



# LAUNCHING LATE

The Student Loan Story,  
told by medical professionals.



# LAUNCHING LATE

## FROM STUDENT TO PROFESSIONAL

Over the past few years, we've worked with many medical and dental students and professionals who struggle with starting a career later in life, often finding themselves behind the eight-ball, financially.

While their peers may have 8 or so years of spending and saving under their belt, these professionals are just starting, generally with a mortgage's worth of student loans.

This is how it impacts them and the profession.

This is by no means exhaustive research and our findings in this document are complemented by additional published findings throughout. We simply set out to understand the state of young medical professionals and share it with you here.



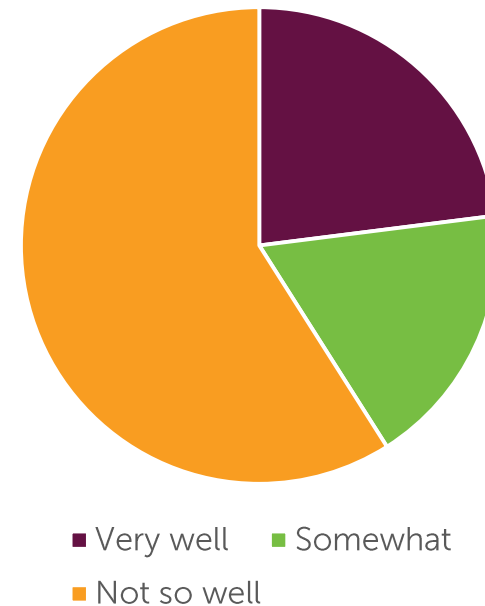
# HOW WELL MEDICAL PROFESSIONALS UNDERSTAND LOAN OPTIONS

59% responded Not So Well

18% responded Somewhat

23% responded Very Well

*"I will need to talk with someone to learn how to save and pay loans." – survey response*



# MEDICAL STUDENTS NEED LOAN EDUCATION UP FRONT

Not one of the medical students or residents says that they understand their student loans Very Well. Every single respondent who had loans said Not So Well.

Only **38%** of student loan holders said they calculated the payment they would owe when obtaining their most recent loan.



*"I could use some help. This debt load is scary."*

# AND MEDICAL GRADS NEED LOAN EDUCATION AT GRADUATION

30% of medical graduates say that they understood their loans very well.

*"I feel much better having met a financial adviser who works with me to be sure I am saving while handling my loans properly. I didn't understand that I had private and federal loans and that they were different."*



**“ TALKING TO MY STUDENT  
LOAN SERVICER IS LIKE  
TALKING TO A WALL! ”**

- Anonymous

# UNIVERSITIES REPORT THEY ARE NOT RECEIVING ENOUGH FUNDING

**53%** of universities provide financial aid and debt management programs for students. However, half of them do not have the proper funding to do so.

**31%** of the **50%** universities that do receive funding, receive less than \$5,000 for programs.



# BENEFITS OF LOAN EDUCATION IN COLLEGE

- Increases financial confidence, knowledge, attitudes, and behaviors
- Displays a positive impact on alumni giving
- Increases student and alumni's positive regard for the university

Financially savvy alumni have an opportunity to manage money more successfully and eventually share that success with their alma mater.





# STUDENT LOANS HOLD BACK RESPONDENTS

With the additional years of medical school and residency, medical students don't reach their early earnings potential until later in life when they may have different goals than college graduates.

*"My goal is to pay off those loans- my payments are \$4,000 per month"*

*"I just recently graduated in August, but I am getting my finances together in hopes of purchasing a house in 8 months- a year."*

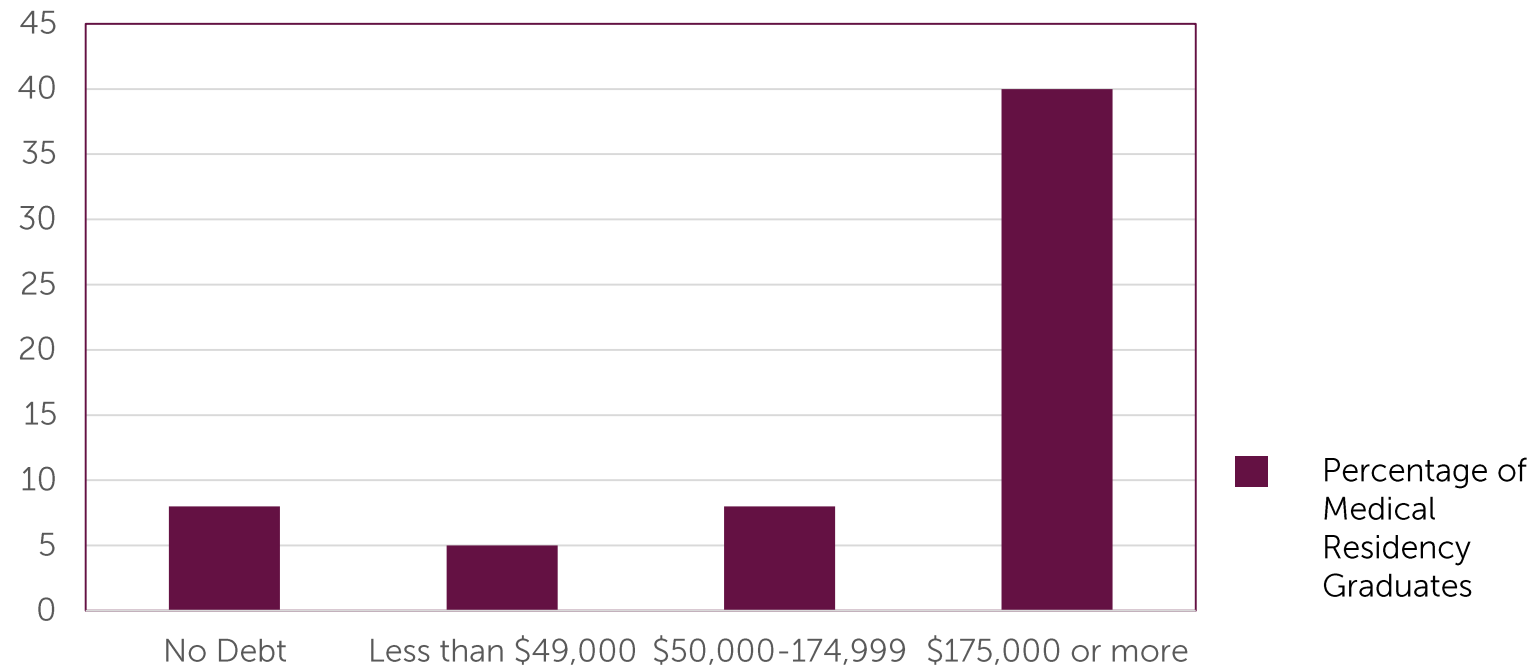


**“ I HAD TO SEE A SPECIALIST  
RIGHT AWAY TO  
UNDERSTAND THE  
HUNDREDS OF  
THOUSANDS OF DOLLARS I  
HAD IN STUDENT LOANS ”**

-Anonymous

# LEVEL OF DEBT MEDICAL PROFESSIONALS FACE AFTER GRADUATION

**NEW DOCTORS GRADUATE WITH AN AVERAGE OF \$189,165 IN MEDICAL STUDENT LOANS, AND NEW DENTISTS ARE LOOKING AT AN AVERAGE OF \$261,149.**



Median Level of Debt = \$163,000

# HOW PHYSICIANS ARE PAID

The AMA has reported that students graduating with higher amounts of debt may be less likely to pursue family practice and primary care specialties since those options pay less and often require more time.

*“We have to try balance a \$230,000 loan while making \$50,000 at age 30.”*



**“ I TRIED TO LIVE THE  
DOCTOR LIFE IN A  
DOCTOR HOUSE AND  
IT'S TOO MUCH LIFE  
AND NOT ENOUGH  
MONEY”**

-Anonymous

# MEDICAL STUDENTS & RESIDENTS MISS SAVINGS POTENTIAL

The biggest concern stated by medical students and residents is understanding how to pay bills while completing their education. During this time they rarely pay down loans or save for retirement (25% of residents save for retirement).

*"I did not start saving when I was younger, financially speaking, I have lost the past 10 years without the ability to save and invest to earn compounding interest. In addition, as physicians, though we make more money than many others, we are not reimbursed for many of the services that we provide."*



# SACRIFICES STUDENTS MAKE TO BECOME MEDICAL PROFESSIONALS

- Delayed the start of retirement accounts (50% )
- Lived with roommates (40%)
- Delayed buying a house (40%)
- Postponed marriage (20%)
- Put off having children (19%)

*"I am so restricted with how I spend due to the loan debt I am in. I cancelled my gym membership and can't afford to eat healthy meals. I find myself eating junk a lot more because it's cheaper."*



# HOW TO LESSEN THE BURDEN OF STUDENT LOANS AND FINANCIAL AID

Scholarships, grants, work study, or part time employment can minimize debt build-up during school and help fill the funding gap.

Financial education before graduation, and after, is another way to help busy young professionals start on the right path.

We'd like to hear from you – as a medical professional, student or friend of the profession:

- ✓ Is this burden too great?
- ✓ Does it drive students to certain specialties?
- ✓ What should we ask in our next survey?

Send your feedback to:  
[amccarthy@plumtreefp.com](mailto:amccarthy@plumtreefp.com)



**“ MY STUDENT LOANS  
SCARED ME WHEN I GOT  
OUT SO, ONCE I WAS  
MARRIED, WE SAW A  
FINANCIAL PLANNER WHO  
DEVELOPED A PAY-OFF  
PLAN WHILE WE SAVED.”**

-Anonymous

# ABOUT

## PLUMTREE FINANCIAL PLANNING



PlumTree was born to change the financial planning industry. At PlumTree Financial Planning we partner with recent graduates to help them launch into life with the skills and knowledge necessary to reach financial success. We're with them every step of the way providing insight and guidance to make recent graduates more comfortable with everyday financial decisions.

To learn more about how we can work together call us at [484.875.3072](tel:484.875.3072)

# SOURCES

## Source

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Physicians in Focus Blog. (2014, April 9). Retrieved November 02, 2017, from <https://www.amainsure.com/physicians-in-focus/medical-school-student-loan-debt-by-the-numbers.html>

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AICPA. (2016, May 12). Study conducted by American Institute of CPAs. Retrieved October 28, 2017, from <http://www.aicpa.org/Press/PressReleases/2016/Pages/-More-than-Eighty-Percent-of-American.aspx>

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Financial Literacy & Education Commission (2016). Promoting Financial Success in the United States. Retrieved from: <https://www.treasury.gov/resource-center/financial-education/Documents/National%20Strategy%20for%20Financial%20Literacy%202016%20Update.pdf>.

## Source

U.S. Survey Data at a Glance. (2016). Retrieved November 01, 2017, from <http://www.usfinancialcapability.org/results.php?region=US>

All other data was retrieved from a proprietary survey collected from September 20, 2017 to October 15, 2017 from local residents and medical professionals.