

# CCOMMON CENTS

YOUR FINANCIAL LITERACY NEWSLETTER

## What do I need to Know?

### CARES ACT UPDATE

The CARES ACT has been extended until January 31, 2021, so you will not accrue any interest on your Federal Direct Loans for another month. President Elect Biden has indicated that he plans to extend this date further once he is in office. We will keep you updated!

### PA2, M2, M3, M4 Students:

You will notice that there is a charge on your u-bill for professional liability insurance. This once a year charge protects you during clinical rotations. Money has been included in your spring refund for this charge.

### M2/PA2 Students

You have probably noticed that your spring refund was larger than your fall refund. The spring 2021 semester goes until the end of June (26.5 weeks) and your fall semester was only 19.5 weeks. Your Spring disbursement will need to last until early July 2021.

### M3 Students:

Money has been included in your spring disbursement to pay for Step 2 CK/CS registration. Since we don't know if/when you will be taking CS, you should set this money aside just in case you need it for registration fees later.

### M4 Students:

Save the Date: On March 22, a Debt Management Specialist from the AAMC will be hosting a zoom session from 5:30-7:00 PM to talk about loan repayment strategies. Watch your email for more details!

### The Financial Services Office is still open and ready to serve you.

Monday - Friday 8:00 - 5:00  
Please stop by 1216 MERF if you need to speak with one of us! Appointments are generally not necessary, but it might be a good idea!

## Picking a Financial Advisor

As you get closer to graduation, you will find yourself being contacted by lots of financial advisors that want to meet with you. Some of them may be more aggressive than others. They know that you will have a decent income when you leave residency and they see you as a long term opportunity for them to make some money down the road. You need to be selective about who manages your money. You need to make sure that they understand your financial goals and have your best interest in mind. Before you choose an advisor, you should interview them—most financial advisors offer free initial appointments. Here are a few questions that you should ask them.

1. How are they paid? Some planners are paid a percentage of your assets each year (usually around 1%) while other advisors are paid a straight fee. Picking a planner that is paid a straight fee often eliminates the conflicts of interest that can occur with advisors are paid by commission.
2. What licenses/certifications do they have? There are a lot of different financial endorsements but a CFP (Certified Financial Planner) has completed a lot of training and had had to pass an extremely comprehensive exam.
3. Are they a fiduciary planner? Fiduciary financial planners are legally required to work in the best interest of the client. (You would think that this would be required for all financial planners, but that is not the case) Other planners may only sell their own products, so you might not be getting the best portfolio for your needs.

Don't be afraid to do your research before you meet with them. Ask around to see who other health professionals are working with. If the same names keep coming up, that may be a good sign. You really want someone that is going to manage your money wisely. Don't take this decision lightly.

### Summer Loan Disbursements Dates:

Current M2, PA2, & M3 students: 7/6/21 Current PA1 students: 6/7/21  
You must have filed your 2021-22 FAFSA in order to receive summer loan disbursements!

## Buying a Car During MD/PA School

Occasionally CCOM students ask my advice about buying a car during school. Having your own car is certainly convenient, but the added stress of monthly car payments on a limited budget often causes more problems than it solves.

As a general rule of thumb, if you have to make monthly payments, then you probably can't afford the car during school. Unless you are a rock start budgeter or you are getting financial help from family members, there just isn't enough money in the cost of attendance budget to make car payments. The federal government will NOT allow us to increase loans to cover the cost of car payments. (And technically, you are not allowed to use student loans to buy a car) Remember, once you own a vehicle, you are also be responsible for the extra expenses of insurance, maintenance/repair, and fuel for the vehicle.

I have seen a few situations where students have been able to afford monthly car payments, but these students were willing to make sacrifices in other areas of their budget. So, if you are still planning on buying a car, keep these things in mind:

- Buy a reliable used car. At this point, you don't need a new car or a fancy car. You want a reliable car that gets good gas mileage. Always remember that a car depreciates in value every single day that you own it.
- If possible, save up and buy the car outright. This will prevent you from being committed to making monthly car payments.
- Avoid leasing cars—car leases are for people that always want to have a new car—you will never own this car and you will always have a car payment. This is not a practical investment during school.

While having your own car is certainly convenient, it generally isn't something that you absolutely need in Iowa City. I strongly encourage you to look at other options during school. Walk, bike, and utilize public transportation when possible. Please remember that there are [Zip Cars](#) available in the Newton Road Parking Ramp starting at \$7.00 per hour.

