**RESOURCES FOR ENROLLED MEDICAL STUDENTS**

**Federal vs. Private Educational Loans**

Every borrower is responsible for repaying their educational loans. Make the decision that is best for your long-term financial future. Medical students face a long enrollment period and upon graduation, enter several additional years of residency. Private loans may be best suited for students in shorter programs who will soon obtain high-paying employment and can aggressively repay their educational debt in a short period of time.

**Benefits of Federal Educational Loans** Federal loans have many benefits that may not be the same as a private loan. Different lenders may offer different benefits. Be sure to compare private loan benefits as these may differ among lenders. Don't focus on the interest rate alone.

Federal Educational Loan benefits include:

- guaranteed funding by the federal government for those who apply and qualify for loan eligibility
- a variety of loan repayment options, including Income-Based Repayment
- flexibility of changing from one loan repayment option to another depending on your household needs
- possible qualification for Public Service Loan Forgiveness
- a variety of deferment options
- residency forbearance
- federal loan consolidation
- regardless of credit history, as long as a borrower is not in default and has not exceeded cumulative loan limits, one can borrow Federal Perkins Loan and/or Federal Direct Stafford Loan **
- death and disability discharge
- fixed interest rates that will not rise with changing interest rate indexes

**When a private loan may make sense…**

- The borrower is ineligible for federal student aid
- The borrower has excellent credit and is using loans to manage cash flow rather than as a source of needed financing
- The borrower is certain of a career in the private sector and intends to repay the debt in a very short period of time

**What to Consider Before Borrowing a Private Educational Loan**

- Most private loan programs offer variable interest rates
- Variable interest rate adjusted quarterly – rates increase as rate indexes increase.
- Variable interest rate depends on the borrower's credit. A co-borrower may help in obtaining a better interest rate. Consider how long the co-borrower will be tied to the debt and whether the co-borrower might have credit needs of their own in the near future, e.g., for a car or to refinance a mortgage. Compare interest indexes at www.bankrate.com.
- May require repayment while in school and in residency.
- Limited repayment, deferment or forbearance options.
- Lack of loan forgiveness benefit.
- May not provide death or disability discharge benefit.