

PHYSICIAN LOAN CONSIDERATIONS



Loan Forgiveness Options

◆ Public Service Loan Forgiveness (PSLF)

- Work 10 years for the government or qualifying non-profit, 501(c)(3), groups
- Make 120 separate monthly payments
- Work full-time for qualifying employers
- Direct loans must not be in default
- No tax if forgiven before 2026

◆ National Health Service Corps (NHSC)

- From \$15,000 to \$100,000
- Commit 2 years full-time or 3 year part-time
- Dependent on HSPSA score

◆ State Loan Repayment Program (SLRP)

- Up to \$50,000 with 2 yr commitment
- For public health providers
- <https://www.hrsa.gov/>

Considerations

- Extend student loan repayment paused through August 31, 2022. Interest will not capitalize from March 13, 2020 to August 31st, 2022.
- **Prior payments now qualify for PSLF**, regardless of loan program, repayment plan. Or if made on time.
- **Defaulted loans are not eligible for Income-driven repayment plans.**
- **Tax not owed on PSLF loans forgiven.**
- **Student loan help is FREE.**
- **Need to complete PSLF form EVERY year.**
- **No limit on loan forgiveness.**

Consolidate or Refinance

- Pay less with lower interest – existing loans up to 6.8%, refinance between fixed 2.5% - 6.25%.
- Easier to keep track of loans in one place.



Pros

- Lower interest rates saves money and increases cash flow
- More flexible repayment options based on income
- Longer **forbearance** and **deferment** periods
- Loans could be discharge with death or permanent disability

Cons

- Loans not eligible for forgiveness (PSLF)
- You must qualify for the loan; credit score >700
- Loans likely not forgiven with death or disability

Repayment Options (Direct Loans)

- ◆ Standard - begin paying after finished with program
- ◆ Graduated or Extended – lower payments that increase every couple years, typically within 10 to 25 years.
- ◆ Extended – payment gradual or fixed; paid of within 25 years
- ◆ Income-Driven Repayment – pay 10-20% of discretionary income, recalculated annually.
 - Pay As You Earn (PAYE), Revised
 - Pay As You Earn (REPAYE), Income
 - Based Repayment (IBR) and Income-Contingent Repayment (ICR)
 - Any balance remaining after 25 years is forgiven
 - Good options for PSLF
 - Discretionary income = Income – Poverty guideline (IBR & ICR only)

RESOURCES:

- [Repayment Plans | Federal Student Aid](#)
- freecreditscore.com: [Get Your FICO Score](#)
- [PSLF Application](#)