Resources for Graduating Students

The Cost of Applying for Medical Residency

While the costs associated with securing a residency may be a relatively minor part of your medical education expenses, they can add up quickly. Since these fees may not be covered by student loans, it is important to keep these costs under control. Typical costs are summarized below.

Electronic Residency Application Service (ERAS)

ERAS®—The Electronic Residency Application Service—transmits residency applications, letters of recommendation, MSPE (Medical Student Performance Evaluation), transcripts, and other supporting credentials from applicants and medical schools to residency and fellowship programs using the Internet.

MyERAS, the site where you complete your residency application, automatically calculates your fees. For additional details, including application process guidelines and a list of participating programs and specialties, please visit ERAS.

Interview-Related Costs

Most of the costs related to securing a residency will no doubt be associated with interviewing. In addition to travel and accommodations, there are incidental expenses for which you must budget—everything from the cost of cabs, to your attire and meals. If you need a loan to assist with these expenses, check with your Financial Aid Office to see what options may be available to you.

There are ways to save money with some of these expenses. For example:

• While travelling, keep your meal selections frugal.
• If you need to purchase new interview attire, try to keep expenditures modest.
• Research the city/location you’ll be visiting to help budget transportation costs from the airport or hotel to the hospital site.
• Check to see if shuttle services are available that can help mitigate the cost of an expensive cab ride.
• If possible, try to coordinate accommodations with other medical students, sleep in residents’ quarters, or stay in the homes of those who graduated from your medical school and now live in the area. Check with the AMA Alliance for assistance. They may help students cut down on interviewing costs, provide an opportunity to get to know the community surrounding a potential residency program, and introduce students to the local medical society and alliance. As you plan your budget for this stage of your medical education, keep in mind travel and lodging costs to sit for the USMLE Step II Clinical Skills Exam.

National Resident Matching Program (NRMP)

The NRMP is a private, not-for-profit corporation that provides a uniform date of appointment to positions in graduate medical education (GME) in the United States. The fee (as of June 30, 2016) is $75 for the first 20 programs. You can review the current schedule of dates for NRMP matches, learn how the matching algorithm works, and more by visiting the NRMP’s Web site.

Travel Tips

Visit SmartMedTravel.com. This is a site developed by two recent medical school graduates in response to travel costs related to the interview process. While the AAMC does not endorse this site, you may find the information helpful.

View this fact sheet online at: www.aamc.org/first/medicalresidency
Easing into Residency: Transition Tips

While you are looking forward to this next step in your medical career, you may also be experiencing mixed feelings of excitement as well as trepidation about the decisions that you have to make in a short period of time. The following suggestions are provided to help you address important issues and to help you transition from medical school to residency.

**Manage Your Finances**
- Determine when and how you will be paid - weekly, bi-weekly, or monthly. If direct deposit is available, take advantage of it -- it’s the easiest way to have your paycheck deposited into your bank account.
- Understand the repayment terms and relative cost of the loans in your portfolio and take full advantage of your rights as a borrower. If you have questions, contact your loan servicer(s).
- Establish a system for maintaining financial records. Get organized. Review the Debt Management Relies on Good Record-Keeping fact sheet.
- Determine what type of insurances (Disability, Accident, Life, Malpractice, etc.) you will need as well as how much you will need.
- Create a budget. This will help you live within your means. Review the Budgeting Basics: Managing Your Money During the Lean Years fact sheet.
- Establish financial goals. Having goals will help you focus and be intentional about the steps you take to achieve those goals.
- Weigh and consider the advantages and disadvantages of renting vs. buying.

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<th>RENTING</th>
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<td><strong>Advantages</strong></td>
<td><strong>Disadvantages</strong></td>
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<tr>
<td>lower initial cost</td>
<td>less privacy</td>
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<tr>
<td>fewer or no maintenance responsibilities</td>
<td>provides no collateral (no equity)</td>
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<td>no long-term commitment (beyond lease term)</td>
<td>rental costs may increase with each lease term</td>
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<th>BUYING</th>
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<tr>
<td><strong>Advantages</strong></td>
<td><strong>Disadvantages</strong></td>
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<tr>
<td>with a fixed rate mortgage, monthly payment will remain constant</td>
<td>maintenance is the homeowner’s responsibility</td>
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<tr>
<td>builds equity over time</td>
<td>ability to quickly relocate may be reduced</td>
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<tr>
<td>interest and property taxes may be tax deductible</td>
<td>generally requires higher initial cost (down payment and closing costs)</td>
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**Manage Your Time**
- Determine your work/duty hours as well as any vacation time. Build in time for yourself.
- What is the policy for sick leave, FMLA, maternity, and military service? Know the policy before you need to use it.
- What is the policy for Continuing Medical Education?

**Survival Tips**
- Stick to major texts and journals specific to your area of training. You won’t have time to read everything.
- Leave the hospital on your time off and do something that you enjoy.
- Exercise professionalism at all times. Remember: you are part of a health care team.

**General Tips**
- Make a copy of your diploma before framing it.
- Read your contract carefully.
- Keep your student loan information well labeled and close by so that you can easily find it.
- Make sure you have money saved for USMLE Step III.
- Know what support services are available to you. Check with your residency program coordinator for assistance.

View this fact sheet online at: www.aamc.org/first/residency
Steps for Making a Big Purchase

Medical students and residents sometimes want or need to purchase a house, a car, or other expensive items before their education or training is complete. With large purchases come valid concerns about student loan indebtedness and limited residency salaries. However, if approached wisely, these concerns can be mitigated and the item may be more affordable.

Preparing to Buy
Step #1: Understand and Protect your Credit Score – Your FICO score (credit score) will determine the interest rate of your loan. To get the lowest interest rate possible, try to raise your credit score prior to making any large purchase. This can be done, but it will take time... so plan accordingly. Some tips that may help you improve your credit score include:
• Always pay bills on time (medical school provides 4-years to make on time payments).
• Pay down credit cards and other revolving debt.
• Limit borrowing and avoid opening additional lines of credit.
• Be aware of the steps to decrease the threat of identity theft. It’s a rampant crime and the most pro-active step you can take is to periodically review your credit report at www.annualcreditreport.com.

Step #2: Know How Much You Can Afford – Knowing what you really can afford hinges on having a current and accurate budget. Once you determine the amount of a comfortable monthly payment that you can afford, then it’s time to move to the next step.

The Buying Process
Step #3: Start Shopping for a Loan – Yes, it seems backwards, but it makes most sense to shop for a loan before you shop for the item. By comparing lenders and their loan products, not only will you be able to find the best deal, but you will also have a clear understanding of the total cost (fees, points, rates, etc.) associated with the big purchase. If a pre-approval letter is needed during your purchase, any of these lenders can now provide it. (Note: Limit shopping for a loan to a short span of time to avoid unnecessarily hurting your credit.)

Step #4: Start Shopping for your Big Purchase – Depending on the item, professional assistance may be required during this step. For a home purchase, a licensed real estate agent may be needed (especially if you are unfamiliar with the area). For a car purchase, a trusted mechanic may be called upon to inspect your possible choice. When a final selection has been made, there will be negotiations, paperwork, additional inspections, etc. Often, the most stressful time will come at the tail-end of the transaction.

Things to Avoid:
• feeling pushed into a monthly payment that makes you feel uncomfortable 
• alternative loans with options like interest-only payments – these could end up costing you more in the long run

Final Tips:
• When buying a car, try to buy a used car. As soon as you leave the dealership in a new car, it becomes a used car and the value significantly decreases.
• By reducing your required monthly payments on other debt, you can increase the loan amount for which you qualify. This means, forbearance on student loans may help you qualify for a more expensive house or car. But be wise -- when your residency ends, the house, car, and student loan bills will all need to be paid. Budget and spend accordingly.
• Remember: it is not how much you make, but how much you save. Be sure you are taking retirement savings into consideration when planning and budgeting for major purchases.

Other Resources

Buying a House: www.hud.gov/buying/

Buying a Car: www.edmunds.com/cars or http://www.kbb.com

View this fact sheet online at: www.aamc.org/first/bigpurchase
Residency & Relocation Loans—To Borrow or Not to Borrow

Fourth year medical students have a variety of expenses that may not be included in the standard student budget. Some of these expenses may include participating in the residency match, traveling for interviews, related meals and lodging, moving expenses, etc. All of these items cost money and some students may need to consider taking out a residency and relocation loan to help cover the additional expenses.

Itemize Anticipated Expenses in Your Last Year

Medical school may be coming to an end but there are still many additional expenses that pop up in your last year that are necessary, even required, to help you get ready for your residency.

Although you may have anticipated these additional expenses, do you have adequate funds to cover them? Do you need some extra resources to help you get through your last year as you prepare for interviewing and relocating? It’s helpful to itemize your anticipated expenses to determine if your need for this loan is legitimate or just a “nice cushion to have.” One of the costliest mistakes medical students make is to borrow funds they don’t really need.

Residency & Relocation Loans are Private Loans

Unlike federal student loans, Residency & Relocation Loans are referred to as private (or alternative) loans. Taking out this loan is strictly between you (the borrower) and the lender. Your medical school’s financial aid office is not involved and will not certify your eligibility for this loan.

The fees and interest rate you will pay will be based on your credit-worthiness, or the creditworthiness of you and your co-signer.

Be discriminating when you choose these loans and compare all information before making a decision. It’s important to know what you’re getting into – remember this is money that you will have to pay back, and typically, private loans can cost you more than other loans.

Some Questions to Ask

- Interest Rates, Fees, and Terms
  - How is the interest rate calculated?
  - Is it a fixed or variable rate?
  - What are the terms of the loan?
  - Does the Financial Aid Office have any additional information on these loans?

- Loan Application Process
  - Is it an online application?
  - Is instant loan approval offered?
  - Will I need a co-signer?
  - How long will the co-signer stay on the loan?

- Repaying Your Loan
  - How soon do you start repaying?
  - Are “deferment and forbearance” options offered after graduation and during residency?
  - Are incentives offered for on-time or electronic payments?

- Customer Service
  - Can I reach a live operator to discuss my loan during convenient hours?

Evaluate the Following

- interest rates
- maximum loan amount
- processing time
- disbursement dates
- postponement of payment options
- repayment term
- terms and conditions of the loan

View this fact sheet online at: www.aamc.org/first/relocationloans

For more information and resources, visit www.aamc.org/FIRST

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