# AI-04017 MD Student Loan Repayment Plan

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A recent residency graduate uses his income during residency of $70k and apply for income driven repayment and has a$560 monthly. What will happen in the next year when he starts earning an Md job salary and will have a $250k per year income, what will be his monthly? What will be a bkm for him to handle his medical student loan. His account say delinquent as of right now and he has not done anything yet to address his loan. Us parents wants to help him in the beginning year but we are not sure if that is the best route. Explain and tell more.

It is incredibly stressful when a new physician transitions from residency into an attending role, especially when a high-stakes loan goes into **delinquency**. This is a critical moment where taking immediate action can prevent permanent damage to his credit score and professional standing.

Here is a straightforward breakdown of what will happen to his monthly payments, how to address the delinquency, and the best way for you to help.

## 1. What Happens to the Monthly Payment?

Income-Driven Repayment (IDR) plans calculate monthly payments based on the **previous year's tax return**.

- **The Current $560 Payment:** This is based on his $70,000 residency salary.
- **The Delay in the Payment Jump:** When he starts his $250,000 attending job, his payment will **not** change immediately. It will stay at the lower rate until his next annual **IDR recertification date** (which usually happens once a year). He will only be required to provide proof of his new $250k income at that time.

### The New Estimate (At $250k Income)

*Note: The popular SAVE plan was legally eliminated earlier this year (2026), and borrowers are transitioning to alternative plans like Income-Based Repayment (IBR) or the new Repayment Assistance Plan (RAP).*

Under standard IBR rules for new borrowers (capped at 10% of discretionary income), a **$250,000 salary** for a single household results in an estimated payment of **$1,850 to $1,900 per month**.

> **The Payment Cap:** Under standard IBR, his monthly payment is legally capped. It will **never exceed** what he would have owed under a standard 10-year repayment plan when he first entered repayment. If his total loan balance is lower than ~$180k, his payment might top out at that 10-year flat standard rate instead of the full $1,850.

## 2. Emergency First Step: Fix the Delinquency

Because his account is currently marked as delinquent, he needs to contact his loan servicer (like Mohela, Aidvantage, or Nelnet) **this week**.

**1.Request Retroactive Administrative Forbearance:**

Immediate Action.

He should call his servicer and request an administrative forbearance to cover the missed months retroactively. This clears the "delinquent" status immediately, pauses further damage to his credit report, and brings the account current while they sort out his repayment schedule.

**2.Confirm the Current IDR Status:**

During the Call.

Have him verify exactly which IDR plan he is assigned to (especially with the recent 2026 phase-out of the SAVE plan) and confirm the exact calendar date he is required to recertify his income.

**3.Automate with Auto-Pay:**

Post-Call Setup.

Set up auto-pay from his primary checking account. This ensures he never misses a payment during his busy transition and usually grants a **0.25% interest rate**

**discount**.

## 3. Best Practices for Managing Medical Student Loans

To handle his debt effectively as an attending physician, he should apply a couple of specific Best Known Methods (BKMs):

- **The "Live Like a Resident" Strategy:** For the first 1 to 2 years of making $250k, he should pretend he is still making a resident's salary. By keeping his living expenses low, he can use his massive income surge to completely wipe out his high-interest debt or max out retirement accounts before "lifestyle creep" sets in.
- **Determine the Forgiveness Path:**
  - **Public Service Loan Forgiveness (PSLF):** If he works for a non-profit, community, or university hospital system, he qualifies for PSLF. He should stay on an IDR plan, pay the bare minimum, and let the balance be forgiven tax-free after 120 qualifying monthly payments.
  - **Private Refinancing:** If he works for a private, for-profit medical group, PSLF is off the table. Once his credit is clear and his $250k contract is active, he should look into private refinancing (via companies like SoFi or Laurel Road) to crush the interest rate and pay the loan off aggressively.

## 4. How Parents Can Best Support Him

It is incredibly generous of you to want to help. However, simply writing a check directly to the loan servicer right now might not be the highest-leverage way to use your capital.

Instead of paying down the principal of a loan that might eventually be forgiven (if he pursues PSLF), consider these alternative approaches to help him start his medical career on solid financial footing:

- **Clear the Delinquency Arrears:** If he owes a specific lump sum to bring his account out of delinquency right now, paying that balance off immediately is a massive help to protect his credit score.
- **Fund a Transition Nest Egg:** Moving, securing a new apartment or home, paying for medical licensing, and buying professional wardrobe items can

empty a new doctor's bank account before their first attending paycheck arrives (which can sometimes take 30–60 days due to hospital credentialing cycles). Covering these moving or transition costs acts as a major financial bridge.

- **Match His Savings:** Offer to match whatever amount he saves toward a down payment or his retirement account during his first year, incentivizing healthy financial habits right out of the gate.