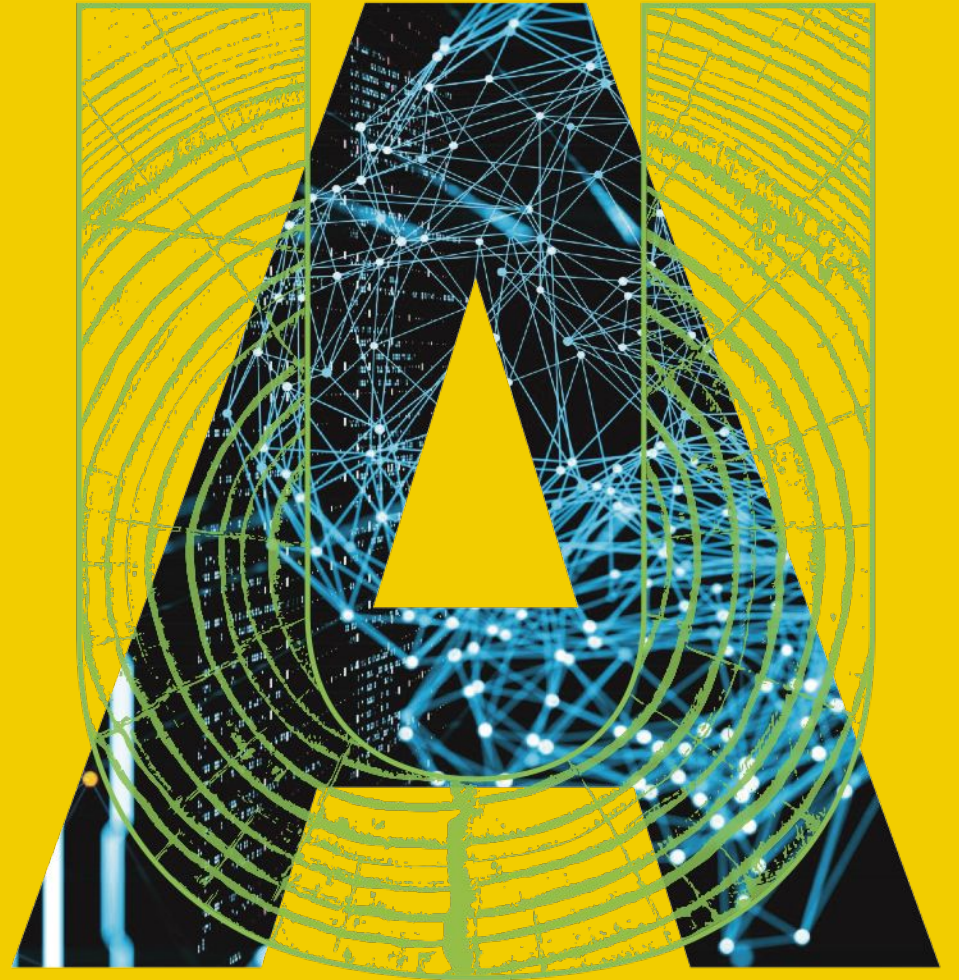


MD (Incoming) Financial Education Session

July 2023



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Financial
planning while
you are
a student:
**What you need to
know**



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What we'll talk about:

- Medicine program costs
- Financial supports students in Medicine can access
- Average student debt for students in Medicine at the end of studies
- Tips to manage the money you are borrowing for your program costs
- Tips to reduce your costs so you can decrease the amount you are borrowing

** We are not financial advisors so we can't help with those kinds of questions*



Student Financial Support

Financial support and advising offered through Student Financial Support:

- Government student loan advocacy and advising
- Scholarships and awards
- Bursaries
- Emergency funding

Student Financial Support is part of the Office of the Registrar.

Contact us through the Student Service Centre (uab.ca/ask).

Program Costs

* Based on 2022/2023 academic year

** Alberta / Canada student loan amounts - other Provinces maximum student loan amounts will be different

Year of study	Tuition & Fees *	Books, Supplies & Instruments *	Misc. Fees *	Living Expenses (Single Students) *	Total Costs for academic year *	Other Resources (Awards, Savings, Investments, Parents, etc)	Alberta /Canada Student Loan Maximum **	Shortfall or Surplus?
Year 1	\$16,590	\$1,700	\$400	\$12,800 (1,600/month for 8 months)	\$31,490	\$??	\$25,500	\$??
Year 2	\$16,590	\$1,700	\$84	\$14,400 (1,600/month for 9 months)	\$32,774	\$??	\$25,500	\$??
Year 3	\$16,590	\$1,000	\$5,084	\$19,200 (1,600/month for 12 months)	\$41,874	\$??	\$42,500	\$??
Year 4	\$16,590	\$700	\$6,659 + CaRMS	\$16,000 (1,600/month for 10 months)	\$39,949	\$??	\$42,500	\$??
Totals	\$66,360	\$5,100	\$12,227	\$62,400	\$146,087	\$??	\$136,000	\$??

MD Education Costs (4 years)

The educational costs for a four year MD program at the University of Alberta includes tuition, mandatory fees, books, supplies, clinical placements, 4th year exams and registries:

\$83,687*

This estimate does not include living expenses or CaRMS interviews costs

**Based on 2022/2023 academic year*

Living Costs and more (4 years)

The basic living costs for a four year MD program at the University of Alberta includes rent, food, utilities, cell phone and transportation:

\$62,400*

OR

\$76,800**

** Based on \$1,600 per month of living costs for 39 months in the program (- breaks)*

*** Based on \$1,600 per month living costs for 48 months (including spring/summer)*

MD Total Program Costs (4 years)

The educational and living expense costs for a four year MD program at the University of Alberta:

\$146,087 to \$160,487

** Based on 2022/2023 academic year*



**Where do you go
from here?**



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Loans and Credit

As a medical student, you will have access to financial credit:

- Up to \$200,000 in government student loans (varies by province*)
- Up to \$350,000 in student lines of credit from financial institutions
- Variable amounts in credit cards

This is more than \$550,000 in accessible credit

*Alberta government loan limits are among the highest in Canada

Let's talk about that credit...

Government Loans

- Government student loans are **interest-free / payment-free** while you're in school (some limits apply)
- The **Repayment Assistance Plan (RAP)** may be available if you are unable to make monthly payments once you have completed your program
- Some** provincial student loans offer interest-free status during the Postgraduate Medical Education (**PGME**) residency programs

*** Not BC, New Brunswick, Newfoundland, Ontario, Yukon*

**Let's talk about
that credit...**

Rural Service Options

- The Northern Alberta Development Council offers a **return service bursary** for students planning to work in northern Alberta
- Loan forgiveness program* offered for Family Medicine residents who practice in **rural areas**; google "Canada Student Loan forgiveness for family doctors and nurses"

** We cannot advise on this; consult the National Student Loans Service Centre for information*

Let's talk about that credit...

Line of Credit (LOC)

- Your student line of credit is **not interest free** while you are in school
- Your student line of credit can be payment free using **interest reversal payments** but you are still accumulating interest AND the monthly interest amount is added to your borrowed amount
- After you graduate, depending on your lender, you may only need to pay interest **during PGME**; interest % may increase
- Is using a LOC a good option?
 - Easy to spend too much (-)
 - Great resource for the unexpected (+)

Let's talk about that credit... Credit Interest

Minimum payment options:

Line of Credit at 2.2% interest rate over a 10 year period:

- *\$10,000 of spending will cost you \$1,150 in interest alone.*
- *\$100,000 of spending will cost you \$11,500 in interest alone*

Credit Card at 19.99% interest rate over a 10 year period:

- *\$10,000 of spending will cost you \$13,200 in interest alone*

Information now included on your credit card statements (example of a \$3,200 credit card balance):

If you make only the Minimum Payment each month, we estimate it will take 32 year(s) and 4 month(s) to fully repay the outstanding balance. Our estimate is based on the New Balance shown on this statement and your current credit card account terms.

Do you have prior debt?



Student Loan Debt

- \$200,000 is the lifetime maximum student loan allowance for medicine students (differs by province).
- Any outstanding student loans that you have accumulated in a previous post-secondary degree will be included toward this lifetime maximum.

Other Credit Debt

- You may have incurred debt on credit cards or lines of credit prior to medical school.

What does the average educational debt for a Medicine student look like?

What will it cost to become a Doctor?

- Canadian medical graduates* reported an average debt of \$84,172 for medical school expenses (student loans) and \$80,516 of non-education related debt (lines of credit, credit cards) totalling an average graduating debt of \$164,688.

Alberta-specific average debt reports are reporting higher graduate debt than the average or median

* [The Association of Faculties of Medicine Canada](#)



What does the average non-educational debt for a U of A Medicine student look like?

\$107,000*

This includes spending on monthly living expenses, (rent, food, transportation, internet, clothes), vacations, recreational activities, vehicle purchases, etc.

**** Based on U of A Supplementary Bursary application data prior to 2019***

**Live like a
student now
so you don't
have to later**

**Let's talk about where
debt can accumulate...**

Rent

Food

Transportation

Clothing

Credit

Taking Care of Yourself

Moderate Monthly Living Expenses - Rent

- Living with a roommate or in a small apartment on average may cost you \$706/month in rent*
- Living alone in a apartment on average may cost you \$1,412/month in rent*

That's a \$706/month difference

** CMHC Published Average Rental Rates in the University Area, February 2022*

Moderate Monthly Living Expenses - Rent

Choosing to live with a roommate or small apartment

\$33,888* (\$8,472 per year)

or alone

\$67,776* (\$16,944 per year)

in rental costs over your 4 year degree**

* CMHC Published Average Rental Rates in the University Area, February 2022

** Based on 48 months of rental costs

Food costs and healthy eating habits

- A single student can spend \$350 per month on food with **meal planning/preparation with some restaurant purchases**
 - Prepping and cooking meals can seem inconvenient and time consuming but your physical health matters along with your financial health
 - These meals are more likely to provide [long-lasting energy](#)

In comparison

- A single student who **buys primarily prepared or restaurant food** can spend \$1,000 per month
 - This diet can represent both a health risk and a financial risk

Food - What if I am not a good cook?

Not a chef in the kitchen? No problem!

- www.budgetbytes.com provides quick, healthy and affordable recipes.

No time to cook everyday? No problem!

- Investing in a slow-cooker or cooking in larger batches on the weekend is a great way to save time on food preparation during the week.
- [Cheap, easy & tasty medical student meal prep ideas](#) (spoonuniversity)
- [Med Student's Guide to Meal Prep](#)

Food - Keeping costs low and energy high

Choosing to buy groceries, cook at home
and keep available foods that give you energy

\$16,800* (\$4,200 per year)

Choosing to buy from restaurants or prepared food venues

\$48,000* (\$12,000 per year)

in food expenses over your 4 year degree**

** Based on University of Alberta Supplementary Bursary application data*

*** Based on 48 months of food costs*

Transportation - Owning a Vehicle

If owning a vehicle is an expense that you have to **borrow to afford**, the costs add up quickly. You may need a car for electives and clinical placements that require travel where transit is not an option. What is the true cost of ownership?



Transportation - Owning a Vehicle

CAA Driving Costs Calculator

	2022 New Vehicle Cost of \$30,000	Used: \$10,000 Vehicle Cost	U-PASS
Annual Fixed Expenses			\$180/term (\$45 monthly)
Insurance	\$1,704* (\$142 monthly)	\$1,704* (\$142 monthly)	\$0
License & Registration	\$108* (\$9 monthly)	\$108* (\$9 monthly)	\$0
Car Payment	\$8,370* (\$697.50 monthly) @ 3.45% for 48 months	\$2,844* (\$237 monthly) @ 3.45% for 48 months	\$0
Gas	\$3,000* (\$250 monthly)	\$3,000* (\$250 monthly)	\$0
Maintenance & Tires	\$1,251* (\$104.25 monthly)	\$2,053* (\$171.08 monthly)	\$0
Annual Total	\$14,433	\$9,709	\$540
Monthly Cost	\$1202.75	\$809.08	\$45

Transportation - Owning a Vehicle

Over four years:

New vehicle costs \$57,732 (\$14,433 per year)

Used vehicle \$38,832 (\$9,709 per year)

Upass \$2,160 (\$540 per year)



Clothing

Events in Medical School where you will be expected to dress up include class functions, interviews, etc. What are your options?

- Purchasing brand new clothes for every event can add up to \$4,000* annually on clothes, shoes, and accessories
- With some intentional planning, students can reasonably spend \$1,000 annually* on these same expenses. Consignment clothes for women and men provide a sustainable and affordable option. You can buy and sell back your clothes as you need them:
 - [LuxMRKT](#) - *men's wear*
 - [NU2You](#) - *women's wear*

* Based on University of Alberta Supplementary Bursary application data

Clothing

Over four years clothes, shoes, and accessories can add up quickly

Average cost of new clothes: **\$16,000 (\$4,000 per year)**

Average cost of consignment or reduced spending: **\$4,000 (\$1,000 per year)**

Have you checked what you are spending on these items lately?



Taking Care of Yourself

[Physician Health and Wellness HUB - CMA](#)

It is vital to balance the busyness of medical school with healthy eating, a balanced lifestyle and self-care **but this does not need to come with a high price tag.**

Weekend trips, vacations, spa days, nights out with friends can quickly add up and are not always the best way to take care of your mental / physical wellbeing.

Over four years leisure activities can cost
\$16,000 or more* (\$4,000 per year)

** Based on University of Alberta Supplementary Bursary application data*

Taking Care of Yourself - Rewarding Opportunities

Volunteering and Other Involvement

Self care can include activities that **refresh and revitalize** you but also where you can **give back** to the community.

There are many opportunities to get involved in and enrich your experiences while in medical school.

- Volunteering both at home and abroad, doing cutting edge research, and making connections that will last a lifetime are all opportunities that you will have.
- It is important to consider how you will budget for these activities so that you can do everything you want to do without incurring a large debt to do it.



The Big Picture

These (seemingly) **small decisions can quickly add up.**
Which expenses (debt) would you rather have?

Rent \$ 33,888
Food \$16,800
Transportation \$2,160
Clothing \$4,000
Taking Care of Yourself \$0

Total: \$56,848

Rent \$67,776
Food \$48,000
Transportation \$57,732
Clothing \$16,000
Taking Care of Yourself \$16,000

Total: \$205,508

Be Careful With Your Money!

- In reviewing bursary applications for MD students, Student Financial Support has found a significant accumulation of debt during studies not related to education or basic living costs.
- Examples include purchases for:
 - houses
 - new and high cost vehicles
 - engagement rings, wedding costs
 - vacations
 - volunteer or elective trips not required for your program
 - lending money to family members
 - asset purchases, etc.

What else you need to know . . .

Many students believe that once they have completed their MD degree they will be making more than enough to quickly cover their debt accumulated during their studies. **This is often not the case.**

- 1st year resident annual salary, on average: **\$58,934***
- For the purposes of the next few slides, let's assume your residency salary will start at \$50,000 annually (\$4,166/month).

* [CaRMS website](#); unclear if this is pre-tax (gross) salary

What else you need to know . . .

Before taxes and deductions: \$50,000 (\$4,166/month)

After taxes and deductions:

- \$672/month Income Tax*
- \$261/month CPP and EI*
- \$933/month total deductions

Your after taxes pay amount per month will be closer to:
\$3,200 (\$38,400/year)

** Based on rates from CRA for basic deductions*

What else you need to know . . .

How will your educational debt factor in?

- Based on a total debt of \$200,000 after 4 years of Medicine:
- *Student Loan Payment*
 - \$1,009/month (based on \$93,000 student loan debt*)
 - RAP - limited time period
- *Line of Credit Payment (remember your interest rate will increase after you are no longer a student)*
 - \$1,033/month (based on average non-educational debt of \$107,000)
- **Amount remaining after debt payments = \$1,158/month to cover all other living expenses**

* Based on 10-year payback plan and the [CanLearn repayment calculator](#)

* Student loan debt is lower than actual borrowed amount due to grants provided within student loan program

Resources

Good news: those debt numbers do not need to be part of your future!

Making informed financial decisions today about how you will spend your money throughout your MD program, and accessing other financial resources available on campus can help to keep your borrowed debt levels at the minimum and not at the maximum!

- [Scholarships, Awards and Financial Support*](#)
- [Department of Medicine Specific Awards](#)
- [Students' Union Awards](#)
- [Student Loans Information](#)

** The Domestic Supplementary Bursary program is available for students who are in need during a specific academic year; the program is not aimed toward overall debt reduction*



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Financial Literacy

Throughout your program, the Office of Advocacy and Wellbeing will be facilitating a mandatory financial literacy curriculum. This may take the form of online modules, workshops, or 1-1 meetings.

**Visit the SFS financial literacy resources page:
uab.ca/finlit**



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Final Tips

- [Financial Consumer Agency of Canada \(FCAC\)](#) has great information and tools including credit card selector and repayment tools
- If you need a line of credit, shop around! Don't just go with your current banking institution. Ask lots of questions about interest rates, terms, payments, when you'll have to repay, what kind of fees are charged, etc.
- Looking to buy a car? Check out the [CAA Driving Costs Calculator](#)
- The White Coat Investor - [Debt Ratios from your Money Ratios](#)



**Live like a
student now
so you don't
have to later**

Any Questions??

Contact Us!

Student Financial Support

uab.ca/safs

Bursaries and Emergency Funding

uab.ca/bursaries

Student Service Centre

uab.ca/ask