: 731 516 116

Meeting Password: (This meeting does not require a password.)

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To join the online meeting -----  
go to

<https://graduateleverage.webex.com/graduateleverage/j.php?ED=293653827&UID=487941412&RT=MiMxMQ%3D%3D>

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Call-in toll number (for those who cannot login, but wish to listen): 1-650-479-3208  
Access code: 731 516 116

#### **Login details for April 22<sup>nd</sup>**

Topic: Loan Repayment Webinar for 2014 Graduates (Brandon)

Date: Tuesday, April 22, 2014

Time: 8:00 pm, Eastern Daylight Time (New York, GMT-04:00)

Meeting Number: 733 983 494

Meeting Password: (This meeting does not require a password.)

To join the online meeting go to:

<https://graduateleverage.webex.com/graduateleverage/j.php?ED=293654272&UID=487941412&RT=MiMxMQ%3D%3D>

Call-in toll number (for those who cannot login, but wish to listen): 1-650-479-3208

Access code: 733 983 494

## A STRATEGIC APPROACH TO MANAGING MEDICAL SCHOOL DEBT

### OVERVIEW OF FEDERAL PROGRAMS

Below is an overview of federal student debt relief programs and their applicability to medical residents and recent graduates.

- **IBR/PAYE:** Income-Based Repayment (IBR) and Pay As You Earn (PAYE) limit monthly payments to 15% and 10% of a borrower's discretionary income respectively. The government pays the outstanding subsidized interest for up to three years after repayment begins, potentially yielding thousands in savings. Enrollment in one of these programs maximizes the loan forgiveness potentially achievable through the Public Service Loan Forgiveness program described below. While all borrowers with a Partial Financial Hardship (PFH) qualify for IBR, eligibility for PAYE depends on a number of variables.
- **PSLF:** Public Service Loan Forgiveness (PSLF) provides tax-free loan forgiveness after borrowers make 120 payments under qualified repayment plans while working at a qualifying public service organization such as non-profit health system, hospital or university. Enrollment in IBR and PAYE will maximize the loan forgiveness available through PSLF. Compared to other existing forgiveness programs, PSLF has no limitations regarding geography, type of medical specialty, or type of patients treated.

### A TALE OF TWO MEDICAL SCHOOL GRADUATES

To illustrate the potential savings available from using PAYE and PSLF, the example below compares two repayment scenarios.

Two Medical School Graduates finish school with \$207,000 in federal student loan debt prior to entering residency. Their loan portfolios are identical and include federal loans from the Direct Loan Program. The average interest rate is 7.08% as their portfolios include both Grad PLUS and Stafford Loans. They both participate in four year residency programs and following residency, take positions in practices owned by a non-profit hospital system, making a \$200,000 annual salary.

Graduate A		Graduate B
Repayment Plans	PAYE and PSLF	Residency Forbearance and a standard 10 year repayment term
Monthly Loan Payment		
	Graduate A	Graduate B
1st year	\$0	\$0
2nd year	\$56	\$0
3rd year	\$256	\$0
4th year	\$268	\$0
5th year	\$641	\$3,101
6th year	\$1,356	\$3,101
7th - 10th year	Max of \$1,545	\$3,101

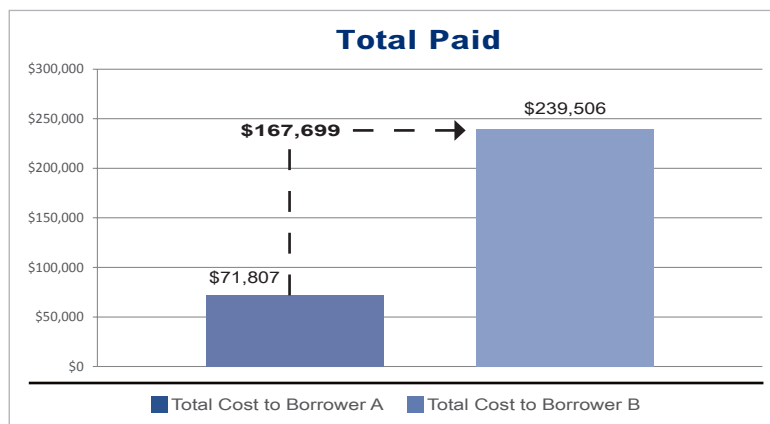
\*Graduate B will continue to make payments to her loans through year 14.

Comparing the Outcomes	
Subsidy Benefit	During her first 3 years Graduate A receives a total of \$4,740 subsidized benefit while Graduate B receives \$0 under forbearance.
Interest Accrued	Graduate A accrues \$46,909 total interest compared to Graduate B, whose debt increases by \$59,173.
Forgiven Amount	Graduate A has \$247,207 of her debt forgiven (tax-free) through PSLF compared to Graduate B who has none.

### THE RESULT

Although job selection, salary and family size are variables that can impact the above scenario, the purpose of the sample is to highlight the importance of positioning your loans to benefit from the PAYE and PSLF programs.

- Graduate A retires debt 10 years from the start of residency compared to Graduate B, who retires debt 14 years after the beginning of training.
- Graduate A pays a total of \$71,807 while Graduate B has a total of \$239,506 accumulated loan payments.
- Taking a proactive approach in managing student debt, Graduate A saves \$167,699 in loan payments relative to Graduate B's total payments.



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GL Advisor is a division of Graduate Leverage, LLC. GL Advisor does not offer all services to residents of North Dakota at this time. \*Repayment Calculations: Actual payment amounts and terms may vary & are subject to the continuing existence of applicable federal programs. Federal Poverty Line income levels assumed to increase by 2.5% annually. Family size assumed to be 1. Graduate A: PAYE has been utilized for 10 years & PSLF occurs after 10 years of eligible payments. Graduate B: Interest capitalizes at the end of the Residency Forbearance. Salary: First year medical resident salary estimated at \$48,000, and pro-rated for the first year. Post residency salary estimated at \$200,000. Salaries increase 3% annually. Tax Rates: Federal tax rate is 35% for the purpose of calculating tax savings related to deducting student loan interest payments from taxable federal income. The taxable equivalent amount of the PSLF benefit assumes a federal tax rate of 35% & a state tax rate of 5%. Your tax rate may vary.

## A STRATEGIC APPROACH TO MANAGING MEDICAL SCHOOL DEBT

### MEDICAL RESIDENT ACTION PLAN

Below is a list of items that every medical resident with student loans must consider:

#### 1. CONSOLIDATION

- Consolidation with the Direct Loan Program is necessary to position eligible borrowers to benefit from certain federal debt relief programs. This will depend on the borrower's portfolio.
- For certain older federal loans that have a variable interest rate, Consolidation will allow borrowers to lock in a fixed rate.

#### 2. INCOME-BASED REPAYMENT (IBR)/PAY AS YOU EARN (PAYE)

- Evaluate Partial Financial Hardship (PFH) qualification. One qualifies if 15% of her discretionary income is less than the standard ten-year payment for all federal loans.
- Apply for and enter IBR during residency. If additional qualification criteria for PAYE are met, apply for and enter PAYE during residency (see Overview of Federal Programs).
- Monthly payment amounts are set to 15% (IBR) or 10% (PAYE) of a borrower's discretionary income.
- Apply annually for Partial Financial Hardship, as payments under both programs are only approved for 12 months.
- For up to 3 years, the government will pay outstanding interest on Federal subsidized loans.

#### 3. PUBLIC SERVICE LOAN FORGIVENESS (PSLF)

- Make qualified on-time monthly payments to begin accumulating the 120 qualified payments.
- Visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov) for more details on the Employment Certification form.

#### 4. TAX FILING

- Debt repayment strategies must be considered during the tax preparation process.
- Analyze the benefits and tradeoffs of filing jointly with a spouse vs. filing separately.
- Educational costs and student loan interest expenses should be factored into tax preparation.

#### 5. MANAGE LIQUIDITY

- Ensure you have sufficient cash flow to make payments.
- Balance debt retirement needs with savings and retirement planning considerations.

#### 6. MANAGE DISCRETIONARY INCOME

- Evaluate the use of any excess cash to ensure the highest return. Saving, investing, and paying down debt should all be considered.

### HOW WE CAN HELP

GL Advisor serves as a much needed advocate to help significantly lower the cost of medical school debt for qualified clients by maximizing available savings through federal programs such as IBR and PAYE. To realize the true value of these programs and other repayment strategies, experienced support is often required.

One of our experienced analysts will perform a complete review of your loan portfolio and provide a complimentary consultation along with a personalized assessment that includes a snapshot of your student loan history, a comparison of repayment options, potential interest savings and loan forgiveness estimations.

Upon retaining our services, our team will conduct an in-depth, comprehensive analysis of your debt portfolio using our proprietary models to create a personalized financial plan designed to lower the cost of debt and improve financial net worth. As a GL Advisor client, you will receive the following:

- » **A PERSONALIZED FINANCIAL PLAN:** Available via a web-based dashboard, designed to lower the cost of your debt and improve your financial position.
- » **FINANCIAL ADVISOR TEAM:** An experienced team of advisors that provides unbiased support, answers questions, and assists with the management of loan repayment strategies and enrollment in government programs, as appropriate.
- » **FORM AND DOCUMENT MANAGEMENT:** Assistance with the completion of all required forms and the management of the paperwork, processing, and communication with lenders and servicers in accordance with your financial plan in order to save you time.
- » **FINANCIAL SERVICES SUPPORT:** Decision support for other financial priorities such as investing\*, taxes, loans and insurance\*\* as appropriate.

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