

## CHAPTER 4

# FINANCING A DENTAL EDUCATION

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*ADEA partnered with a longtime expert in the field of higher education financing to present up-to-date and relevant information to those considering a dental education. Our expert has more than 30 years of experience—on university campuses, at higher education associations, and in the lending industry—guiding students, residents, and administrators in educational debt management and financial literacy.*

**T**he same considerable amount of time you have spent thinking about applying to dental school should be spent thinking about how to pay for your dental education. As you learn about financing options in this chapter and consider the ways to finance your dental education, there are messages to keep in mind.

- While expensive, a dental education is an affordable and worthwhile investment.
- Many options and types of financial aid are available to finance your dental education.
- You can help minimize the impact of any long-term implications of financing through smart budgeting and responsible borrowing.
- While you are ultimately responsible for securing financial assistance for dental school, help exists.

This chapter is broken into a series of questions you may have about financing your dental education. Be confident that you can effectively manage the financial commitment a dental education entails.

ADEA makes every effort to ensure that the most current information is presented. However, financial aid terms, conditions, and programs are subject to change. You should keep in close contact with your dental school's financial aid office (FAO) for any changes that may impact the financial aid available to you.

### QUESTION 1

#### HOW MUCH DOES A DENTAL EDUCATION COST, AND HOW MUCH MONEY WILL I NEED?

Dentistry is a financially rewarding career and a great return on your investment. Numerous loan repayment options exist, and dentists are among the top wage earners in the nation. The average net primary private practice income in 2009 for a new independent dentist who graduated from dental school in the past 10 years is \$186,140, according to the 2010 American Dental Association (ADA) *Survey of Dental Practice*. Net income varies by type of practice and schedule. With some thoughtful planning, smart budgeting, and responsible borrowing, the costs can be quite manageable.

In considering the cost of dental education, look at two different types of costs:

- Out-of-Pocket Costs
- Financing Costs

**Sample First-Year  
Cost of Attendance**

|                    |          |
|--------------------|----------|
| Tuition and Fees   | \$31,246 |
| Books and Lab Fees | \$4,518  |
| Instruments        | \$5,095  |
| Living Expenses    | \$33,107 |
| Total              | \$73,966 |

*One way to reduce how much you pay back on your student loans is to ask family members or others to pay the interest on one of your unsubsidized loans for a short period of time.*

**■ Out-of-Pocket Costs**

This is the category you may be most familiar with. It includes the items you pay for directly, including tuition and fees, books, supplies, equipment, and living expenses. Your dental school’s financial aid office (FAO) can provide an estimate of these costs, sometimes referred to as cost of attendance (COA) or financial aid budget. **A breakdown of these numbers for each dental school is in Part II of this book.** Your COA is the maximum amount of financial aid you can receive each year from any combination of source.

**Budgeting: Control What You Can**

Your room and board and living expenses are, for the most part, the only costs you can control. You can reduce the amount of money you borrow and will have to repay by sticking to a budget. Financial aid that does not have to be repaid, such as grants and scholarships, often covers tuition, fees, and institutional charges. Federal loans can be used to cover living expenses. *See Question 4 for more information on unsubsidized loans, including the Unsubsidized Stafford Loan and the Graduate PLUS (GradPLUS) loan.*

Credit card payments and other consumer obligations cannot be included in your COA. Make every attempt to pay off consumer debts in full before starting dental school. Any financial distraction can prove to be a distraction from your academic work.

**How Much Do You Really Need?**

Determine how much you will need for each year of dental school by asking yourself three simple questions:

- *How much does it cost this year?* This is the COA or financial aid budget previously discussed. Use smart budgeting to reduce this number.
- *How much do I have to contribute to this year’s costs?* Once you have been admitted, your FAO will review your completed financial aid application. A combination of savings and family support reported on your Free Application for Federal Student Aid (FAFSA)—[www.fafsa.ed.gov](http://www.fafsa.ed.gov)—will be used to determine how much you have to put toward school. If the amount you are expected to contribute does not match what you think you have available, you can contact your FAO about possibly adjusting the COA to better reflect your specific financial circumstances.
- *How much more do I need this year to cover the cost?* The difference between your total cost and how much you can contribute will be used by your FAO to determine the kind and the amount of financial aid you may receive.

**■ Financing Costs**

The costs associated with borrowing money for dental school include the principal of a loan and any financing costs. Financing costs include the interest and fees that increase your total repayment amount. These costs can be manageable. Several variables affect financing costs and how much you must pay back: interest rates, capitalization, deferment and forbearance, and repayment strategy. These financing costs explain how two dental students can borrow the same amount but pay back vastly different amounts. *See the Glossary at the end of this chapter for full definitions of these and other financial aid terms.*

*See Question 4 for more information on student loans and their financing costs and repayment plans.*

**QUESTION 2**

**I NEED FINANCIAL AID. ARE THERE OPTIONS OTHER THAN STUDENT LOANS?**

While the majority of dental students take out student loans to help pay for school, other options are available as part of a financial assistance package.

Some options are considered “traditional” types of financial aid because they are awarded through the financial aid office (FAO). Nontraditional financial aid may be awarded by organizations outside your school. Some nontraditional financial aid options can help defray the cost of dental education, including service commitment scholarships.

### ■ Grants and Scholarships

Unlike student loans, grants and scholarships do not have to be repaid and may be referred to as “gift” aid. In general, there are three categories of grants and scholarships:

- *Institutional Grants and Scholarships* are given by the school as part of a financial aid award package. Check with your FAO about application forms and deadlines.
- *Outside Scholarships* are awarded by organizations other than the school. You must apply for these independently. They can be found through search engines or organizations, such as [www.fastweb.com](http://www.fastweb.com) or ADEA. Use caution with any scholarship searches that require payment for their services. Outside scholarships should be reported to the FAO and are sometimes disbursed directly to your institution.
- *Service Commitment Scholarships* are sometimes referred to as “up-front” service commitments. They provide financial support while you are in school in exchange for your service after graduation. Programs are offered by the armed forces, National Health Service Corps (NHSC), and Indian Health Service (IHS):

[www.goarmy.com/amedd/education/hpssp](http://www.goarmy.com/amedd/education/hpssp)  
[www.navy.com/careers/healthcare](http://www.navy.com/careers/healthcare)  
<http://airforce.com/benefits/commissioned-officer-education>  
[www.nhsc.hrsa.gov/scholarships](http://www.nhsc.hrsa.gov/scholarships)  
[www.ihs.gov/JobCareerDevelop/DHPS/Scholarships](http://www.ihs.gov/JobCareerDevelop/DHPS/Scholarships)

These programs also offer loan repayment programs (help repaying your student loans in exchange for a service commitment you make after school.) See *Question 3* for details on these loan repayment programs.

### ■ Education Tax Breaks

A number of tax credits and deductions—including some during the repayment period—can help defray the cost of a dental education. To find detailed information on tax credits and deductions, review International Revenue Service (IRS) *Publication 970: Tax Benefits for Education*. Considering the intricacies of the recently passed Budget Control Act of 2011, you may want to consult a professional tax advisor or other qualified financial advisor for assistance. Though no explicit changes were made to education tax breaks, modifications might happen in the near future.

The *Lifetime Learning Credit* is applied on your tax return for qualified tuition and related expenses at a postsecondary education institution.

The *Student Loan Interest Deduction* allows borrowers to deduct interest paid on qualified student loans.

The *Tuition and Fees Deduction* allows students to reduce their taxable income for tuition and fees paid toward education.

### ■ Research Fellowship or Traineeship

A scholarship or stipend may be offered that involves conducting scientific research. Contact your FAO to see if these funds are available at your school.

### ■ Work-Study

Work-study programs provide an opportunity to receive income by working part time. Due to the demands of the dental school curriculum, you may find it difficult to take advantage of this kind of financial aid. If you are thinking about working while in school, your FAO may be able to help you find employment.

Your financial aid office (FAO) should always be your first point of contact for financial aid. However, consider all kinds of financial aid and assistance when figuring out how to pay for your dental education, including:

- Grants and scholarships with or without a service commitment
- Loans and loan repayment programs
- Work-study programs
- Research fellowships and traineeships
- Education tax breaks

The federal government offers Scholarships for Disadvantaged Students (SDS). These awards are available to students from disadvantaged backgrounds as defined by the U.S. Department of Health and Human Services (HHS). See the glossary for a full definition. Contact your financial aid office (FAO) for availability of funds and application process and deadlines.

**QUESTION 3****IS ANY FINANCIAL AID AVAILABLE FOR INTERNATIONAL STUDENTS?**

International students coming to the United States to attend dental school should check with their institution's financial aid office (FAO) regarding financial aid opportunities. While you must be a U.S. citizen or permanent resident to qualify for federal financial aid, other options may be available. Check out [www.edupass.org/finaid](http://www.edupass.org/finaid) for information on financial aid for international students, including scholarships, loans, helpful organizations, and the process for applying for aid.

**Loans for International Students**

You may be eligible for a private loan for dental school. You can expect a lender to require a creditworthy cosigner who is a U.S. citizen or permanent resident. The majority of private loans have variable interest rates (often with no interest rate cap) and are unsubsidized. If the interest is not paid, it will eventually be added back to the principal through a process called capitalization.

**Scholarships for International Students**

Check with your FAO to see if your school designates funds for international students. These scholarships may be based on merit or academic interest. The cultural department or education minister's office at your embassy may also be able to offer assistance.

**QUESTION 4****WHAT TYPES OF STUDENT LOANS ARE THERE? WHAT ARE MY REPAYMENT OPTIONS?**

According to results from the Annual ADEA Survey of Dental School Seniors, 89.1% of 2010 graduates left school with student loan debt. The average debt for all indebted graduates was \$197,366. The average debt from public and private schools was \$174,967 and \$232,780 respectively. Nearly one out of every four students in the class of 2010 graduated with \$250,000 or more in student loans; however, nearly the same ratio of students reported leaving dental school without any educational debt or debt under \$100,000.

Before you look at individual loan programs, consider the following:

- For the best financial aid possible, contact your financial aid office (FAO) early and apply as directed in a timely manner.
- Be extremely cautious when considering a consumer or other private loan to pay for your dental education. Federal and campus-based loans almost always offer more favorable terms and conditions, including flexible repayment plans. Private loans have extremely limited consolidation options, and they are not eligible for repayment under the relatively new Income-Based Repayment (IBR) plan or for federal forgiveness programs.
- If you do not apply or qualify for any institutional financial aid, such as grants, scholarships, or campus-based loans, you can borrow up to your full cost of attendance (COA) with federal loans.

The following list describes various available loan programs. Stafford and Graduate PLUS (GradPLUS) loans make up the bulk of many dental students' loan portfolios. Campus-based loans may not be available to all students. You can find a list of your personal loans (with the exception of Health Professions Student Loans [HPSL], Loans for Disadvantaged Students [LDS], and institutional and private loans) on the National Student Loan Data System (NSLDS) database at [www.nsls.ed.gov](http://www.nsls.ed.gov).

## STUDENT PROFILE


**KARLA MCDONALD**

THIRD-YEAR DENTAL STUDENT  
UNIVERSITY AT BUFFALO  
SCHOOL OF DENTAL MEDICINE  
HOMETOWN: WISCONSIN RAPIDS, WISCONSIN

*Why dentistry?*

My mom started brushing my teeth at a very early age and I loved it. Despite my good habits, my teeth would still turn pink from the dentist's disclosing tablets; this drove me to take better care of my teeth. In preschool, I wanted to be a doctor or a nurse. In junior high school, I understood that I could combine my interests in the health professions with my fascination with teeth. No matter what I decided to do, I wanted a career that made a direct positive influence on my community. There had to be reason and greater purpose to what I was doing with my life.

*What did you do as an applicant to prepare for dental school?*

My undergraduate university advised me on the courses I needed to take and in what sequence to prepare for the DAT. A strong background in the basic sciences takes you beyond the application process.

*Did you shadow before applying to dental schools?*

I did as much shadowing as possible the summer before applying to school. It worked out really well, as I got to shadow before my 2:00–10:00 p.m. shift at work. I knew I had found the right career when I saw the dentists interact with patients. Through shadowing, I learned that dentistry is what you make it. You have the independence to set your own priorities and do exactly the type of work that you love. I shadowed at three different dental practices, exposing me to different focuses and approaches to patient care. The dentists I worked with were making an impact. I could see the results in their work and the way they advocated for their patients' needs. The experience was invaluable.

*Did your experience as a resident care associate in an assisted living facility affect your decision to enter dental school?*

After undergrad, I thought getting some experience in health care would be helpful for both dental school and my future career. I think it's important to work with patients on a daily basis in a caregiver capacity, not just as an observer. I worked as a resident care associate, and it was challenging and hard work. I learned a lot about how to interact with people and the medico-legal aspect of health care, such as charting and the importance of keeping accurate records.

*What are your short-term and long-term goals?*

Right now, I want to learn as much as I can and build a solid foundation of basic skills. In the future, I want to be a dentist that gives back to the community and that patients have confidence in. Hopefully, I will be successful enough to have the flexibility to take on more Medicaid patients and donate care. It would be great to join or start a group in my community that provides free services on a regular basis. I want to know that what I did helped someone.

*What drew you to the National Health Service Corps (NHSC)?*

I liked that I would practice in an area where I could address access to care barriers, no matter the reason. We have a responsibility in our profession to address these issues. I want to be a part of the solution, and NHSC gives me the flexibility and freedom to work with patients with

the greatest need. It will allow me to provide the best care possible to the underserved.

*What advice would you give applicants who also have a passion for service?*

When you interview, ask the interviewers or the dental students on campus about the kinds of activities available through the school. Most dental schools have great programs for students through organizations. Different schools may even have outreach as part of the curriculum. At the University at Buffalo (UB), students can volunteer through the Buffalo Outreach and Community Assistance (BOCA) to do free dental work in the United States and abroad. I am hoping to go on a BOCA trip next year.

*What advice would you give applicants or those considering dental school?*

Preparing for the interview was the most important and challenging part of my application process. It took a lot of practice to be comfortable talking about myself. Reflect on the general questions beforehand. Sometimes in the excitement of the moment, you can forget to touch on topics that are very important. Practicing will help you remember your main points and mitigate nervousness. The interview is your chance to let the admissions committee know you as a person. It's also an opportunity to get to know the school. Read through the institution's website and research their programs so you can ask appropriate questions to help you decide if the institution is the right fit for you.

*Did you move to a new city for dental school? If so, what helped that transition?*

I moved from La Crosse, Wisconsin, to Buffalo, New York. I joined Alpha Omega and got involved in social and networking activities. I am also very fortunate to live in a nice community: My neighbors are very friendly. Getting to know people outside of school has been helpful. My mom and boyfriend visit several times a year. Overall, being a part of the local community and sharing that with my family has helped the transition.

*Are you married/partnered/single? Any children?*

My boyfriend lives in Wisconsin. We see each other once or twice a semester. Sometimes long distance relationships can be tough, but we make it work. For the right person, it's worth it.

## ■ Federal Stafford Loans

Federal Stafford Loans are often considered the foundation of a dental student's loan portfolio. Many current Stafford Loan borrowers have both subsidized and unsubsidized Stafford Loans (Subsidized Stafford Loans are based on need and are interest-free to borrowers during school and any grace or deferment periods). However, beginning July 1, 2012, all new Stafford Loans will be unsubsidized, with interest accruing during school and any grace and deferment periods.

- Some schools may require you to borrow Stafford loans first before considering you for campus-based loans.
- Effective July 1, 2010, the federal government became the lender for all Stafford loans through its William D. Ford Federal Direct Loan Program.
- You may currently borrow a combined maximum of \$40,500 per year from subsidized and unsubsidized federal Stafford loans. This amount includes up to \$8,500 in need-based Subsidized Stafford Loans and the remaining in Unsubsidized Stafford Loans.

Effective July 1, 2012, new Stafford loans will no longer be eligible for an interest subsidy—the government will no longer pay the interest while the borrower is enrolled or during grace or deferment periods. You will still be able to borrow up to \$40,500 each year, but the entire amount will be unsubsidized.

A maximum of \$224,000 can be borrowed for undergraduate and graduate education combined.

- A 6.8% fixed interest rate is valid for the life of the loan and for the six-month grace period.

#### ■ Federal Graduate PLUS (GradPLUS) Loans

GradPLUS loans may be used to supplement borrowing needs beyond those that can be met by Stafford loans. Federal GradPLUS loans almost always offer more favorable terms than private loans. Interest does accrue from disbursement and will eventually be capitalized.

- GradPLUS loans are based in part on the borrower being “credit-ready” (*see Question 5 for more information*).
- Effective July 1, 2010, the federal government is now the lender through its Direct Loan Program.
- You may borrow up to the full amount of your COA minus any other aid, including federal Stafford loans.
- There is no annual or cumulative maximum.
- A 7.9% fixed interest rate is in place for the entire life of the loan, with a six-month post-enrollment deferment (similar to a grace period) for GradPLUS loans disbursed on or after July 1, 2008.

#### ■ Federal Perkins Loans

Federal Perkins Loans are federal loans administered by your school and sometimes referred to as “campus-based” loans. Your school acts as the lender on behalf of the federal government. These loans are distributed based on need. Typically you are automatically considered for them if you apply for financial aid with the FAO and meet any established deadlines.

- Subsidized loans are interest-free during school and grace or deferment periods.
- A 5% fixed interest rate is valid for the life of the loan, which has a nine-month grace period.

#### ■ Health Professions Student Loan (HPSL)

The HPSL program is part of the Title VII federal loan program provided through the U.S. Department of Health and Human Services (HHS) but administered by your school. You are usually automatically considered for HPSL if you apply for financial aid with the FAO, meet any established deadlines, and provide the additional information required (such as parental financial information). These loans are based on exceptional financial need.

- Subsidized and interest-free during school and any grace or deferment periods.
- A 5% fixed interest rate is in place for the life of the loan.

#### ■ Loans for Disadvantaged Students (LDS)

The LDS program has similar terms and conditions as HPSL. A borrower must be from a disadvantaged background, based on criteria established by HHS. *See the Disadvantaged Background definition in the Glossary.* Your FAO will determine your eligibility for this program.

#### ■ Institutional Loans

Your school may offer loans with favorable terms and conditions. Check with your FAO on their availability and application requirements.

### ■ Private Loans

Given the availability of GradPLUS, private loans should be a last resort. They are based in part on the credit of the borrower, cosigner, or both. They often have limited repayment flexibility and limited options for postponing payments. They are not eligible to be repaid under income-related plans, such as Income-Based Repayment (IBR), nor are they eligible for federal forgiveness programs. Often they are needed only for residency interviews, relocation costs during your last year of school, or during any transition period between school and residency. Consult with your FAO regarding options if you're considering a private loan.

- These unsubsidized loans most often have variable interest rates that may not have a cap.

## REPAYMENT

### ■ Repayment Strategies and Repayment Plans

Most student loans have some type of grace period that will allow you to get settled before you are required to make payments; however, you should start thinking about your repayment strategy well in advance of your first payment. During school you will learn about repayment plan options at your required Senior Loan Exit Interview. Below is a brief description of options for federal loan repayment. While there are exceptions, a generally accepted industry standard is that student loan payments should not exceed 8–12% of your gross income.

Remember that dentistry is a financially rewarding field. This fact, combined with the numerous repayment plans available, may help explain why dental school graduates have a strong record of repaying their student loans.

A number of factors may influence your repayment strategy, but, generally, repayment strategies fall into one of the three categories below.

1. *Aggressively pay back your student loan to minimize interest cost.* Someone with no other outstanding financial obligations whose monthly cash flow allows for higher monthly payments may use this strategy. He or she pays more than the minimum required each month. There is never a penalty for early repayment of federal loans.
2. *Maximize your monthly cash flow to free up as much cash as possible for other financial commitments or obligations.* Someone with family commitments, medical expenses, consumer debt, or any combination of these might choose this scenario. He or she uses a repayment plan that minimizes payments. This can increase interest costs in the long term.
3. *Enroll in a program that repays your loan in exchange for your service commitment.* Some programs allow dental graduates to receive student loan repayment in exchange for their service. See the listing of programs at the end of this section.

### Standard Repayment

- This is a 10-year repayment schedule with the same payment due each month.
- Monthly payments tend to be higher; however, this is the least expensive plan in the long term because the repayment term is relatively short.
- If you do not choose another repayment plan, you will be assigned a standard repayment plan.
- This plan may be of interest to a borrower with a steady income that is high enough to manage the monthly payments. It might be appropriate for someone moving into a practice right out of dental school.

**STUDENT PROFILE**



**MELODY BUTLER**

SECOND-YEAR DENTAL STUDENT  
THE OHIO STATE UNIVERSITY COLLEGE OF DENTISTRY  
HOMETOWN: WENDELL, NORTH CAROLINA

*Why dentistry?*

It was always my dream to be in the medical field. In my senior year of high school, I left my pediatric dentist. On my first visit, the new dentist listed a number of things he wanted done, among them extracting my wisdom teeth. I wasn't in pain during the procedure, but the sound scared

me and left me in tears. My dentist's son, who was a dental student, came over and his enthusiasm about my teeth was contagious. I went on to shadow that dentist the following summer and eventually worked for him

*What are your short-term and long-term goals?*

My short-term goals are to pass the boards! Upon graduation, I plan to return to North Carolina and work in public health.

*What did you do as an applicant to prepare for dental school?*

To prepare for dental school I shadowed at multiple locations. I also participated in a nine-week extensive summer program at the University of North Carolina (UNC) Chapel Hill for students interested in dentistry and medicine.

*What did you look for when choosing a dental school?*

When choosing a dental school, I looked at the location. I didn't want to be too far from home. I also considered the school's statistics on students passing the boards. Tuition cost was another contributing factor; being an out-of-state student is an additional expense.

*What advice would you give applicants or those considering dental school?*

The most important thing is making sure you are ready. Unfortunately, I applied when I wasn't at "my best." My grades weren't solid and I was not prepared for the entire process. I spent a lot of money on application fees and then had to reapply. I would suggest seeking advice from someone who has gone through the process. When

you interview, be sure to interview the school as well. The school needs to be a good fit for you as well as your being a good fit for the school.

*Did you move to a new city for dental school? If so, what helped that transition?*

I moved from North Carolina to Ohio. It was a very big transition, from the weather to the obsession with Buckeye football! Having a strong support system at home and great classmates helped me transition. Academics are the reason we are in school, but building relationships is a major component and a great outlet for the stress that comes with this profession.

*What did you do before applying to work on your manual dexterity?*

I took a ceramics class, but I don't believe that it was very helpful. Everyone enters dental school at different levels; you will have plenty of time to perfect your skill. Spend lots of time in the lab and ask many questions. The dexterity required to become a successful dentist will come.

*What is your advice on financial aid?*

Dental school is costly, but it is an investment in your future. I ask my financial aid office questions regularly. The advice my financial aid counselor gave was to "Live like a dental student while you are in dental school or live like a dental student when you become a dentist." Loans are almost inevitable, but don't take out more than you need and maintain a budget. I plan to take advantage of loan repayment programs upon graduation.

*Are you married/partnered/single? Any children?*

Single.

**Graduated Repayment**

- This is usually a 10-year repayment schedule, though some plans are extended with an interest-only option.
- Payments start relatively small and increase by designated amounts at designated intervals.
- Lower initial payments result in higher overall repayment costs compared to the standard plan.
- This plan may be of interest to a borrower with other short-term financial obligations who is moving into a practice right out of dental school.

**Income "Related" Repayment**

- Payment amounts are calculated (at least in part) on a borrower's income and thus may grow each year as income increases.
- Repayment period may run from 10 to 25 years.
- Several variations exist, including the Income-Based Repayment (IBR) Plan, which caps payments at 15% of a borrower's discretionary income.
- Lower initial payments result in higher overall interest costs when compared to a standard plan.
- May interest borrowers with variable incomes or other financial obligations, as well as dental residents who have limited income but want to start repayment during their residency.

### Extended Repayment

- This plan offers level payments up to 25 or 30 years, depending on your outstanding balance.
- Due to an extended repayment term, this plan offers lower monthly payments but potentially higher repayment costs.
- This type of repayment may be of interest to a borrower with a steady income who has long-term financial obligations and is moving into a practice right out of dental school.

With a few exceptions, borrowers may switch repayment plans. Campus-based loans (such as Federal Perkins loans, Health Professions Student Loans [HPSL], and Loans for Disadvantaged Students [LDS]) usually have 10-year standard repayment plans. Private loans tend to have 15- or 20-year repayment terms, often with little flexibility.

### ■ Loan Consolidation

Loan consolidation is often considered a repayment strategy, but it is not appropriate for all borrowers. It allows a borrower to pay off (or refinance) multiple loans with one new loan. The rules governing loan consolidation have changed over the years. Borrowers may be interested in consolidation because it offers the convenience of having only one loan to manage and repay and one loan servicer to work with in repayment.

Now that all federal Stafford and GradPLUS loans originate from the government through the Direct Loan Program, you will automatically have one lender for all federal loans taken out during dental school. If you have any federal loans from private lenders prior to entering dental school, you might want to consider consolidation. While interest rates on new federal loans are fixed, consolidation does not really offer the chance to lower your interest rate. Contact your FAO with questions about loan consolidation. Additional information is available at [www.loanconsolidation.ed.gov](http://www.loanconsolidation.ed.gov).

### ■ Loan Repayment Programs Tied to Service Commitment

You may be eligible for programs that help repay your educational loan through service commitment programs. Pay special attention to the considerations below. There are a number of factors to consider with any service commitment program. Please refer to a program's website or contact the program by phone for additional information on requirements.

**Armed Forces Loan Repayment Programs, in addition to service commitment** scholarships, offer loan repayment assistance. See [www.goarmy.com](http://www.goarmy.com), [www.navy.com](http://www.navy.com), or [www.airforce.com](http://www.airforce.com) for details.

**Faculty Loan Repayment Program** offers up to \$40,000 for repayment of student loans for individuals from disadvantaged backgrounds who serve as faculty of an accredited health professions college or university for two years. Visit [www.hrsa.gov/loanscholarships/repayment/faculty](http://www.hrsa.gov/loanscholarships/repayment/faculty) or call 800-221-9393 for more information.

**Federal Student Loan Repayment Program** is offered by individual federal agencies to recruit and retain highly trained individuals for a three-year commitment. Awards offer \$10,000 per year for eligible

## Federal Scholarships During and After Dental School

Did you know additional federally funded scholarships are available for predoctoral and advanced dental education students with interests in research?

- The National Institute of Dental and Craniofacial Research (NIDCR), part of the National Institutes of Health (NIH), offers numerous programs for dental students who have an interest in dental research. [www.nidcr.nih.gov/CareersandTraining](http://www.nidcr.nih.gov/CareersandTraining)
- The Howard Hughes Medical Institute Research Scholars Program is a joint program with NIH. The program provides the opportunity for students to work in an NIH laboratory as part of the research team. [www.hhmi.org/science/cloister](http://www.hhmi.org/science/cloister)
- The Fogarty International Clinical Research Scholars & Fellows Program provides the opportunity for individuals to experience mentored research training at NIH-funded research centers in developing countries. For more information, contact the NIH/Fogarty International Center at 301-496-1653.
- The NIH Graduate Partnerships Program (GPP) provides opportunities for research and funding. [www.training.nih.gov/programs/gpp](http://www.training.nih.gov/programs/gpp).

loans, not to exceed a total of \$60,000 for any one employee. Visit [www.opm.gov/oca/pay/studentloan](http://www.opm.gov/oca/pay/studentloan) for more information.

**Indian Health Service Loan Repayment Program** offers up to \$20,000 for repayment of eligible student loans per year of service with a two-year minimum commitment. This program is designed to help meet the staffing needs of American Indian and Alaska Native health programs. Visit [www.loanrepayment.ihs.gov](http://www.loanrepayment.ihs.gov) or call 301-443-3396 for more information.

**National Health Service Corps Loan Repayment Program** offers a minimum of \$60,000 for repayment of a student's loans in exchange for a minimum two-year service commitment in a Health Professional Shortage Area (HPSA). A total of \$170,000 is available for five years of service, with additional amounts available for additional years of service. Visit [www.nhsc.hrsa.gov/loanrepayment](http://www.nhsc.hrsa.gov/loanrepayment) or call 800-221-9393 for more information.

**National Institutes of Health Loan Repayment Program** awards up to \$35,000 for repayment of eligible student loans per year of research with a two-year commitment minimum. Visit [www.lrp.nih.gov](http://www.lrp.nih.gov) or call 866-849-4047 for more information.

### Considerations with Loan Repayment Programs

If any of the above loan repayment programs interest you, there are a few things you will want to consider:

**False assumptions**—Some students may be turned off by loan repayment programs because they're afraid they will lose control over where they will live and work for a few years. While a possibility, this scenario does not always take place. You should not let assumptions about a program prevent you from participating. Do your homework and find out what each program will require of you.

**Tax implications**—Any money that you receive from a loan repayment program is considered taxable income. Lump-sum loan repayments can be helpful because they generally lower the amount of interest you pay over the life of your loan, but they can also result in a higher tax burden. Gradual loan repayments may lessen your tax burden, but you may end up paying more in interest costs. Ask if the program will cover the cost of your taxes before you commit.

**Application dates**—Some programs require that you sign up before you finish school.

**Service contracts**—Loan repayment in the majority of these programs is contingent on a specified length of service outlined by a service contract. Breach of the contract is serious business and can result in heavy financial penalties (and loss of repayment funds). Do not have future commitments that could adversely impact your completion of the required terms of service.

**Eligibility requirements**—Before spending time applying, make sure you are eligible for a loan repayment program. For example, eligibility may include the requirement that you come from a disadvantaged background (as certified by your educational institution).

**Future goals**—Do you want to eventually buy a house or help a sibling pay for his or her education? What about opening your own practice or entering academia? Perhaps you want to be a leader in community service? The better you manage your educational debts, the easier it may be to focus on these and other goals. Loan repayment programs may be a great way to help you accomplish this.

### Public Service Loan Forgiveness

This program offers eligible borrowers forgiveness of a portion of their student loan portfolio after 10 years, assuming a balance remains and the borrower meets certain conditions. The requirements are:

- Only Stafford, GradPLUS, and consolidated loans borrowed through the William D. Ford Federal Direct Loan Program are eligible for forgiveness.

- Borrowers must make 120 eligible payments that result in an outstanding balance after 10 years.
- Borrowers must work in a position considered public service by the federal government while making the 120 required eligible payments.

See Question 8 for resources that provide additional information on public service loan forgiveness programs.

## QUESTION 5

### WHAT DO STUDENT LOANS HAVE TO DO WITH MY CREDIT?

The short answer is a lot. Understanding credit and how it relates to your student loans are an important part of sound educational debt management. This discussion is broken into four areas:

- The “Double Whammy”
- Credit-Ready and Creditworthy
- Budgeting and Credit Education
- Changes in the Credit Card Industry

#### ■ The “Double Whammy”

Over one-third of your credit score comes from your repayment history. This history can cause complications for a student who, in general, often has a thin credit file: He or she is just not old enough to have established a long credit history proving financial responsibility. While in and of itself a thin credit file does not pose a problem (everyone starts with a thin credit file), one small mistake can have an exaggerated adverse impact on your credit.

*For example, if a 55-year-old man with a solid credit history is more than 30 days late with a payment, its effect on his credit score will likely be outweighed by many years of timely payments. Creditors may assume the late payment (called a delinquency) is an exception and not a pattern.*

*However, if a 23-year-old first-year dental student is more than 30 days late with a payment, his or her credit score could drop dramatically because there is no history of timely payments. Creditors may not know if the late payment is routine behavior or an exception.*

Students don’t really have a chance to work on their repayment history until after dental school, when they start paying back their loans. A thin credit history combined with a delay in paying back your student loans is considered a “Double Whammy” to your credit score. While you may not think this important now, consider the adverse impact this could have on a mortgage or other financing application (such as startup funds for a new practice) after you graduate.

#### ■ Credit-Ready and Creditworthy

*Credit-ready* usually means that a borrower has no credit history or that there are no adverse items in the borrower’s credit history (such as payments 30 and 60 days late), or both.

*Creditworthy* usually means the lender has dug deeper into a borrower’s credit history. The lender may look for a minimum credit score and a debt-to-income (DTI) ratio that indicates current income is high enough to sustain loan payments.

A lender making private loans may use a combination of requirements of “credit-ready” and “creditworthy” to determine eligibility, interest rate, and origination or other fees. There are no credit checks for Stafford loans and only a credit-ready check for Graduate PLUS (GradPLUS) loans.

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*Even with the new consumer protections on credit cards, it remains more important than ever to eliminate any outstanding credit card debt before you start dental school.*

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■ **Changes in the Credit Card Industry**

There have been important changes in the credit card industry designed to help protect consumers. These changes started with the passage of the Credit Card Accountability, Responsibility, and Disclosure Act of 2009 (CARD Act). As a future dental student, the following changes in the credit card industry may be of particular interest when you see your school’s cost of attendance (COA) and establish your budget for school.

- Your monthly credit card statement must show how much you have paid in interest and fees during the current year to date, the monthly payments required to pay off your balance in three years, and the financial consequences of making only the minimum payments.
- Purchases that exceed your credit limit will not be approved unless you agree to such an arrangement.

The following resources may be helpful should you have questions about credit:

**www.myfico.com/crediteducation:** has detailed information about credit

**www.homebuyinginstitute.com/laws:** offers an easy-to-follow summary of changes in the credit card industry

**www.bankrate.com:** provides information under the “debt management” header

**www.annualcreditreport.com:** is the only government-approved site where consumers can get a free credit report on an annual basis

**QUESTION 6**

**ARE THERE ANY RECENT CHANGES IN FINANCIAL AID THAT I SHOULD KNOW ABOUT?**

You will likely see some changes in financial aid during your years in dental school. The best way to keep informed about any changes that occur while you are in dental school and during your years in repayment is to stay in contact with your institution’s financial aid office (FAO), which continues to be one of the best sources of information.

■ **Elimination of Interest Subsidy on New Stafford Loans**

Based on a provision in the Budget Control Act of 2011, Stafford loans disbursed on or after July 1, 2012, will no longer be interest-free to borrowers during deferment and grace periods. The good news is that there is no reduction in available funds. You will still be able to borrow up to \$40,500 through the Stafford loan program. However, borrowing will cost more since interest will begin accruing at disbursement on the entire amount you borrow.

■ **Elimination of Discount for Timely Payments**

Another provision in the Budget Control Act of 2011 eliminates any discount (rebate of the 1% loan fee) for borrowers who make their first 12 payments on time on new loans.

■ **Income-Based Repayment (IBR)**

This repayment plan established in 2009 is available to eligible borrowers who find their income insufficient (perhaps during a residency program) for making loan payments. IBR caps payments on eligible loans (Stafford, Graduate PLUS [GradPLUS], and consolidation loans) at 15% of a borrower’s discretionary income, providing a way for borrowers to actively repay loans while minimizing the impact on their monthly budgets.

■ **Stafford and GradPLUS Loans Now Originate Solely From the Federal Government**

As of July 1, 2010, the federal government originates all new Stafford and GradPLUS loans through its William D. Ford Federal Direct Loan Program.

### ■ Public Service Loan Forgiveness

This relatively new program forgives a portion of a borrower's student loan portfolio after 10 years, assuming a balance remains and the borrower meets certain conditions. See *Question 4* for more information.

## QUESTION 7

### HOW DO I GET STARTED, AND IS THERE A CHECKLIST I CAN USE TO BE SURE I DON'T FORGET ANYTHING?

We suggest several important steps:

1. Contact the financial aid office (FAO) of your institution and ask the following questions:

Are any grants or scholarships available? Are they based on need, merit, or both?

Are there any separate forms or applications to complete? What are the submission deadlines?

Does the FAO require parental information be submitted for consideration of any campus-based grants, scholarships, or loans?

What is the first-year cost of attendance (COA)/financial aid budget? What is the expected monthly living allowance?

Are additional types of financial aid available through the school, such as work-study programs, traineeships, or fellowships?

Are there any summer internships or other paid research or work opportunities for incoming dental students during the summer before school starts?

2. Complete the Free Application for Federal Student Aid (FAFSA).

The FAFSA is available online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Your FAO will need this application to consider you for financial aid. Check with your FAO about any deadlines, but plan on completing the FAFSA as soon as possible after January 1 of your anticipated matriculation year.

3. If you have any outstanding student loans, get your financial aid records in order.

Contact your loan servicer(s) and ensure that they have your up-to-date contact information, including mailing and email addresses and phone number. Be sure they know when and where you are starting dental school and your expected graduation date.

Go to [www.nslds.ed.gov](http://www.nslds.ed.gov) and get an updated record of any outstanding federal student loans. You should be able to find your current loan servicer(s) for federal student loans at this site.

Set up both paper and electronic files to keep all financial aid-related documents, including:

- Copies of any financial aid award letters or notices from the FAO
- Copies of your Master Promissory Note for any federal loans
- Disclosure Notices from your lender
- Borrower Rights and Responsibilities Statements

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***While the financial aid office (FAO) cannot process your application for financial aid until you are accepted, you should not wait until you are accepted to start the aid application process. Complete your aid application early so that the FAO can begin reviewing your file as soon as you are enrolled.***

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## QUESTION 8

### WHERE CAN I GO IF I NEED MORE HELP?

Your best resource will be your financial aid office (FAO); however, additional resources are listed below, some of which have been referenced earlier.

#### ■ Credit Information and Financial Planning

**www.annualcreditreport.com:** This is the only website authorized by the Federal Trade Commission (FTC) to provide free credit reports. You may request a report from each of the three major credit reporting agencies once a year via this organization.

**www.bankrate.com:** This site provides information on credit management, mortgages, credit cards, interest rates, and more.

**www.FPAnet.org:** Financial Planning Association (FPA), a nonprofit organization, has useful, free information regarding basic financial planning and money management.

**www.nfcc.org:** This site provides information on credit counseling from the National Foundation for Credit Counseling and its partners. It offers calculators, budget workshops, and tips for financially responsible behavior.

#### ■ Financial Aid

**www.finaid.org:** This comprehensive website includes information on all types of financial aid, a searchable database for scholarships ([www.fastweb.com](http://www.fastweb.com)), and various repayment calculators.

**www.ibrinfo.org:** This site contains information on the Income-Based Repayment (IBR) Plan and the Public Service Loan Forgiveness (PSLF) Program from the nonpartisan Project on Student Debt.

**www.nsls.ed.gov:** This site provides a comprehensive listing of all your federal Title IV loans (Stafford, Graduate PLUS [GradPLUS], Perkins, and consolidation loans), including information about your loan servicer(s). You will need your federal PIN to access your record.

**www.studentaid.ed.gov:** This U.S. Department of Education website has information about federal financial aid and tools and resources for student borrowing.

**www.loanconsolidation.ed.gov:** This site provides information about loan consolidation and an online application.

#### ■ Tax Information

**www.irs.gov/publications/p970:** This site has information on tax credits and deductions available for students with federal loans, including the Lifetime Learning Credit, tuition and fees deduction, and student loan interest deduction.

## GLOSSARY

**STUDENT LOAN TERMS EVERY RESPONSIBLE  
BORROWER SHOULD KNOW**

**Accrued Interest:** Interest assessed on the unpaid balance of the loan principal that in most cases is the responsibility of the borrower to pay.

**Aggregate Debt:** The total amount of outstanding student loans for one borrower from all loan programs combined.

**Aggregate Loan Limit:** The total amount of outstanding principal borrowed in a specific student loan program.

**Amortization:** The process of repaying debt over an extended period of time through periodic installment payments of principal and interest. You may hear your repayment schedule referred to as your “amortization schedule” or that your student loans are “amortized” over a designated period of time.

**Annual Percentage Rate (APR):** An annual interest rate that reflects the total cost of a loan, including not only the stated interest rate but also any loan fees and possible repayment benefits or discounts.

**Borrower Benefits:** Interest rate discounts or reimbursements—also referred to as “repayment incentives”—provided to a borrower by the lender as a means of reducing the cost of the loan. Check your promissory note or disclosure statement, or contact your lender for details. Other than a discount for automatic payments, borrower benefits on new loans are unlikely.

**Campus-Based Aid:** Financial aid programs awarded directly by a dental school or institution. This includes any grants and scholarships from the school, as well as federal programs such as Federal Perkins Loans, Health Professions Student Loans (HPSL), Loans for Disadvantaged Students (LDS), and work-study programs.

**Capitalization:** The process of adding accrued and unpaid interest to the principal of a loan. Capitalization increases the total repayment amount and thus the monthly payment.

**Cosigner Release:** Process through which a lender releases a creditworthy cosigner from his or her obligation to repay a loan he or she cosigned for. A borrower should contact the lender to see if such a provision exists. See Creditworthy Cosigner for more details.

**Creditworthy Cosigner:** An individual—deemed creditworthy by a lender—who assumes responsibility for the loan if the borrower should fail to repay it. Usually applies only to private loan programs.

**Cost of Attendance (COA):** See Financial Aid Budget.

**Credit Score:** An evaluation—represented by a three-digit number—that represents the likelihood a borrower will repay a financial obligation. Applies only to private loan programs.

**Consolidation:** Paying off or refinancing multiple loans with one new loan.

**Default:** Failure of a borrower to make payments when due or to comply with loan terms as stated in the promissory note. In general, federal student loans are considered in default after being 270 days delinquent (time frame may differ for private loans). Default may result in actions by the holder of your loan to recover the money owed, including garnishing your wages, withholding income tax refunds, and notifying national credit bureaus of the default. Defaulting on a government loan renders a borrower ineligible for future federal financial aid unless a satisfactory repayment schedule is arranged. Default adversely impacts credit and may stay on a borrower’s credit record for up to seven years.

**Deferment:** A period of time during which a borrower may postpone payment on a loan, assuming he or she meets the requirements established by law or regulation or contained in the promissory note. Subsidized loans (such as the Subsidized Stafford and Federal Perkins loans) are interest-free to borrowers during periods of deferment, while unsubsidized loans (such as Unsubsidized Stafford Loans and Graduate PLUS loans) continue to accrue interest. Use of the term “deferment” when describing periods when a borrower is allowed to postpone payments on a private loan may actually be a reference to forbearance (see Forbearance).

**Delinquency:** Failure of a borrower to make a payment by the due date. Delinquencies greater than 30 days may be reported to national credit reporting agencies. Once the delinquency

exceeds a specified number of days (varies depending on the loan program), the borrower goes into default.

**Disadvantaged Background (definition from the U.S. Department of Health and Human Services [HHS]):** One who comes from an environment that has inhibited the individual from obtaining the knowledge, skill, and abilities required to enroll in and graduate from a health professions school or a program providing education or training in an allied health profession; or who comes from a family with an annual income below a low-income threshold according to family size published by the U.S. Census Bureau, adjusted annually for changes in the Consumer Price Index, and adjusted by the Secretary of HHS for use in health professions and nursing programs.

**Disbursement Date:** The date on which the lender issues the loan proceeds, either by check or by electronic funds transfer, to the dental school or institution, typically to the student's account at the school.

**Disclosure Statement:** Document stating the terms and conditions of a student loan. Disclosure statements include information on the interest rate, fees, and repayment terms. Along with the promissory note, disclosure statements are among the important loan documents a borrower should keep.

**Electronic Funds Transfer (EFT):** Method whereby loan proceeds are disbursed to the school. Stafford and Graduate PLUS loans are generally disbursed via EFT to the borrower's school and automatically applied to his or her student account.

**Eligible Noncitizen:** Someone who is not a U.S. citizen but is nonetheless eligible for federal student aid. Eligible noncitizens include U.S. permanent residents who are holders of valid green cards, U.S. nationals, those holding Form I-94 with refugee or asylum status, and certain other noncitizens. A noncitizen who holds a student visa or an exchange visitor visa is not eligible for federal student aid.

**Enrollment Status:** An indication of whether you are a full-time, half-time, or part-time student. In general, you must be enrolled at least half time in order to qualify for financial aid. Some financial aid programs require you to be enrolled full time.

**Expected Family Contribution (EFC):** The amount of money the family is expected to contribute to a student's education, as determined by the Federal Methodology (FM) formula that uses information provided on the Free Application for Federal Student Aid (FAFSA). The EFC is

a student or spouse's contribution based on factors including family size, number of family members in school, taxable and nontaxable income, and assets. Parental financial information is required for funds authorized by the U.S. Department of Health and Human Services (HHS) and may be required by some schools for the purpose of determining eligibility for institutional funds. Some schools may use a different methodology to determine eligibility for institutional funds.

**FAFSA:** See Free Application for Federal Student Aid.

**Fees:** Charges assessed by the lender that are usually expressed as a percentage of the principal amount borrowed and deducted from the loan proceeds at disbursement. Fees may be charged for the origination of the loan, as a guarantee against default, and (in the case of some private loans) added to the repayment costs as back-end fees. Fees should be found on a loan's disclosure statement.

**Financial Aid Award Letter:** A listing of the financial aid you are eligible for (your financial aid award package) as determined by your school's financial aid office (FAO). It may be sent electronically or by postal mail, or it may be posted on your FAO's website (with secure access by a PIN or password). It may also be referred to as a financial aid notification letter.

**Financial Aid Award Package:** Combination of different types of financial aid such as grants, scholarships, and loans as determined by your school's financial aid office (FAO).

**Financial Aid Award Year:** The academic period for which financial aid is requested and awarded.

**Financial Aid Budget:** Total costs associated with attending dental school for a given award year. The amount usually includes tuition and fees; an allowance for books, supplies, and equipment; and an allowance for living expenses including health insurance. Each institution develops its own student budget, also known as the cost of attendance (COA).

**Financial Aid Office (FAO):** The office at the dental school or institution responsible for administering financial aid funds for their students.

**Financial Need:** The difference between the financial aid budget (also known as cost of attendance [COA]) and a student's available resources. Financial need is determined by the FAO and is based on the difference between COA and expected family contribution (EFC).

**Fixed Interest Rate:** An interest rate that does not change throughout the life of loan (throughout school; any grace, deferment, or forbearance

periods; and repayment). In general, federal loans, such as Stafford, Graduate PLUS, and Perkins loans, have fixed interest rates.

**Forbearance:** A period of time during which a borrower may postpone payment on a loan. Various types of forbearance are available on federal loans, including forbearance granted at the lender's discretion. While similar to deferments as a means for postponing payments, interest accrues on all loans during forbearance. Lenders may capitalize interest more frequently during periods of forbearance, especially in the case of Graduate PLUS loans. Private loan lenders may charge a fee to postpone the payment. In addition, borrowers who use forbearance may lose any borrower benefits their lender provides on the loan.

**Free Application for Federal Student Aid (FAFSA):** The form approved by the U.S. Department of Education (ED) and used by students to apply for all federally sponsored student financial aid programs. The form is available at [www.fafsa.ed.gov](http://www.fafsa.ed.gov), and it can be submitted electronically or by mail. Contact your financial aid office (FAO) for filing deadlines.

**Grace Period:** A period of time after graduation (or after a borrower drops below half-time status) during which a borrower is not required to begin repaying his or her student loan(s). Grace periods are loan-specific, meaning their length depends on the kind of loan, and they are attached to an individual loan. For example, a borrower who has used up a grace period on an undergraduate loan does not lose the grace periods on loans taken out in dental school. Not all loans have grace periods.

**Interest Rate Cap:** Refers to the maximum interest a borrower may be charged over the life of the loan on a variable rate loan (see Variable Interest Rate). Interest rate caps apply only to variable rate loans and should be referenced in both the promissory note and disclosure statement. Not all variable rate loans have caps.

**Loan Terms and Conditions:** The conditions of a loan, including requirements governing receipt and repayment. Specifically, loan terms usually refer to the interest rate, fees, and other costs associated with receipt and repayment.

**Minority:** According to the U.S. Government, an individual whose race/ethnicity is classified as American Indian or Alaska Native, Asian, Native Hawaiian or other Pacific Islander, Black or African American, or Hispanic/Latino.

**National Student Loan Data System (NSLDS):** Federal repository accessible at [www.nsls.ed.gov](http://www.nsls.ed.gov) that provides a listing of Title IV aid (Subsidized Stafford, Graduate PLUS, Federal Perkins, fed-

eral consolidation) for individual students and borrowers. You can find a list of your personal loans (with the exception of Health Professions Student Loans [HPSL], Loans for Disadvantaged Students [LDS], and institutional and private loans) in this database.

**Outside Scholarship:** A scholarship that comes from a source other than the dental school or institution.

**Principal:** The original amount of money borrowed or the outstanding amount immediately following capitalization of any accrued and unpaid interest.

**Private Loans:** Educational loans provided by private lenders and not backed by the federal government. In general, private loans can either supplement borrowing through federal loan programs or replace federal loan programs altogether. Dental school students who are considering private loan programs should strongly consider speaking with their financial aid office (FAO) representatives.

**Promissory Note:** A binding legal document that must be signed by a borrower to show that he or she agrees to repay the loan according to terms specified in the document. The promissory note, which must be signed before loan funds can be disbursed by the lender, provides evidence of the borrower's willingness to repay the debt. Along with disclosure statements, the promissory note is a document a borrower should keep. Borrowers are entitled to the return of the promissory note marked "paid in full" once the obligation has been met.

**Repayment Schedule or Repayment Term:** The time frame over which a borrower is required to repay his or her loan (also referred to as the amortization schedule). Usually stated in terms of number of monthly payments required with payment amounts, due dates, and terms of the loan listed.

**Satisfactory Academic Progress (SAP):** The academic progress a student must make in order to continue to receive federal financial aid as required and defined by the school. If a student fails to maintain an academic standing consistent with the dental school's SAP policy, he or she is unlikely to meet the school's graduation requirements and may be ineligible to receive federal financial aid.

**Student Aid Report (SAR):** The report summarizing the information included in the Free Application for Federal Student Aid (FAFSA). The SAR, which also indicates the expected family contribution (EFC), is provided to your school's financial aid office. For information on the SAR, go to [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

**Subsidized Loan:** A loan that remains interest-free while the borrower is enrolled at least half time and during periods of grace and deferment. Subsidized loans are based, at least in part, on financial need. Examples include federal Subsidized Stafford Loans, Federal Perkins Loans, and Health Professions Student Loans (HPSL), as well as Loans for Disadvantaged Students (LDS).

**Title IV Loans:** Loan programs administered by the U.S. Department of Education (ED). These include Subsidized Stafford, Graduate PLUS, Federal Perkins loans, and federal consolidation loans.

**Title IV School Code:** The numerical code used to indicate to which school(s) you want your Free Application for Federal Student Aid (FAFSA) results sent.

**Title VII Financial Aid:** Financial aid programs administered by the U.S. Department of Health and Human Services (HHS). These include Health Professions Student Loans (HPSL) and Loans for Disadvantaged Students (LDS).

**Unmet Need:** The difference between your calculated need and the amount of financial aid awarded. Your school's financial aid office (FAO) may put together unsubsidized loans, such as Unsubsidized Stafford and Graduate PLUS loans, to meet any unmet need.

**Unsubsidized Loan:** Loans that accrue interest from the date of disbursement, including during the school year and during grace and deferment periods for which the borrower may be eligible. Borrowers are responsible for the interest that accrues on unsubsidized loans. Examples include unsubsidized Stafford and Graduate PLUS loans, and private loans. Unsubsidized loans are not based on financial need and may be used to cover the family contribution and any unmet need.

**U.S. Department of Education (ED):** The government department that administers Title IV federal student financial aid programs, including the federal work-study program, Perkins, Stafford, Graduate PLUS, and federal consolidation loans.

**Variable Interest:** A loan with an interest rate that changes at designated intervals, sometimes monthly or quarterly. Variable rates often apply only to private loans.