Carver College of Medicine

March 2023

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YOUR FINANCIAL LITERACY NEWSLETTER

What do I need to Know?

All Students:
If you want to return any of your spring loans, please send Chris Roling an email and let him know how much you would like to return. Loan adjustment requests need to be submitted before April 24.

M2, PA2, M3 students
Your summer AND fall loan disbursements will be combined into one large loan disbursement. **You will receive your entire summer/ fall loan disbursement on July 3.** This disbursement needs to last until early January, so please budget accordingly. (current M1 students will still get their disbursement in the fall as usual)

M4 Students:
Don't forget to schedule your individual loan exit counseling session with Chris! Sessions can be held in person or online and generally last about 45 minutes. Spouses, partners, and significant others are welcome to attend!

Don't forget to RSVP for the AAMC Debt Management Session on March 20 from 5:30 - 7:00 PM Spouses, partners, and significant others are encouraged to attend! To sign up for either of these sessions, email Chris Roling.

The Financial Services Office is still open and ready to serve you. Monday - Friday 8:00 - 5:00 Stop by 1216 MERF if you need to speak with one of us!

The Dangers of Making Minimum Payments on Credit

Credit cards are a convenient method to pay for items. They can even be a valuable tool to help build your credit score if they are used correctly. But they can also become a trap if they are misused. Maxing out a credit card can actually hurt your credit since you have a smaller line of credit available to you so it is best to avoid carrying a large balance on your credit card account.

Credit card companies are extremely willing to lend people money and they only require a small minimum monthly payment in return. They are willing to do this because they are making millions of dollars in interest every year from borrowers that are paying the minimum amount on their credit card debt. If the balance on your credit card gets high enough, then the minimum payment might not actually cover the monthly interest that is charged. Paying the minimum amount due can be a costly mistake. Look at the impact of paying the minimum amount due:

Amount Borrowed	Interest Rate	Length of time it would take to pay off while making the minimum $20 payment	Interest Paid	Total Amount Paid (principal + Interest)
$2000	16%	11 years, 3 months!	$1,722	$4,486
$5000	16%	17 years, 8months!	$5,151	$10,151

Summer Loan Disbursements Dates:
Current M2, PA2, & M3 students: 7/3/23 **Current PA1 students:** 6/5/23
Fall Disbursement Dates:
Current PA1, M1 students: August 14
You must have filed your 2023-24 FAFSA in order to receive summer/fall loan disbursements!

Calculating daily, monthly, & yearly loan interest on your student loans

The CARES Act is scheduled to end on June 30, which means that interest will start accruing on Federal Student Loans after that date. Since there has been no interest charged on your loans for the past three years, I thought that it would be a good idea to remind students how to figure out the interest on your student loans.

1. Convert your interest rate into decimal form. Simply multiply the interest rate x 100. (example: 6.54% x 100 = .0654)
2. Multiply your interest rate (in decimal form) by the amount of loans that you borrowed
3. This will give you the amount of yearly interest
4. If you want to know your monthly interest, take the yearly interest (from step 3) and divide it by 12
5. If you want to know the daily interest, take the yearly interest (from step 3) and divide it by 365

Amount Borrowed	Interest Rate in Decimal Form	Yearly interest	Monthly Interest	Daily Interest
$20,500	.0654 (6.54%)	$1340.70/year	$111.725/month	$3.67/day

Seeing this information may cause stress or anxiety, but knowledge is power. I just want you to be aware of this factor when you are borrowing loans—only borrow what you need!