



A Monthly Newsletter from ADEA Executive Director Richard W. Valachovic, D.M.D., M.P.H.

In this month's letter, Dr. Rick Valachovic, Executive Director of the American Dental Education Association, looks at the implications of student indebtedness for the individual and the profession.



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Paying the Price

"Congratulations," said the dean, resplendent in his academic robes as the graduation ceremony came to an end. "You are now dentists. As you leave the auditorium, kindly deposit a certified check for \$130,000 in the bin."

Wake up, wake up. It's a bad dream! It doesn't happen quite like that. But there's no denying that the debt accumulated during student years can be a nightmare to new dentists. And the number is real. The average debt for 2005 dental school graduates consisted of multiple student loans totaling \$129,639. Graduates of public dental schools had less loan debt (\$104,500), while graduates of private or private state-related schools had more (\$161,500).

Serious debt, indeed, with consequences that reach beyond the individual new dentist to the entire profession. Consider this: A significant number of people, many of them disadvantaged or members of ethnic minority groups, decide not even to apply to professional school because they are afraid of debt. Fear of educational debt damages our profession's ability to recruit minority students at a time when we are trying to increase diversity, serve underserved populations, and improve access to care.

Think about this, too: Where is our future faculty going to come from when indebted new dentists are reluctant to take faculty positions that may seem to pay less than private practice? As the saying goes, "no professors, no profession." Some graduating dentists who are considering an academic career may choose the lure of private practice upon graduation, thinking that they will look at academics again after paying off their debt. But just a few years later, their commitments to their practices keep them from doing so. ADEA and a number of dental schools are dedicating resources to this problem. ADEA's approach includes the [ADEA/AADR Academic Dental Careers Fellowship Program](#) supported by the ADA Foundations and the [ADEA Academic Dental Careers Network](#).

If you are a dental student or someone who advises dental students, the message is this: If you must go into debt (and most of you must), do so with your eyes open to your responsibilities, but don't let the prospect of owing money paralyze you with fear. The vast majority of new dentists succeed in paying off their student debts, some much more quickly than they anticipated.

Here's the drill on managing your repayment after you graduate or after you complete a residency. For most student loans, you get a grace period of about six months, and then you get 10 years to pay off your loans. A rule of thumb: If your gross annual income equals your debt, it will be possible for you to pay off the debt within 10 years while devoting no more than 10 percent of your income to repayment. Some new dentists opt to extend the repayment period by consolidating two or more student loans. This lowers the monthly payment but increases the total cost of the loan. Others select graduated payments that increase in size over time or payments that are adjusted according to income.

Let me suggest two helpful resources. First, an informative chapter about financing dental education, whose writing was spearheaded by Gina Luke, our ADEA Director of Legislative Policy Development, can be found in [ADEA's Official Guide to Dental Schools 2006-07](#). Second, the FinAid website has a student loan repayment calculator at <http://www.finaid.org/calculators/loanpayments.phtml>

We used that calculator to figure the amount that the recent dental school graduate with the average amount of debt must come up with every month to be debt-free in 10 years: \$1,492. And yes, that could be enough to call for some temporary sacrifices and some deferment of other life goals.

One new dentist who talked to Dr. Anne Wells, ADEA's Associate Executive Director for Application Services, called his loan payment "a bear." He did acknowledge, however, that about \$20,000 of his debt wasn't really necessary - it paid for a backyard barbeque grill, a lot of pizza and beer, and lots of other amenities. This borrower set up a 20-year repayment schedule when he was an associate. Now that he's the sole owner of a practice, he's accelerating his payments to repay his debt within the next five years.

Dr. Wells emphasizes the difference between good credit and bad credit. **Bad credit is credit card debt; good credit is investing in becoming a dentist.** As one graduate said of her education and training, "No one can take it away from me."

That young dentist is paying off part of her student loans by practicing in a salaried position in a dental clinic for the working poor. She gets \$25,000 for loan repayment each year for two years through the National Health Service Corps. About 10 percent of recent dental graduates take a similar path by participating in a repayment program based on fulfilling a service or placement obligation. If this sounds interesting, check out these programs:

- [National Health Service Corps](#). This program serves underserved populations in health professional shortage areas.
- [National Institutes of Health Loan Repayment Programs](#). NIH helps to repay your educational loan debt in return for your commitment to a research career.
- [Health Resources and Services Administration Faculty Loan Repayment Program](#). The federal government helps repay educational loans for health professionals from disadvantaged backgrounds who pursue academic careers.
- [Indian Health Service Loan Repayment Program](#). The program helps to repay educational loans of health professionals who sign on for full-time clinical practice at an IHS facility or approved Indian health program.

Generally, the U.S. military's Health Professions Scholarship Programs pay 100 percent of tuition and fees for dental and medical students and provide a monthly stipend of \$1,319 in return for a commitment to serve on active duty. Similar financial assistance programs help dental students engaged in residency training. Dentists and physicians on active military duty do not run private practices or pay overhead costs, and they do not compete with others or pay malpractice insurance. These programs are the bedrock of military health care and are available today to dental and medical students and residents.

For information for specific branches of the military, see

- [U.S. Air Force](#)
- [U.S. Navy](#)
- [U.S. Army National Guard](#)
- [U.S. Army Reserve](#)
- [U.S. Army Medical Corps](#)

Some states also have programs that help repay student loans of dentists who treat the underserved. These programs are subject to yearly shifts in priorities of state legislatures, but more states are exploring these types of

programs. States offering programs include

- [Maryland](#)
- [Nebraska](#)
- [Ohio](#)
- [Virginia](#)

And for all of you who are struggling with debt, there's more than a little comfort in knowing that, on the whole, dentists in private practice and in academics can do very well financially. The most recent average net annual income figures are \$152,880 for new dentists; \$180,650 for solo, full-time, private general practitioners; and \$287,190 for dental specialists. Eventually you will have the opportunity to do well in addition to doing good.



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