

Sorting out the Financial Stuff:

Helpful Tips and Information for Incoming Dental Students

Congratulations on your admission to Schulich Dentistry! You've made it and we are so glad you will be part of the Schulich Family!

Over the coming months, you will have many things to sort out—where to live, who to live with, obtaining immunization records etc....all important for a successful start on this next part of your journey.

One of the things you are probably most concerned about (or if not you, your parents may be) is how you are going to pay for all of this. For many of you, you may be considering a combination of personal and/or parental savings, provincial & national loans and lines of credit.

The Learner Equity & Wellness Office, with the help of our colleagues at Western's Student Services, [The Canadian Dental Association](#) and [The Ontario Dental Association](#), developed some information and resources to help you navigate this next step.

Here is what you'll find:

- 1.0 [Figuring out What You'll Need: Cash Flow & Budgeting](#)
- 2.0 [Understanding the Dental Student Line of Credit](#)
- 3.0 [What the Banks Have to Offer: Line of Credit Comparison Chart](#)
- 4.0 [Looking After Yourself and your future: Disability Insurance](#)
- 5.0 [Financial Aid for Dental Students: OSAP, Bursaries & Need Based Awards](#)
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1.0 Figuring Out What You'll Need: Cash Flow & Budgeting

What is Cash Flow?

Cash flow is simply a record of your income and expenses. How you manage that record, however, has a direct effect on your ability to minimize debt during dental school and start your career on the right foot. The first step to managing your debt is to develop an annual budget.

Building an annual budget for each year of dental school will help estimate your costs and potential income. Some examples include:

Basic Costs	Other Costs	Sources of Income
Tuition	Travel	Summer work
Books	Membership fees	Grants
School fees	Insurance	Scholarships
Rent/Accommodation	Interest accumulation on debt	Gifts and family assistance
Food/Entertainment		

Calculating your Personal Income & Expenses is comprised of three easy steps:

- 1) Estimating your net worth – the difference between what you have and what owe
- 2) Calculating your cash flow – where your money comes from and where it goes
- 3) Projecting your total debt – how much debt you will take on during dental school

The results from this tool will provide a snapshot of where you stand financially. Using this knowledge, adjustments can be made to your budget (i.e. reducing expenses or increasing borrowing) to maintain alignment with your debt management goals.

Why do I need to pay attention to this?

Pursuing your dreams of dentistry can be financially daunting. The combination of debt from dental school, an undergraduate degree, and personal debt can accumulate to well over \$200,000 upon graduation. The key to managing that debt to an acceptable level is proper budgeting.

Secondly, keeping to your budget will provide full visibility on your spending habits. Therefore, no expense should come as an unwanted surprise as your budget has already accounted for it.

Creating and managing your budget is a necessary step to managing your cash flow and allocating funds to meet your short-term and long-term financial goals and requirements.

What options should I be considering?

Expenses generally fall into the categories of basic lifestyle expenditures and discretionary expenditures.

Basic lifestyle expenses are those that would be difficult to avoid without changing your standard of living. Some examples are housing, food, transportation, and clothing.

On the other hand, some examples of *discretionary expenses* are vacations and entertainment. When determining your budget, it is important to consider what expenses are necessary for your lifestyle and what expenses are discretionary.

Additionally, it is important to understand the annual costs of dental school. The Schulich Dentistry program is four years long and each year looks financially very different. Therefore, you should be re-visiting and adjusting your budget on an annual basis to account for variation.

An example of costs associated with the 4 years of Dentistry can be found below:

Sample Budgets				
Expense	Yr. 1 (39 wks)	Yr. 2 (38 wks)	Yr. 3 (43 wks)	Yr. 4 (35 wks)
	9 months	9 months	10 months	8 months
Tuition/Ancillary Fees	40,416	40,416	40,416	40,416
Books	2,885	2,885	2,885	3,370
Rent \$700/mth	6,300	6,300	7,000	5,600
Food \$400/mth	3,600	3,600	4,000	3,200
Local Transportation \$90/mth	0	0	0	0
Transportation Home	0	0	0	0
Entertainment \$100/mth	900	900	1,000	800
Clothing \$75/mth	750	750	900	675
Personal Items/Incidentals \$100/mth	900	900	1000	800
Laundry \$30/mth	270	900	300	240
Utilities/Cable \$100/mth	900	1,000	1,000	800
Phone/Internet \$100/mth	900	900	1,000	800
Total	57,821	58,551	59,501	56,701

Note: This budget is a guideline, take into consideration the following when assessing an individual student's budget:				
1. Interest payments on line of credit.				
2. Purchase of a used car in third or fourth year (approx. \$6,000).				
3. Adjust budget for students living at home, married students, and sole support parents.				

2.0 Understanding the Dental Student Line of Credit

<i>What is a Line of Credit?</i>	A line of credit is a financing option available to students that allows them to borrow to finance tuition payments, living costs, and other needs during dental school. A line of credit is a funding source that a borrower can make use of at his or her discretion. Unlike a standard loan, the borrower does not begin incurring interest charges until the line is actually used for spending. In general, lines of credit vary widely with respect to fees, interest rates, available limits, and repayment terms; however, because of their unique profiles and borrowing needs, dental students in Canada can easily access very large lines of credit at favourable interest rates relative to other borrowers. Due to the high tuition costs and the need to fund living and travel costs for the duration of dental school, dental student lines of credit are an increasingly important source of funding for dental students across Canada.
<i>Why do I need it and what options should I be considering?</i>	Most major financial institutions offer some form of credit line for dental students. Individual products and services may vary slightly between companies and regions, but most lines of credit are fairly similar in terms and structure. For instance, dental student lines of credit are generally offered at Prime – meaning that the funds borrowed from the line are charged the Prime rate of interest (currently 3.45%). If an applicant is deemed creditworthy, a prime rate should be the standard for a dental student line, so if a higher rate is offered, you should consult other institutions to find out if a more favourable rate is possible.
<i>How much financing will be made available?</i>	Line of credit limits (the total that can be borrowed during dental school) will vary from institution to institution. Borrowers want to ensure that they will have enough to fund their needs at least until graduating
<i>Will the financing be made available all at once or in increments?</i>	Depending on the borrower's budget discipline and spending habits, up-front access to a large sum could result in over-spending and over-borrowing. A more incremental product might result in less borrowing over four years. Students must realize that in the up front lines of credit option, borrowers may not allow for further credit increases in residency therefore you must be mindful not to maximize your LOC during dental school. You may require this credit during your residency years or special programs as well.
<i>How is interest charged and repaid?</i>	Interest could be capitalized every month – meaning it's simply added to the amount owing, or the lender may require monthly interest payments, where the borrower could have to borrow from the line every month to pay interest.

<i>How long will funds from the line be accessible?</i>	Despite the fact that they are earning salaries, some associates still rely heavily on lines of credit well after dental school. Some financial institutions will continue to allow borrowing up to allowable limits after graduation; others may opt to limit a graduate's ability to borrow additional funds.
<i>How long will the line of credit be available at prime?</i>	<i>Some lines will provide prime into practice if some conditions are met. Other institutions may increase the rate soon after dental school. Borrowers will want to keep financing at prime in place as long as possible.</i>

I've got the line of credit...what next?

Once you have chosen the appropriate line of credit, the next priority should be establishing a debt management plan to help ensure that funds are borrowed responsibly. This could involve [developing a cash flow statement](#) to understand spending habits and then working out a realistic budget that will prevent over-spending in dental school.

I need some help figuring this out...

Financial advisors can help students develop financial plans that are focused on debt minimization and can answer questions around everything from maintaining strong credit to transitioning into a saving and repayment plan in residency. Having a plan and sticking to it for the duration of dental school can have a significant impact on the debt students accumulate and the subsequent interest charges. See the [contacts](#) section of this booklet if you need assistance in finding someone to talk to about your questions.

What about the future?

The debt management plans that students develop in dental school can be adapted as part of a transition to practice when they will be confronted with a number of choices related to debt repayment, saving and investing, and preparing for future business ventures. If new associates can stay on budget, limit borrowing, and at least pay the interest on the lines on credit every month, they can stop their debt from expanding and pivot into a repayment system when budgets allow.

Lines of credit offer many benefits to dental students, but it is important that you understand all of the facts pertaining to your individual circumstances. You are encouraged to do your homework and seek objective financial advice when deciding which product to choose and how best to manage it.

3.0 What the Banks Have to Offer: Line of Credit Comparison Chart

	TD Canada Trust	RBC	Scotiabank	CIBC	BMO
Interest Rate Prime is 3.45%	Prime -0.25%	Prime - 0.25%	Prime - 0.25%	Prime + 0%	Prime
Total Amount	Up to \$300,000	Up To \$275,000 (To go beyond that limit, bank will look at on an individual basis)	Up to \$ 300,000 (Limit can be increased to \$ 350,000 for students that do a residency or specialty program)	Up to \$ 275,00	Up to \$ 250,000
Credit Card	\$ 5000 premium credit card of choice with no annual fee while in school and residency	Premium credit card. Visa Avion or WestJet World Elite	Passport Infinite Visa Card and Gold American Express with annual fee waived. \$5,000 limit on each card.	Option of 3 credit cards	No (separate application)
Annual Borrowing Limit	Up to \$90,000 in your first year of study	Access to the full \$275,000 up front	None	Access to the full amount up front	Up to \$75,000 per year
Chequing Account	TD's premium All Inclusive Account with no service charges, unlimited transactions and no fees.	VIP includes 3 Canadian dollar and 1 US account all with unlimited transactions and no fees. That package covers the annual fee on credit card	No Fee Scotia One Account- unlimited transactions/ \$ 5,000 overdraft protection/ free customized cheques/ Automatic enrolment in the scene program which allows you to earn points	No monthly fee, unlimited transactions and free unlimited Interac e-Transfer service	Free chequing account with unlimited transactions per month

			towards free movies and snacks		
Cosigner	Required only if student has a poor credit report	No co-signor required	No co-signor required for programs in Canada or only when credit is an issue	Not required	Not required
Repayment	Interest only each month while in school. Interest only for another 12 months after Graduation and then it is converted to a Student Repayment Loan amortized over 20 years to keep payments nice and low (same rate too).	2 year grace period after completing training. After the two year grace period loan goes into repayment over 15 year repayment but interest rate stays at Prime – 0.25%	2 year grace period after completion of training. After 2 year grace period option to convert to Professional Line at Prime or convert into term loan with amortization over 15 years with interest rate remaining at Prime-.25%	While in school maintain line of credit with interest-only payments. Up to 12 months after graduation continue making interest-only payments. One year after graduation, convert your line of credit to one of the following borrowing options: Practicing Professional Line of Credit, CIBC Personal Line of Credit or CIBC Personal Loan.	Interest only while in school. After graduation, an option of \$100 per month or 3% payment

4.0 Looking After Yourself & Your Future: Disability Insurance

The Schulich School of Medicine & Dentistry strongly encourages you to consider purchasing disability insurance to protect yourself and your assets. Please use the link below to find out more:

http://www.cda-adc.ca/en/becoming/students/insurance_investment/

5.0 Financial Aid for Dental Students: OSAP, Bursaries & Need Based Awards

In addition to developing a relationship with banks and insurance providers, you will also want to connect (or re-connect) with Western's Student Financial Services to investigate access to government loans and/or bursary funding.

What is OSAP?	<p>An integrated financial assistance program through the Federal and provincial governments.</p> <ul style="list-style-type: none">- Meant to supplement not replace the financial resources that a student is expected to contribute- Based on Financial Need- Eligibility for grants automatically accessed
Who is eligible?	<p>Individuals who:</p> <ul style="list-style-type: none">-are Canadian Citizens and /or permanent residents.- are Ontario Residents- possess a Satisfactory Credit Check
What might I be entitled to?	<p>Since there are many changes to OSAP this year, you are encouraged to apply, and use the OSAP Aid Estimator when applying, to determine what you are eligible to receive.</p>
What are the Interest Rates for Federal Loans?	<p>Prime + 2.5 %</p>
What are the Interest Rates for Ontario Student Loans?	<p>Prime + 1.5%</p>
When do I have to pay interest?	<ul style="list-style-type: none">- Student loans remain interest free provided you remain a full-time student

	<ul style="list-style-type: none"> - Repayment starts 6 months after your studies are completed (e.g., study end date is April 25, 2018, repayment starts on November 1, 2018) - During the 6 month grace period, Ontario portion of loan is interest free and payment free. Interest <u>will accrue</u> on the federal portion.
How can I learn more about repayment?	Visit the National Student Loan Centre website at: www.canlearn.ca

What is a Bursary?	A bursary is a non –repayable grant awarded on the basis of financial need.
What is a Need-Based Award?	A need-based award is given to students based on a combination of academic merit, demonstration of financial need and in some cases, non-academic requirements.
How do I find out about what awards and or bursaries I might be eligible for?	<p>For first year students, You must submit a Financial Assistance Application https://studentservices.uwo.ca/secure/AdmissionBursaries/default.cfm by July 20, 2018.</p> <p>Upper year students and students who missed the July deadline will have another opportunity to complete a Financial Assistance application which will become available in mid-August each year through the Student Services website (a Western Student ID and or password/access code will be required).</p> <p>Deadline for Need Based Awards- Sept 30</p> <p>Deadline for Bursary Consideration – Oct 31</p> <p>To be considered for an award, additional documentation may be required. See the online Award Search for more information.</p>
When will I find out if I will receive any of these awards?	Decision notification will be sent by November 30 th to your @uwo.ca email account.

6.0 Useful Contacts

Western University Student Financial Services Contacts:

Financial Counselling Appointments: Online Appointment Scheduler <http://student.uwo.ca>

General information: http://www.registrar.uwo.ca/Student_Finances/index.html

Confidential Counselling/Advising/Support:

Learner Equity & Wellness, Schulich School of Medicine & Dentistry

London: Kresge Building, Room K1

t. 519-661-4234

equity.wellness@schulich.uwo.ca

Professional Student Line of Credit Contacts:

RBC Contacts	
<i>Application can be started over the phone with credit advisor</i> 1-800-769-2511 Signing of documents must be done at branch.	3)515 Wharncliffe Rd. S Lorna Durnin 519-661-1304
<i>Local Locations & Personnel</i> 1)96 Fanshawe Park Road East London, Ontario N5X 0C4 Corey Hutchinson 519-660-7662 Corey.hutchinson@rbc.com Brad Baigent 519-660-4720 Bradley.Baigent@rbc.com 2)383 Richmond Street All Account Managers 519-661-1180 –(please call to make appointment)	4) 1670 Dundas Street 519-457-5700 - (please call to book appointment)

<p>CIBC 97 Fanshawe Park Rd. Stephanie Dodds-Manager 519-661-8182 ext. 222 Rand Kamal-Primary Contact Nick Sun-Secondary Contact 519-661-8182 ext. 229</p> <p>177-355 Wellington Street Contact: Simon Belz 519-854-7154 simon.belz@cibc.com Contact: Paul Van Lith 519-661-8182 ext. 349 paul.vanlith@cibc.com</p>	<p>TD Canada Trust 1-866-222-3456</p>
<p>BMO Bank of Montreal 1-877-CALL-BMO <i>Application can be started over the phone with credit advisor</i> Mahmoud Kablawi 1225 Wonderland Rd. N. London, On 519-472-7597</p>	<p>Scotiabank</p> <p>Rod McFadden Small Business Advisor Specializing in Professionals Scotiabank/One London Place 255 Queens Ave., Suite 100 London, ON N6A 5R8 P. 519-642-3017 F. 519-642-3278 Rod.mcfadden@scotiabank.com www.scotiabank.com</p>

Revised June 14, 2018