

Sorting out the Financial Stuff:

Helpful Tips and Information for Incoming Medical Students

Congratulations on your admission to Schulich Medicine! 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 police checks, 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 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 Medical Association and the Ontario Medical 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 Medical Student Line of Credit](#)

3.0 [What the Banks Have to Offer: Line of Credit Comparison Chart](#)

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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 medical 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 medical 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		

To calculate your personal income and expenses, you may want to use an online debt assessment tool (e.g. , <https://mdm.ca/tools/medical-school-cost-calculator>).

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 medical 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 medicine can be financially daunting. The combination of debt from medical school, an undergraduate degree, and personal debt can accumulate to over \$150,000 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 medical school. The Schulich Medicine 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 Medicine can be found below:

Sample Budgets Academic Year 2022/2023				
Expense	Yr. 1 (39 wks)	Yr. 2 (40 wks)	Yr. 3 (50 wks)	Yr. 4 (35 wks)
	10 months	10 months	12 months	8 months
Tuition/Ancillary Fees	23,986	23,986	23,986	23,986
Books	2,885	2,885	2,581	2,705
Rent \$700/mth	11,000	11,000	13,200	8,800
Food \$400/mth	5,000	5,000	6,000	4,000
Transportation Home	750	750	750	750
Entertainment \$100/mth	1,000	1,000	1,200	800
Clothing \$75/mth	750	750	900	600
Personal Items/Incidentals \$100/mth	1,000	1,000	1,200	800
Laundry \$30/mth	500	500	600	400
Utilities/Cable \$100/mth	1,000	1,000	1,200	800
Phone/Internet \$100/mth	1,000	1,000	1,200	800
Transcripts & Official Western Letters	50	50	50	50
Elective Costs incurred in Third Year			2,200	

Four Year CARMS				4,600
Total	\$48,921	\$48,921	\$55,067	\$49,091

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 Medical Student Line of Credit

<p>What is a Line of Credit?</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 medical 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, medical 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 medical school, medical student lines of credit are an increasingly important source of funding for medical students across Canada.</p>
<p>Why do I need it and what options should I be considering?</p>	<p>Most major financial institutions offer some form of credit line for medical 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, medical 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 6.70%). If an applicant is deemed creditworthy, a prime rate should be the standard for a medical 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>How much financing will be made available?</p>	<p>Line of credit limits (the total that can be borrowed during medical 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>Will the financing be made available all at once or in increments?</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 medical school. You may require this credit during your residency years as well.</p>
<p>How is interest charged and repaid?</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>How long will funds from the line be accessible?</p>	<p>Despite the fact that they are earning salaries, many residents still rely heavily on lines of credit well after medical school. Some financial institutions will continue to allow borrowing up to allowable limits during residency; others may opt to limit a resident’s ability to borrow additional funds.</p>
<p>How long will the line of credit be available at prime?</p>	<p>Some lines will continue to provide financing at prime during residency, and some will even provide prime into practice if some conditions are met. Other institutions may increase the rate soon after medical school. Borrowers will want to keep financing at prime in place as long as possible.</p>

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 medical 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 medical 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 medical school can be adapted in residency when they will be confronted with a number of choices related to debt repayment, saving and investing, and preparing for a transition into practice. If residents 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 medical 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 MD Financial	CIBC	BMO
Interest Rate Prime is 6.70% (Subject to change)	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 \$350,000 or more	Up To \$350,000
Credit Card	Up to a \$5,000 limit with the annual fee waived by All-Inclusive account (free premium bank account)	Premium credit card with annual fee of \$120 waived indefinitely	Passport Infinite and Scotiabank 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, Year 2-\$83,333, Year 3-\$83,333 and Year 4 \$83,333	\$350,000 or approved amount for the medical/dental professional line of credit.	No annual limits	Access to the full amount. No annual limit	Up to \$95,000 in first year
Chequing Account	All-inclusive account with monthly fee of \$29.95 waived	Up to 3 chequing accounts and 1 US dollar account with the \$30/month fee waived indefinitely.	Unlimited Package with fees waived on an ongoing basis even after school/residency.	CIBC Smart Plus-free	Please check the website for more information

Cosigner	May not be required	Necessary if student is not a Canadian resident or if client is studying outside of Canada.	Not required	Only very rarely	Might be required
Repayment	Interest-only while in school and 24 months following. Students continuing in medical residency or specialty studies are still considered in school. 24 months after school, the line of credit converts to a flexible loan of up to 15 years depending on the balance owing	There is no repayment period or requalification necessary on the medical/dental professional line of credit once approved. Client is responsible only for interest payments on a monthly basis when line of credit is used.	After completion of residency convert to personal line of credit with same limit and interest rate of prime-.25%. This line of credit stays open forever with 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.

As a medical student, you may be vulnerable to the financial hardships that could result from a disability. Medical student disability insurance protects students from possible financial disaster and may be a wise investment. Purchasing a policy while still in medical school can save you money after graduation and provide the peace of mind necessary to focus on the demands of a career in medicine. Most medical students do not generate income while in school, but instead are accumulating high educational debt. A student that suffers a disability may never realize sufficient income to repay that debt. Repayment of student loans combined with medical expenses and lack of income due to disability can be very damaging to your financial future.

The Ontario Medical Association provides Ontario medical students with an exclusive disability plan that keeps pace with their needs as they progress through school, residency and into practice. The plan is heavily discounted and offered without a medical exam or other detailed health information. The cost is based on age, gender and smoking status only. Once you are enrolled in the plan, the coverage automatically increases with each year of study and seamlessly transitions when you begin residency.

The OMA has put together a helpful explanation of its policy and coverage, which you can access [here](#):

5.0 Financial Aid for Medical 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 in 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?	6.70%
What are the Interest Rates for Ontario Student Loans?	Average rate 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?	<p>Visit the National Student Loan Centre website at: www.canlearn.ca</p>

<p>What is a Bursary?</p>	<p>A bursary is a non –repayable grant awarded on the basis of financial need.</p>
<p>What is a Need-Based Award?</p>	<p>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.</p>
<p>How do I find out about what awards and or bursaries I might be eligible for?</p>	<p>If you are a first year student, the deadline to submit an online Financial Assistance Application is July 10. The application can be found at: https://studentservices.uwo.ca/secure/AdmissionBursaries/default.cfm</p> <p>The online Financial Assistance application will open again at the end of August. This application is available to first year students that missed the July 10th deadline and upper year medical 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>
<p>When will I find out if I will receive any of these awards?</p>	<p>Decision notification will be sent by November 30th to your @uwo.ca email account.</p>

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

London: Kresge Building, Room K1

Tel. 519-661-4234

learner.experience@schulich.uwo.ca

Windsor: Medical Education Building, Room 2124A

Tel. 519-253-3000 x 4312

learnerexperience@uwindsor.ca

Professional Student Line of Credit Contacts for Windsor:

<p>Scotiabank Nathan Warkentin Small Business Advisor 388 Ouellette Avenue, 2nd Floor Windsor, ON N9A 6P1 Tel. 1-519-973-5711 Nathan.warkentin@scotiabank.com</p> <p>Milinda Imiya Mudiyansele Small Business Advisor 388 Ouellette Avenue, 2nd Floor Windsor, ON N9A 6P1 Milinda.imiyamudiyansele@scotiabank.com</p>	<p>TD Canada Trust John Curtin Account Manager, Small Business 4115 Walker Rd., Bldg. 1 Windsor, ON N8W 3T6 Tel. 1-519-735-0010 ext. 300 Fax. 1-519-735-4380 John.curtin@td.com</p> <p>OR: 13300 Tecumseh Rd. E. Windsor, ON N8N 4R8</p>
<p>RBC – Windsor Mary Ann Rahi Community Manager 13281 Tecumseh Rd. East Tecumseh, ON N8N 3T4 Tel. 1-519-974-8308 Fax 1-519-979-2866 Maryann.rahi@rbc.com</p>	<p>MD Management Limited London and Windsor Office: Kristine Greenfield: Kristine.greenfield@md.ca</p> <p>Tel: 226-235-7355 Toll-free: 1-800-461-9587</p>
<p>BMO-1-877-CALL-BMO <i>Application can be started over the phone with credit advisor</i></p>	

Professional Student Line of Credit Contacts for London:

RBC Contacts	
<p>Applications can be started over the phone with credit advisor 1-800-769-2511 Signing of documents must be done at branch. <i>Local Locations & Personnel</i></p> <p>160 Dundas Street Tel. 519-457-5700 (please call to book appointment)</p>	<p>Kevin Lum Financial Advisor 148 Fullarton Street, Suite 1900 London, ON N6A 5P3 Tel. 519-675-6860 Tel. 1-800-265-5911 Fax 519-675-2020 Kevin.lum@rbc.com</p>
<p>CIBC Jacob Romu, Sr. Financial Advisor King & Wellington Banking Centre 177-355 Wellington Street London, ON N6A 3N7 Tel. 519-661-8000 ext. 340 Jacob.romu@cibc.com</p>	<p>Vanessa Garbutt, Financial Service Associate Oxford & Richmond 228 Oxford Street East London, ON N6A 1T7 Tel. 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 Rod McFadden Senior Healthcare and Professional Advisor and Mutual Fund Representative Scotiabank/One London Place 255 Queens Ave., Suite 100 London, ON N6A 5R8 Tel. 519-642-3017 Fax 519-642-3278 Cell: 226-577-6941 Rod.mcfadden@scotiabank.com www.scotiabank.com</p>
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