Repayment Strategies for Graduating Medical Students

Office of Student Financial Services

Disclaimer: All information and estimates are based on AAMC interpretation of federal regulations as of January 2026 and are subject to change. Calculations shown are estimates only. Students should contact their servicer(s) to discuss exact loan balances and repayment options.

Frequently Asked Questions

- Will I be able to repay my loans during residency?
- How can I select the right payment plan for me?
- Should I apply for Public Service Loan Forgiveness (PSLF)?
- Is consolidation or refinancing the best option for me?
- What changes from new legislation will affect me?

Agenda for Our Session

- Timeline for Repayment
- Where to Find Your Loans
- What Are Your Options?
- Repayment Plans
- Repayment Scenarios
- Budgeting in Your Payment
- Additional Resources

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Timeline for Repayment

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Know Your Repayment Timeline

Now - What loans do you have? Are they federal loans or non-federal loans?

Before Graduation – Do you have undergrad loans with a grace period? When do payments start?

Upon Graduation – Explore options like consolidation, refinancing, forbearance

Beginning Residency– Are you pursuing PSLF? Submit all necessary forms immediately.

60 Days Before Grace Ends – Which repayment plan is best for you? Explore all options available to you.

60 Days Before First Repayment Year Ends – Recertify income annually and re-evaluate which plan is best for you.

Know When to Make that First Payment

Subsidized (6 months)

Unsubsidized (6 months)

Grace Period

PLUS (6 months)

Perkins (9 months)

Where to Find Your Loans

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What Loans Do You Have?

Federal Loans

Eligibility determined by your school, serviced by Department of Education contracted servicer

Institutional Loans

Awarded and serviced by the school

Private Loans

Awarded and serviced by outside financial institution/organization

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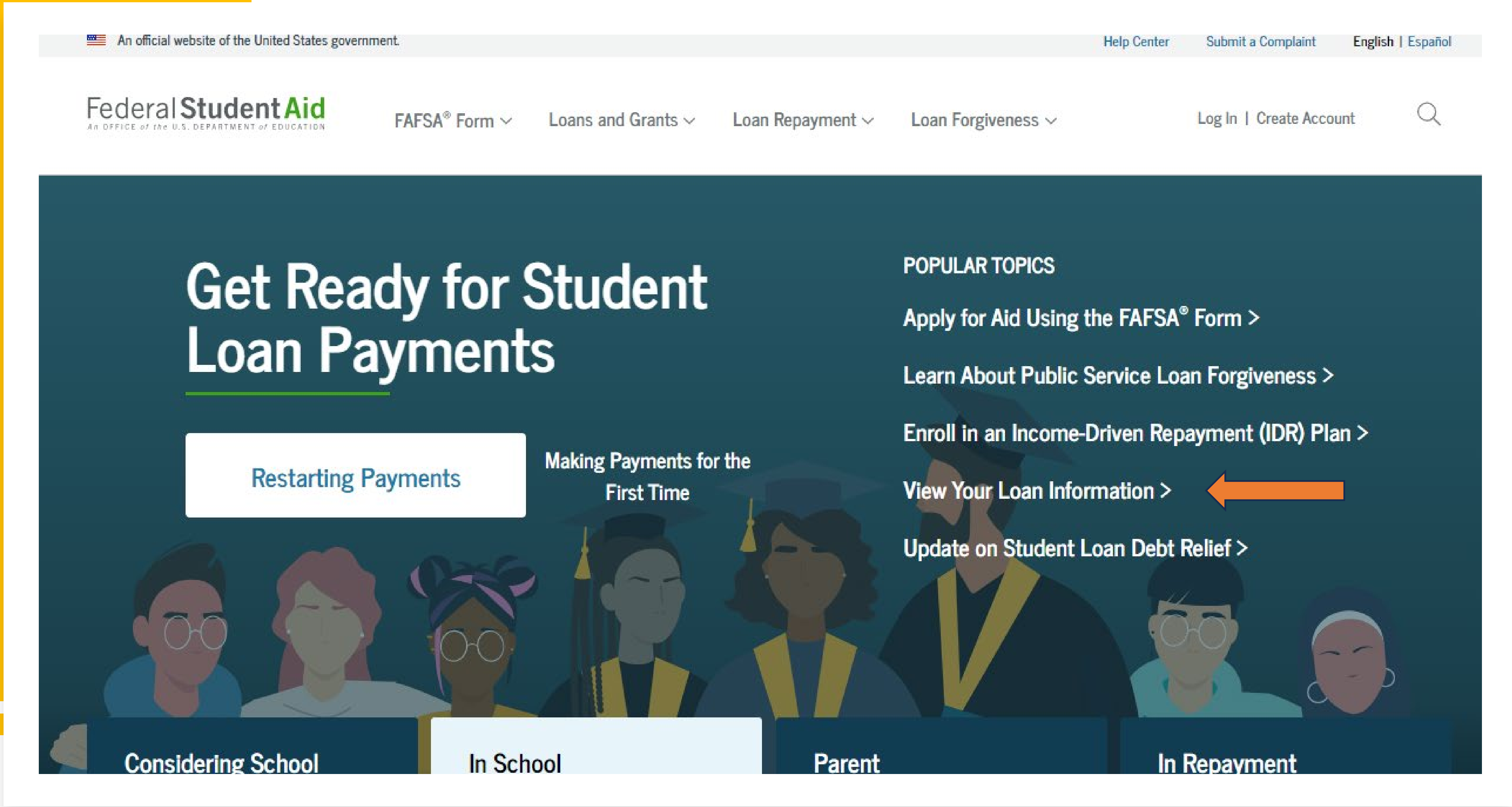
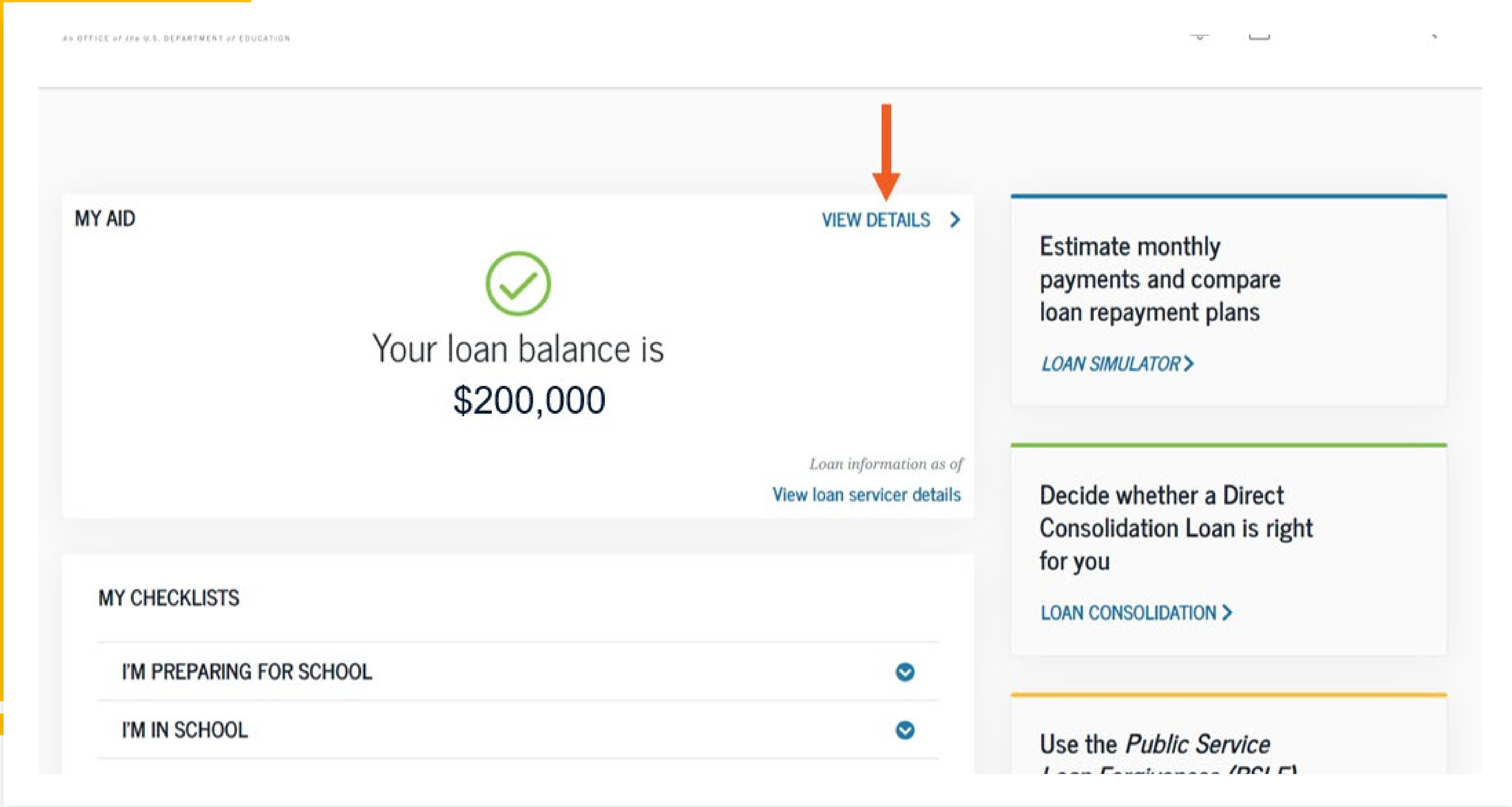

An official website of the United States government.
Help Center
Submit a Complaint
English | Español
Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION
FAFSA® Form
Loans and Grants
Loan Repayment
Loan Forgiveness
Log In | Create Account
Get Ready for Student Loan Payments
Restarting Payments
Making Payments for the First Time
POPULAR TOPICS
Apply for Aid Using the FAFSA® Form >
Learn About Public Service Loan Forgiveness >
Enroll in an Income-Driven Repayment (IDR) Plan >
View Your Loan Information >
Update on Student Loan Debt Relief >
Considering School
In School
Parent
In Repayment


An OFFICE of the U.S. DEPARTMENT of EDUCATION
MY AID
VIEW DETAILS
Your loan balance is
$200,000
Loan information as of
View loan servicer details
MY CHECKLISTS
I'M PREPARING FOR SCHOOL
I'M IN SCHOOL
Estimate monthly payments and compare loan repayment plans
LOAN SIMULATOR
Decide whether a Direct Consolidation Loan is right for you
LOAN CONSOLIDATION
Use the Public Service

Interest Rates Are Fixed On Direct Loans

Unsubsidized	PLUS
M1 – 6.54%	M1 – 7.54%
M2 – 7.05%	M2 – 8.05%
M3 – 8.08%	M3 – 9.08%
M4 – 7.94%	M4 – 8.94%

Represents loans taken out from academic year 2022-2023 through 2025-2026

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Subsidized

Government pays the interest while the student is enrolled at least half-time in school, during deferment, and during certain periods of time with some of the Income-Driven Repayment plans.

Unsubsidized

Borrower is responsible for the interest that accrues on the loan from the time the loan is disbursed until the loan is paid in full.

Subsidized Loan Examples
Direct Subsidized Loans (undergrad program)
Loans for Disadvantaged Students (LDS)
Primary Care Loans (PCL)
Perkins

Unsubsidized Loan Examples
Direct Unsubsidized Loans
Direct Grad PLUS Loans
Private or Alternative Loans

Always Remember: Interest is Accruing

- Deferment during school (on unsub and PLUS)
- Forbearance during residency
- While in repayment

MedLoans Organizer and Calculator

- A free tool for all medical students
- Gives personalized repayment scenarios based on your student loans, career path, and household details
- How much will your monthly payment be during and after residency?
- What do your numbers look like if you are pursuing PSLF?
- Directly import the text file of your federal loan details (from the NSLDS site)

***Sign in to use MLOC for free at aamc.org/mloc and for more financial aid and debt management resources visit FIRST at aamc.org/FIRST**

For questions contact: first@aamc.org

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Identifying Your Servicer

The following are loan servicers for loans that the U.S Department of Education (ED) owns. To find out who your loan servicer is,

- visit your account dashboard and scroll down to the "My Loan Servicers" section, or
- call the Federal Student Aid Information Center (FSAIC) at 1-800-433-3243.

Loan Servicer	Contact
Edfinancial	1-855-337-6884
MOHELA	1-888-866-4352
Aidvantage	1-800-722-1300
Nelnet	1-888-486-4722
ECSI	1-866-313-3797
Default Resolution Group	1-800-621-3115 (TTY: 1-877-825-9923 for the deaf or hard of hearing)
CRI	1-833-355-4311

Servicers of Direct Student Loans

Any Questions So Far?

What Options Do You Have?

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To Pay or Not to Pay

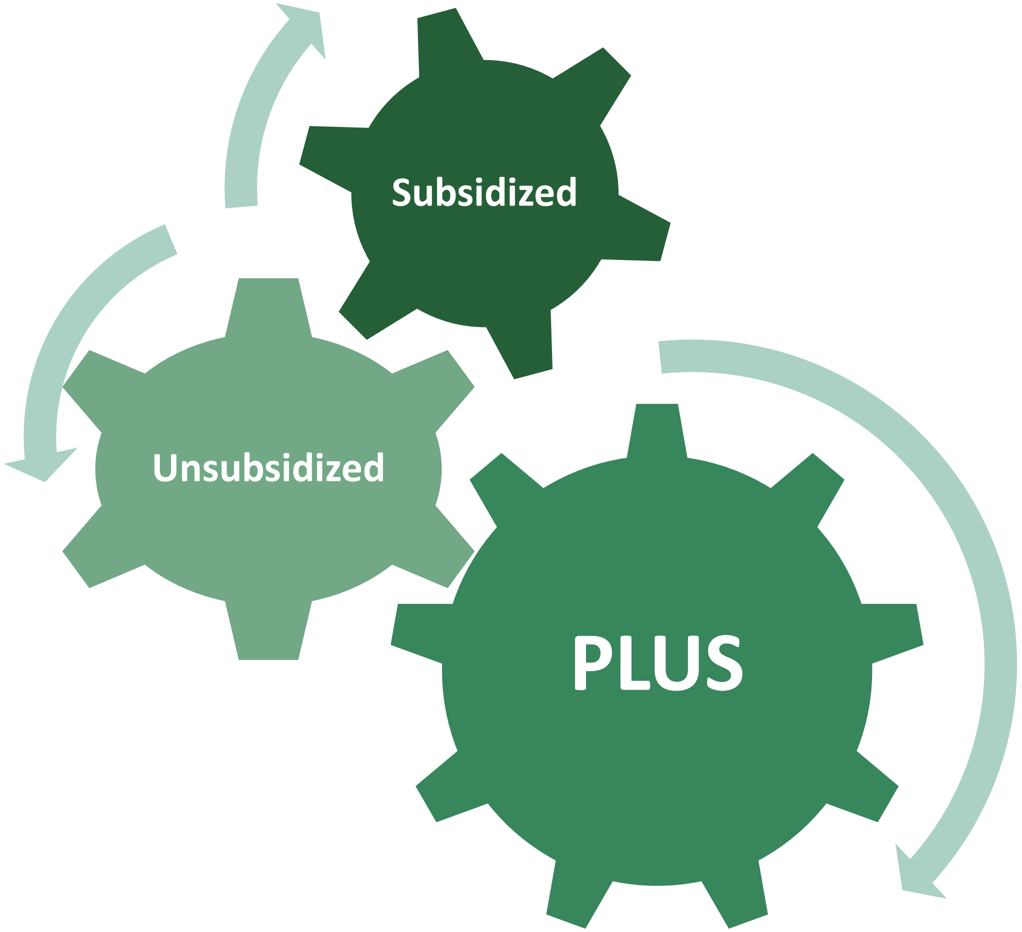
Go Into Repayment

- Monthly minimum payment is due
- Interest still accrues on loans
- Reduces debt upon end of residency
- Must choose payment plan before end of grace period
- Can opt out at any time with no penalty

Go Into Forbearance

- No monthly payment
- Interest is accruing on loans
- Debt continues to grow during residency
- Must apply for this option before payment is due
- Can opt out at any time with no penalty
- Does NOT count toward PSLF

Direct Consolidation Loans



A federal loan where borrowers combine one or more federal student loans into a new Direct Consolidation Loan for the purpose of possibly lowering their monthly payment amount, gaining access to a particular repayment plan or loan forgiveness program.

***loans consolidated after July 1, 2026 must enter the Repayment Assistance Plan or New Standard Plan**

Reasons to Consolidate

Do you have multiple servicers?

Do you want to enroll in an Income Driven Repayment plan and start repayment before your 6-month grace period is over?

Do you have loans that aren't currently eligible for IDR Plans?

Or Public Service Loan Forgiveness?

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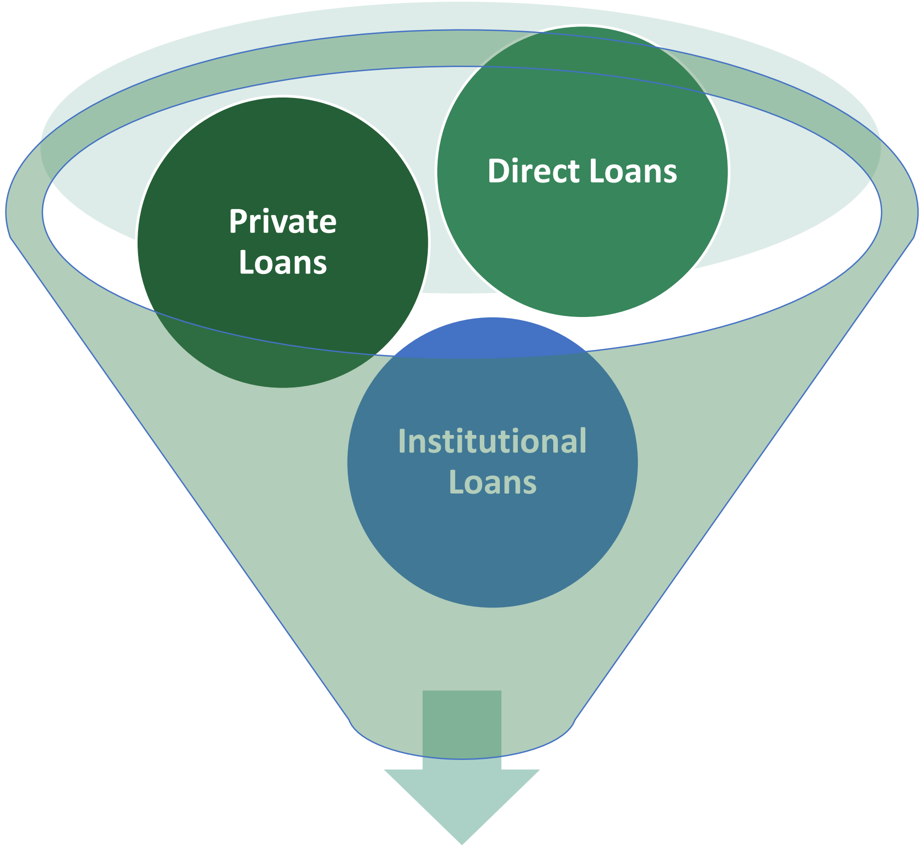
A Refinance Loan



New Refinanced Loan

If you have good credit, you may be able to refinance your existing federal student loans into a private loan.

Before doing that, it's important to understand the full impact of making this permanent change to your loans.

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Learn About Your New Loan Terms

Ask Yourself:

- Will this new private loan have a variable interest rate?
- Will you be working in public service? (This may include work during residency or a fellowship or while you are employed at an academic institution)
- Will the payments be affordable and/or is postponing payments an option during residency?
- Are you comfortable with assuming more risk in your financial life?

Keep in Mind:

- Federal loans will give you the ability to benefit from flexible terms and conditions, including:
  - Access to income-driven repayment plans
  - Possible loan forgiveness
  - Potential interest subsidies
  - Limits to monthly payment amounts
  - Availability of a death and disability discharge
  - Possible student loan tax deductions
- Be sure the reward received in a refinance is enough to offset the potential risk.

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PUBLIC SERVICE LOAN FORGIVENESS

Website Enhancements

FSA has made several updates across StudentAid.gov notifying borrowers of this change. Updates are made to:

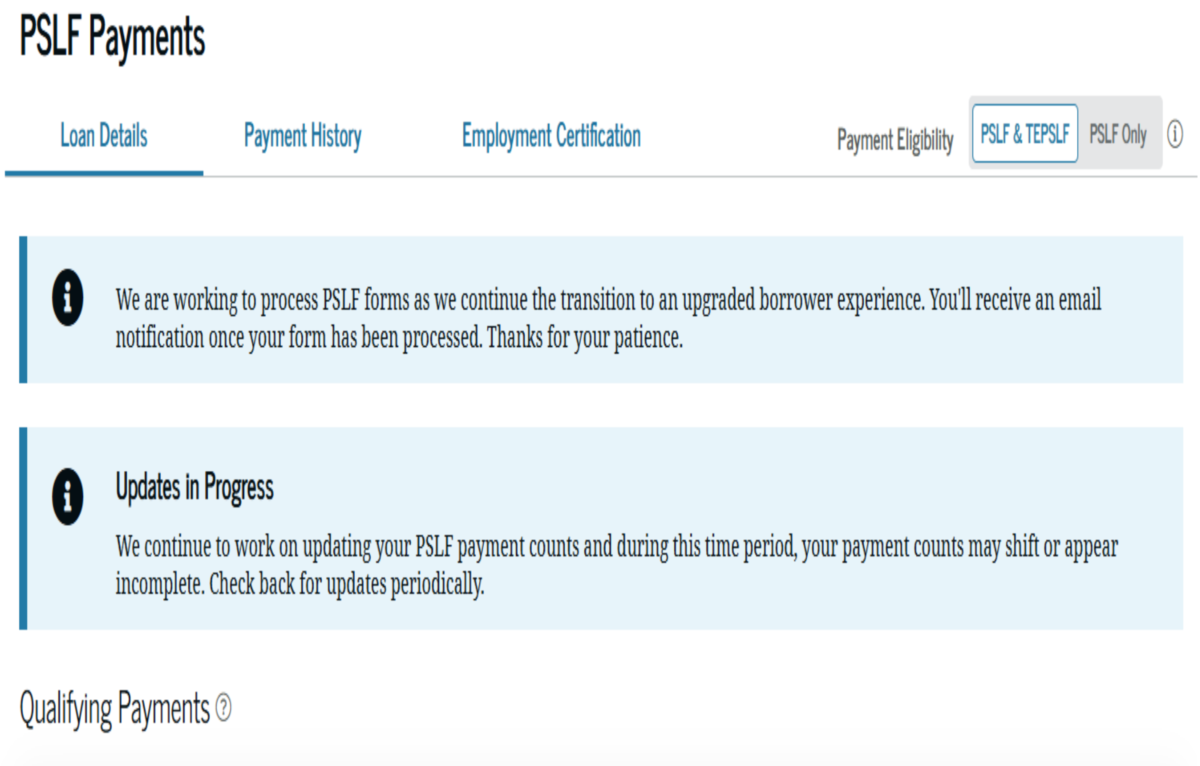
- PSLF FAQ
- PSLF Dashboard
- PSLF Employer Search

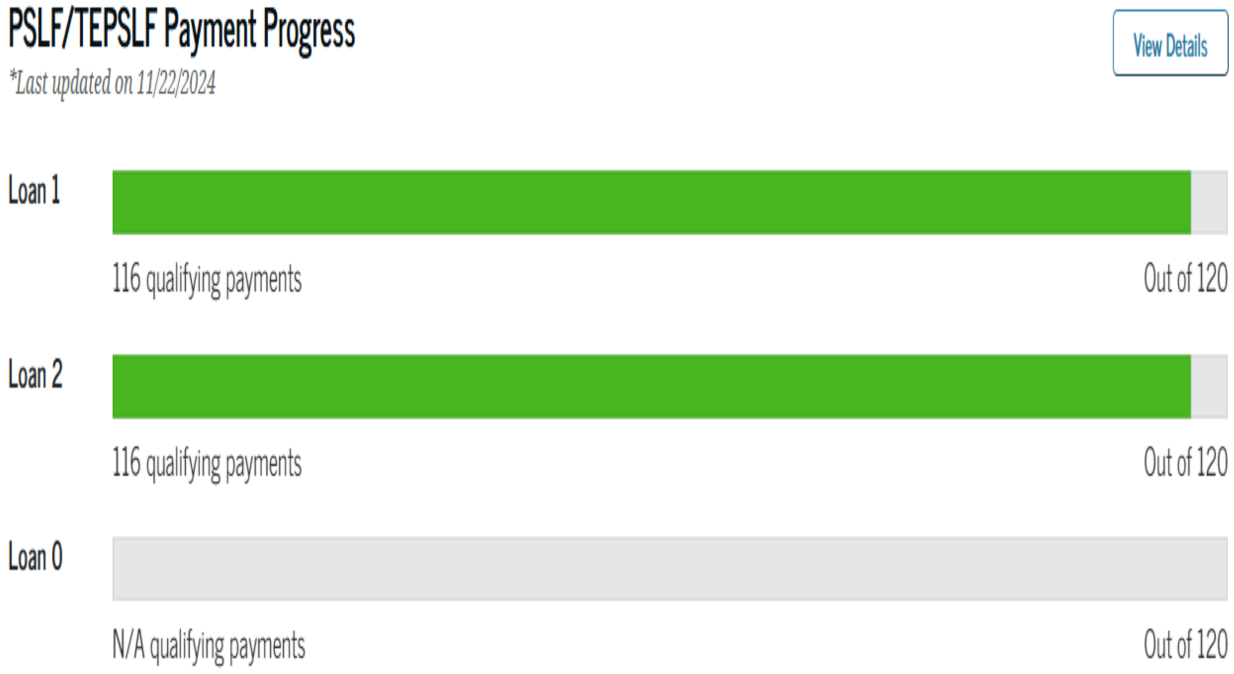
Borrowers may now use the updated PSLF Help Tool to:

- Complete the PSLF form,
- Send the form to employers for their digital signature (certifying employment)
- Electronically submit the form studentaid.gov

*possible changes to PSLF may occur, so be sure to check studentaid.gov for more details

Screenshot of FSA Dashboard





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Any Questions So Far?

Repayment Plans

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Steps to Prepare for Repayment

- Update your contact information
- Explore affordable payment plans
- If in an Income-Driven Repayment (IDR) plan, recertify your income
- Enroll in autopay
- Learn your monthly payment amount
- Make your payment
- Check if you qualify for a type of loan forgiveness

Pick the Best Plan for You

Traditional Plans

Standard – payment stays the same	Up to 10 years to pay
Graduated – payment starts small and increases	Up to 10 years to pay
Extended – payment stays the same	Up to 25 years to pay

Income-Driven Plans

Repayment Assistance Program (RAP) 1%-10% of Adjusted Gross Income (AGI)	Up to 30 years to pay
Pay As You Earn (PAYE) – 10% of discretionary income	Up to 20 years to pay
Income Based (IBR) – 10%-15% of discretionary income	Up to 20 years to pay

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Comparing Income-Driven Plans

	ICR (Income Contingent Repayment)	IBR (Income Based Repayment)	PAYE (Pay As You Earn)	RAP (Repayment Assistance Program)
Important Notes:	*Available to new enrollees 12/16/24 – 7/1/27**	*Loans borrowed prior to July 1, 2014, payment is 15% of discretionary income*	*PAYE Plan is available to new enrollees 12/16/24 – 7/1/27**	*Available for all current borrowers beginning July 1, 2026*
Payment Calculation	20% of discretionary income	10% of discretionary income (for loans borrowed on or after July 1, 2014.	10% of discretionary income	% of family Adjusted Gross Income (AGI)
Repayment Term	Up to 25 years	Up to 20 years	Up to 20 years	Up to 30 years
Income Requirement	No	No	Yes, must show a Partial Financial Hardship (PFH)	No
Interest Subsidy	No	Interest subsidy on subsidized loans only for the first 3 years.	Interest subsidy on subsidized loans only for the first 3 years.	Unpaid interest that exceeds minimum monthly payment is subsidized
PSLF Eligible	Yes	Yes	Yes	Yes
Interest Capitalization	No	No	No	No
Spousal Income	*For all IDR plans, if you are married and file a joint tax return, your spouse's income is included in the payment calculation. If you are married and file separate tax returns, your spouse's income is not included in the payment calculation.*			

*Availability of these plans subject to change. This information is accurate to the best of our knowledge as of the date of this live presentation.

Understanding the Subsidy

$212,000 Debt at Graduation

$1,300 Interest Accrual Each Month
$300 Monthly Payment in RAP

$1,000 Left in Unpaid Interest is All Subsidized
(you are not responsible to repay)

In other plans, this unpaid **$1,000** of interest would be added to your loan balance that you are responsible to repay

$$(x+a)^n = \sum_{k=0}^{n} \binom{n}{k} x^k a^{n-k}$$

New Tiered Standard Repayment Plan

Years to Repay Loans	Debt at Time of Repayment
10	Less than $25,000
15	$25,000-$49,000
20	$50,000-$99,000
25	$100,000 or more

*Among 2025 graduates with debt, 85% had a debt of $100,000 or more at graduation

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Repayment Assistance Plan (RAP)

Adjusted Gross Income (AGI)	Monthly Payment Calculation	Monthly Payment Range	Average Monthly Payment
$50,000-$59,000	5% of AGI divided by 12	$210-$350	$230
$60,000-$69,000	6% of AGI divided by 12	$300-$350	$330
$70,000-$79,000	7% of AGI divided by 12	$410-$460	$440
$80,000-$89,000	8% of AGI divided by 12	$530-$590	$570
$90,000 - $99,000	9% of AGI divided by 12	$570-$610	$590

*Most PGY-1 stipends are currently in $60K to $70K range

*RAP Reduced by $50 for each dependent; Minimum monthly payment of $10

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Repayment Scenario

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Dr. Primary Care

Career: **Primary Care**

Length of Residency: **3 years**

Student Loan Debt: **$215,000**

Starting Residency Stipend: **$69,000**

Post-Residency Starting Salary: **$200,000**

Dr. Primary Care
(3-year Residency and $200,000 Salary)

Payment Plan	Years to Pay Balance	Residency Payment	Attending Payment	Total Paid on Loan
IBR (Income-Based Repayment)	20	$375-$428	$1,449-$2,394	$405,000 ($53,3007 forgiven)
RAP (Repayment Assistance Program)	20	$345-$448	$1,667-$2,755	$469,000
New Standard	25	$1,696	$1,696	$507,330

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Numbers if You Do PSLF

RAP (Repayment Assistance Plan)

Payment During Residency (3 years)	\$350-\$450
Payment as Attending Physician (7 years)	\$1,660-\$2,700
Total Paid at Time of Forgiveness (10 years)	\$178,000

IBR (Income-Based Repayment)

Payment During Residency (3 years)	\$370-\$420
Payment as Attending Physician (7 years)	\$1,440-\$2,300
Total Paid at Time of Forgiveness (10 years)	\$154,000

Takeaways from Scenarios

There is no single strategy for everyone

Payment plans can and do change

Your priorities change and so will your payment plan

When Physicians Pay Off Loans

Figure 2. Number of Years to Repay Medical Education Debt Among Physicians That Fully Repaid

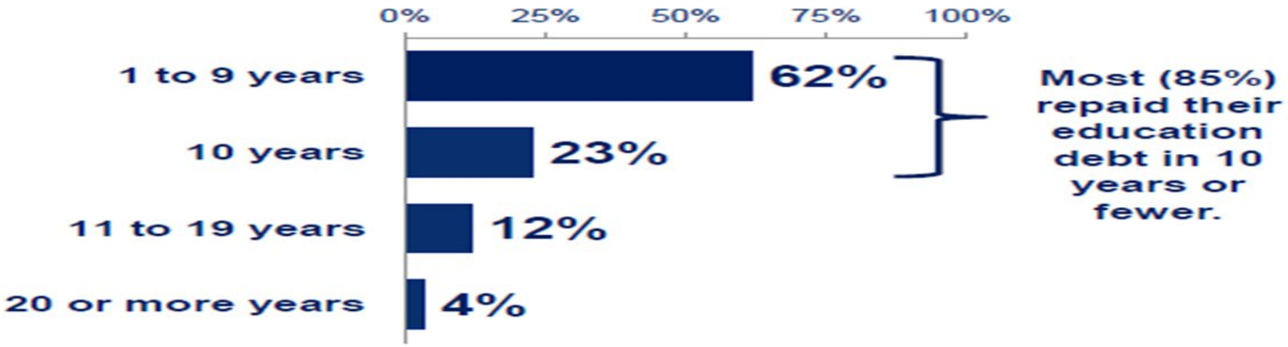

Table 1. Average Number of Years to Fully Repay Medical Education Debt by Physician Specialty Group

Specialty Group*	Average Years
Medical Specialties	8.3
Primary Care	7.9
Surgery	7.4
Other	6.9

No specialty group took more than 8.3 years, on average, to repay their medical education debt.

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Any Questions So Far?

Making a Budget as a Resident

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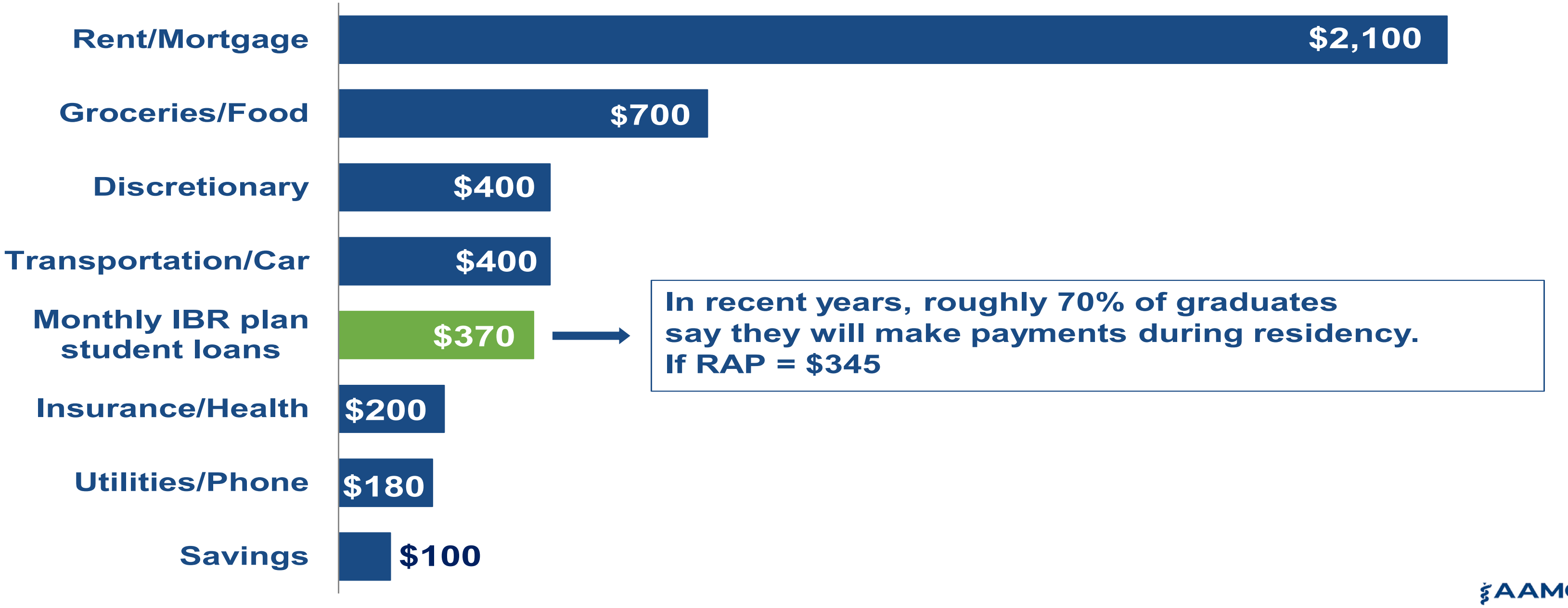
Breaking Down Your Month

Sample Monthly Budget for PGY-1 Resident
"Take-Home" of $4,450/ month (Projected $69K Stipend)
Student Loan Payment in context, July 2026



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Budget Worksheet for Residents

For more information about budgeting as a resident, review this infographic.

MONTHLY INCOME:	
Salary (after deductions)	$0.00
Spouse salary (after deductions)	$0.00
Investment income	$0.00
Gifts	$0.00
Other	$0.00
Total Monthly Income	**$0.00**

MONTHLY FIXED EXPENSES:	
Savings	$0.00
Rent/mortgage	$0.00
Phone	$0.00
Taxes (federal, state)	$0.00
Vehicle payments	$0.00
Other transportation	$0.00
Personal loans	$0.00
Education loans	$0.00
Insurance (life and health)	$0.00
Home/renter insurance	$0.00
Auto insurance	$0.00
Auto registration/taxes	$0.00
Other	$0.00
Total Fixed Expenses	**$0.00**

MONTHLY VARIABLE EXPENSES:	
Food/household supplies	$0.00
Dining out	$0.00
Clothes	$0.00
Laundry/dry cleaning	$0.00
Gas, oil, auto maintenance	$0.00
Parking	$0.00
Medical/dental/eye care	$0.00
Entertainment	$0.00
Travel/vacation	$0.00
Utilities	$0.00
Music/books/journals	$0.00
Personal care	$0.00
Subscriptions	$0.00
Cable TV and internet	$0.00
Credit card payments	$0.00
Charity/contributions/gifts	$0.00
Savings for interviews/relocation	$0.00
Test prep course/materials	$0.00
Exam/licensing fees	$0.00
Other	$0.00
Total Variable Expenses	**$0.00**
Plus Total Fixed Expenses	**$0.00**
Equals Total Monthly Expenses	**$0.00**
Total Income	**$0.00**
Less Total Expenses	**$0.00**
Equals Total Discretionary Income (or Deficit)	**$0.00**

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Put A Monthly Budget In Writing

	August	September	October	November	December	Total Spend	Average Spend
Food	$ 300	$ 400	$ 350	$ 375	$ 200	$ 1,625	$ 325
Travel	$ 75	$ 100	$ 125	$ 100	$ 300	$ 700	$ 140
Toiletries	$ 50	$ 50	$ 75	$ 50	$ 50	$ 275	$ 55
Entertainment	$ 50	$ 100	$ 50	$ 250	$ 50	$ 500	$ 100
Study Materials	$ 200	$ 50	$ -	$ -	$ -	$ 250	$ 50
Total	$ 675	$ 700	$ 600	$ 775	$ 600	$ 3,350	$ 670

	January	February	March	April	May		
Food	$ 275	$ 325	$ 300	$ 300	$ 325	$ 1,525	$ 305
Travel	$ 200	$ 75	$ 50	$ 75	$ 50	$ 450	$ 90
Toiletries	$ 30	$ 50	$ 50	$ 65	$ 50	$ 245	$ 49
Entertainment	$ 50	$ 75	$ 75	$ 150	$ 50	$ 400	$ 80
Study Materials	$ 100	$ -	$ 25	$ -	$ 50	$ 175	$ 35
Total	$ 655	$ 525	$ 500	$ 590	$ 525	$ 2,795	$ 559

- Review bank or credit card statements often
- Keep accurate financial records
- Know your spending limits

Life Events Will Affect Your Plan

Making a plan is just the first step. You then need to update it as your life changes.

- Change in income.
- Change to your investment risk-tolerance as you approach retirement.
- Change to marital status.
- Change to the number of dependents.
- Set new goals once you've achieved previous goals.

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Additional Resources for You

Guide to Money Management and Student Loans

- Graduating Medical Student
- Residency
- PSLF

Fact Sheets

- All About Loans
- Preparing For Residency

FIRST Resources

- Repayment Plans Compared Chart
- Next Steps Brochure

Take Advantage of the FIRST Program

FIRST (Financial Information, Resources, Services, and Tools)

FIRST provides you with unbiased and reliable guidance about paying for medical school, managing money, and successfully repaying your student loans.

Guide to Money Management and Student Loans

This guide discusses applying for financial aid, borrowing student loans, managing money, and repayment options after medical school and during residency.

Guide to Public Service Loan Forgiveness (PSLF)

This guide outlines the PSLF program, eligibility guidelines, and actions to take to qualify for the program.

FIRST Fact Sheets

Read about financial topics important to premed students, current students, and residents.

FIRST Videos and Webinars

Watch videos and recorded FIRST webinars. Also, register to attend a future FIRST webinar about financing medical school, general money management, repaying student loans, and more.

FIRST Resources

Review publications, infographics, charts, state and federal programs about financial aid, loans, credit, budgeting, loan repayment and scholarship.

The MedLoans Organizer and Calculator (MLOC)

The MedLoans Organizer and Calculator tool was developed to assist medical students and residents with managing their education debt. The MLOC tool provides a secure location to organize and track student loans while also displaying possible repayment plans and costs based on the borrower's student loan

Search FIRST

Sign In To The MLOC Tool, DLOC Or OLOC

Register For The Next FIRST Webinar (February 17, 2026)

ALERTS

- Recent legislation will impact student loans and repayment plans beginning July 1, 2026. Visit Federal Student Aid for more information.
- The AAMC FIRST Repayment Strategies Platform is a resource offering medical students tools to choose the right repayment plan for them.

Sign up to Receive the FIRST Newsletter

Provide your name and email address, scroll down to Student Resources, and select FIRST Newsletter.

Contact FIRST

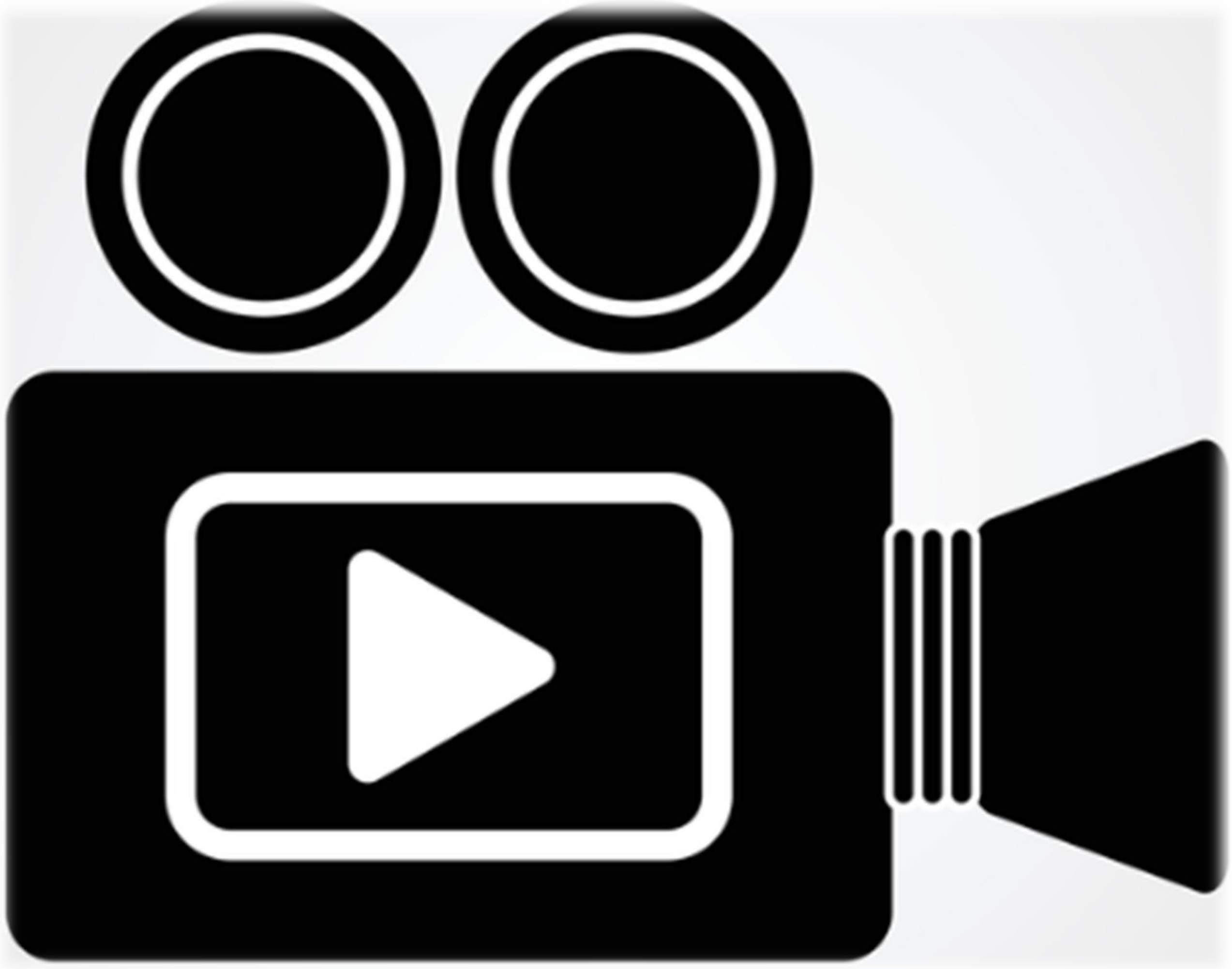
first@aamc.org

AAMC Advocacy & Policy

Learn how the AAMC advocates on behalf of academic medicine. Here you will find more on our advocacy activities related to student financial aid and how it affects you.

FIRST Videos and Webinars

- Improving and Monitoring Credit
- Financial Literacy with the AAMC
- Public Service Loan Forgiveness (PSLF)
- Preparing for Your Financial Life During Residency
- Home Financing vs Renting for Medical Students
- Filing Taxes as Medical Student
- Repayment Strategies for Graduating Medical Students
- Choosing Insurance
- MedLoans Organizer and Calculator
- Money Management During Medical School



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Please share your feedback!

The AAMC's FIRST program provides financial information, resources, services and tools for students and residents.

Contact us:
first@aamc.org

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