

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 Experience 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](#)
- 6.0 [Useful Contacts](#)

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:

| Based on the 2022/2023 Academic Year | | | | |
|---|---------------|---------------|---------------|---------------|
| Expense | Year 1 | Year 2 | Year 3 | Year 4 |
| | 9 months | 9 months | 10 months | 8 months |
| Tuition/Ancillary Fees (dental kit) | 52,341 | 53,341 | 39,841 | 36,341 |
| Books | 2,885 | 2,885 | 2,885 | 3,370 |
| Rent | 9,900 | 9,900 | 11,000 | 8,800 |
| Food \$400/mth | 4,500 | 4,500 | 5,000 | 4,000 |
| Transportation Home | 750 | 750 | 750 | 750 |
| Entertainment \$100/mth | 900 | 900 | 1,000 | 800 |
| Clothing \$75/mth | 450 | 450 | 500 | 400 |
| Personal Items/Incidentals \$100/mth | 900 | 900 | 1,000 | 800 |
| Laundry \$30/mth | 450 | 450 | 500 | 400 |
| Utilities/Cable \$100/mth | 900 | 900 | 1,000 | 800 |
| Phone/Internet \$100/mth | 900 | 900 | 1,000 | 800 |
| Transcripts & Official Western Letters | 50 | 50 | 50 | 50 |
| Total | 74,926 | 75,926 | 64,526 | 57,311 |
| 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. | | | | |

| | |
|---|--|
| <p><i>What is a Line of Credit?</i></p> | <p>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.</p> |
| <p><i>Why do I need it and what options should I be considering?</i></p> | <p>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 6.45-6.70%). 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.</p> |
| <p><i>How much financing will be made available?</i></p> | <p>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.</p> |
| <p><i>Will the financing me made available all at once or in increments?</i></p> | <p>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.</p> |
| <p><i>How is interest charged and repaid?</i></p> | <p>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.</p> |
| <p><i>How long will funds from the line be accessible?</i></p> | <p>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.</p> |

| | |
|---|---|
| <i>How long will the line of credit be available at prime?</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'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 |
|-------------------------------|---|--|--|---|---|
| Prime Rate: 6.70% | Prime - 0.25% | Prime - 0.25% | Prime - 0.25% | Prime - 0.25% | Prime - 0.25% |
| Total Amount | Up to \$350,000 | Up To \$350,000 | Up to \$ 350,000 | Up to \$ 350,00 or higher depending on circumstances | Up to \$ 300,000, access up to \$85,000 in first year |
| Credit Card | TD Aeroplan Visa Platinum or TD Platinum Travel Visa Card | Avion Visa and Master Card | Passport Infinite & Gold American Express both with fees waived on an ongoing basis. \$5,000 limit each | \$ 10,000 CIBC Aventura Gold Visa (no fee) | Please check the website for more information |
| Annual Borrowing Limit | Up to \$100,000 in first year of study; continued access during residency | Full amount available from activation date | No annual limits | Access to the full amount. No annual limit | Up to \$85,000 in first year |
| Chequing Account | Free TD Chequing account | RBC VIP Banking waived | Unlimited package with fees waived on an ongoing basis even after school/residency | CIBC Smart Plus for free | Please check the website for more information |
| Cosigner | Majority of applications do not require co-signor | Not required | Not required | Very rarely | Might be required |
| Repayment | Interest-only monthly payments while in school and for 24 months after you leave school | Interest only – No repayment period | No repayment. They convert to personal line of credit after completion of residency/fellowship which can then remain open on an ongoing basis. This line of credit stays open with the same limit and interest rate of Prime-0.25% and has minimum payments of interest only | Interest Only as a student, Interest only as a licensed medical professional. Remains as a line of credit | Please check the website for more information |

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? | An integrated financial assistance program through the Federal and provincial governments. <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? | Individuals who: <ul style="list-style-type: none"> • are Canadian Citizens and /or permanent resident • are Ontario Residents • possess a Satisfactory Credit Check |
| What might I be entitled to? | 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. |
| What are the Interest Rates for Federal Loans? | 6.70% |
| What are the Interest Rates for Ontario Student Loans? | Average rate is 3.00% |
| 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 • Repayment starts 6 months after your studies are completed (e.g., study end date is April 25, 2023, repayment starts on November 1, 2023) • 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: https://www.csnpe-nslsc.canada.ca/en/home |

| | |
|--|---|
| 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>If you are a first year student, the deadline to submit an online Financial Assistance Application is July 10th. The application can be found at:</p> <p>https://studentservices.uwo.ca/secure/AdmissionBursaries/default.cfm</p> <p>The online Financial Assistance application will be open again at the end of August. This application is available to first year students that missed the July 10th deadline and upper year dental students.</p> <p>The application will be available through the Student Center and the deadline to submit an application is October 31st.</p> <p>If students miss the October 31st deadline then they will have an opportunity to submit an application once the application opens up again in early January. The deadline to submit an application is the end of February.</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 Experience Office, Schulich School of Medicine & Dentistry

Campus Location: Kresge Building, Room K1

t. 519-661-4234 learner.experience@schulich.uwo.ca

Professional Student Line of Credit Contacts:

| RBC Contacts | |
|--|---|
| <p>Application can be started over the phone with credit advisor 1-800-769-2511 Signing of documents must be done at branch.</p> <p><i>Local Locations & Personnel</i></p> <p>Denette St Jules 142 Fullarton St. London, ON N6A 0A4 519-661-1240 Denette.stjules@rbc.com</p> | <p>Kevin Lum 96 Fanshawe Park Rd. E London, ON N5X 4C5 519-661-1305 Kevin.lum@rbc.com</p> <p>1670 Dundas Street 519-457-5700 - (please call to book appointment)</p> |
| <p>CIBC Jacob Romu, Sr. Financial Advisor 177-355 Wellington Street London, Ontario N6A 3N7 519-661-8000 ext. 340 Jacob.romu@cibc.com</p> | <p>Vanessa Garbutt, Financial Service Associate 228 Oxford Street East London, Ontario N6A 1T7 519-661-8110 ext. 346 Vanessa.garbutt@cibc.com</p> |
| <p>BMO Bank of Montreal 1-877-CALL-BMO Application can be started over the phone with credit advisor</p> | <p>Scotiabank</p> <p>Rod McFadden Healthcare and Professional Advisor and Mutual Fund Representative Scotiabank/One London Place 255 Queens Ave., Suite 100 London, ON N6A 5R8 Cell: 226-577-6941 F. 519-642-3278 Rod.mcfadden@scotiabank.com www.scotiabank.com</p> |

Revised May 11, 2023