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## How Well Do Medical Students Understand the Consequences of the Debt They Are Accumulating?

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## How Well Do Medical Students Understand the Consequences of the Debt They Are Accumulating?

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As the cost of medical school tuition continues to increase, so too does the amount of money that medical school students must borrow to finance this expense.<sup>1</sup> Many students are leaving medical school with debts in excess of \$100,000.<sup>2</sup> The financial burden that the repayment of these loans may impose upon the students for as long as 30 years after graduation may well prevent them from entering lower paying primary care fields. A significant decrease in the number of young physicians entering specialties such as family medicine could adversely affect health care delivery in the United States.<sup>3</sup>

We surveyed three classes at Jefferson Medical College via the Internet to determine how well the students understand the burden of their debt. Forty-two percent of the three classes responded, revealing that the students expect an average debt of \$124,000 upon completion of medical school including \$8,200 of undergraduate debt. Almost 12% of the classes had no debt, while 18.5% had debt of more than \$200,000. The students estimated that their average yearly debt repayment would be \$15,253.

In an attempt to understand how well the students understand the effects of compounding interest on debt, we asked, "How many years does it take for an investment earning 10% per year to double?" The mean answer was 9.5 years, which is higher than the actual answer of 7.2 years; almost 8% of the students felt that the answer was 15 years or greater.

The effects of taxes on their take-home pay was also somewhat underestimated by the students. On average, the students felt that they would take home about 65% of their income and pay 35% in taxes. Those choosing to stay in Philadelphia will actually pay about 40% when city and state taxes are factored in.

When we compared those students choosing careers in primary care specialties versus those in other specialties, the only significant difference was \$20,000 more in debt for those entering primary care ( $p=0.0439$ ). This is a surprising finding as it might be expected that students with higher levels of debt would be more attracted to higher paying specialties. Possible explanations are that the students planning on primary care careers come from less affluent backgrounds or are less concerned with issues of debt. This would be an interesting area for further research.

Students were asked to give comments at the end of the survey, and a few are excerpted here: "I am a first year medical student and I have not really examined the financial consequences of my educational debt." "It is a little surprising to take this survey and realize how much debt I have and how little I know about paying it off." "I don't have a clue about the financial issues surveyed here." "This survey scared me."

From our research, it appears that many Jefferson students do not have a good understanding of the amount of debt that they are accumulating and the difficulties that they will face as they attempt to pay it back. Most do not understand the effects of compounding interest and underestimate the effects of taxes on the actual amount of money they will have for repayment. The students revealed in their

comments the great stress that this lack of understanding is causing them. Many of the students would like to have better information on the long-term challenges presented by debt repayment. Curricular interventions should be designed to ensure that students understand their debt burden and receive help in developing strategies to deal with it.

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