

CCOMMON CENTS

YOUR FINANCIAL LITERACY NEWSLETTER

What do I need to Know?**PA2, M2, M3, M4 Students:**

You will notice that there is a \$130 professional liability insurance charge on your u-bill this January. This insurance protects you during clinical rotations. This charge occurs once a year and you will need to be sure and pay this. Money has been included in your spring refund for this charge.

M3 Students:

Remember that you have to register for Step II CS and CK this spring. Money has been included in the spring budget to pay for this. Make sure that you are accounting for this when you are budgeting!

M4 Students:

Save the Date: On March 19 a Debt Management Specialist from the AAMC will be at CCOM from 5:00-6:30 PM to talk about loan repayment strategies. Watch your email for more details!

Financial Services Office Hours:

Monday - Friday 7:30 - 5:00

Stop by 1216 MERF if you have any financial or debt management questions! Appointments are generally not necessary!

Renter's Insurance

During medical school, most students rent a house or an apartment but many students do not purchase renter's insurance. Landlords carry insurance on the building itself, but this does not cover any of the personal items inside the building. So if your apartment is broken into or there is a fire, then you will be stuck paying to replace all of those items yourself. Renter's insurance is a cheap way to protect yourself. (as low as \$15/month!)

The first step is to take inventory of all of the items in your apartment and take pictures of the more valuable items. Once you have that list, it will be easier to determine the amount of coverage that you will need to have. Shop around with different insurance companies to find the best quote for coverage. Be sure to figure out if the plan will cover the cost of replacing all of the items or if it will simply cover the value of the items. Remember that items tend to decrease in value over time. So if your computer that you have had since undergrad gets ruined, your insurance may only cover the current value of the computer—not the cost of replacing the computer. So be sure to understand exactly what your policy covers.

Renter's insurance may not cover everything. You may not be covered for damages caused by natural disasters so you will want to make sure to check your policy to be sure that you have the coverage that you need!

Renter's Insurance is relatively inexpensive. Rates can be as low as \$15 per month so it is worth looking into. You may never need the insurance, but in case of a fire, theft, vandalism, lightning, wind, & water damage you will be glad that you have it!

Interest Rates: Fixed vs. Variable Rates

When it comes to federal student loans, the interest rate is fixed. Private loans often offer variable interest rates. What do these terms actually mean and which one is better?

Fixed Interest Rates remain fixed for the life of the loan. No matter what the outside markets do, the interest rates on these loans do not change throughout the life of the loan. Fixed rates are often higher than variable rates. The advantage to having a fixed rate is that it is more predictable. Since the rate won't change, the monthly payment will not change and it is much easier to determine the maturity date and the overall amount paid over the life of the loan.

Variable Interest Rates will fluctuate over time because it is based on an underlying benchmark interest rate. If that underlying interest rate increases, the variable interest rate will increase as well. Most loans with variable rates have minimum and maximum cap set for their interest rates so it is extremely important to know the terms of the loan. The advantage of variable interest rates is that the interest rates have the potential to decrease over the life of the loan. However, there is no guarantee that this will happen and there is always the possibility that the rate will increase too. We are currently in a period of rising interest rates and these rates can increase quarterly. If you interest rates increase, your monthly payment could increase, too. This makes it very difficult to determine the total amount that you will end up paying on the loan.



Did you know that PA and MD students returned over \$297,000 in student loans in the month of November? That is amazing! Great job keeping your student loan debt to a minimum!

Is there a topic that you would like to see covered in a future newsletter? Email chris-roling@uiowa.edu