

## **Finance 101: Financial Tips and Information for New Medical Students**

Congratulations on your admission to the Rady College of Medicine at the University of Manitoba! You've made it and we are so glad you are part of the family!

Over the coming months, you will have much to sort out — living arrangements, security/police checks, immunization records, etc....all important for a successful start on this journey.

One of the things you might be concerned about is “How am I going to pay for all of this?” For many of you, this may be a combination of personal and/or parental savings, government loans and lines of credit.

### **Scholarships And Bursaries, Government Student Loans**

You should consider applying for maximum scholarships, bursaries and government student loans every year.

- You do not have to repay scholarships and bursaries.
- Most government student loans are interest-free during Med school. Upon graduation, there are potential loan relief/assistance plans available depending on province, specialty and location of residency.

[UM Financial Aid info](#)

[Government of Manitoba Student Aid info](#)

### **Medical Student Line of Credit**

A line of credit (LOC) is a bank loan. The interest rate offered to medical students is very low compared to the rate offered to other borrowers. It is therefore tempting to use LOCs for travel and other discretionary expenses. However, the interest builds up over time. By the time you repay your loan, your total interest will be up to 30% of the amount you borrow. That is like spending with a credit card and not paying off the balance for a whole year.

Most banks offer LOCs for medical students. Most LOCs are fairly similar in terms of interest rate and maximum borrowing amount.

LOC limits (the total that can be borrowed) vary between banks. Ensure that you will have enough to fund your immediate and short term needs. But be careful not to over borrow. You might need to leave some borrowing ‘room’ for residency.

Monthly interest is added to the loan balance. Check your balance regularly to stay aware of the build-up of your loan balance and interest. LOC interest is compound interest, meaning that the banks charge interest on interest.

A good banker can help you with your budgeting, starting in Year 1. In later years, they can run calculations to help you plan how quickly you can repay your LOC after graduation.

Please consider:

- If your bank asks for a co-signer, do not provide one. None of the major banks require a co-signer for LOCs for medical students.
- The interest rates offered to medical students is the Prime interest rate (3.95% as of June 2019) or slightly less. Your interest rate might increase later due to government policy and other factors beyond your control.
- How do I access LOC money? Just run an overdraft with my debit card? Ask your bank about these details.
- Your bank might help you budget by limiting your annual borrowing amount. Please consider asking if they would do this for you.
- What will happen to the LOC at the end of medical school/residency? When am I required to start repaying my LOC? Ask your bank about these details.

## Budgeting

[Click here for an example of a 4-year budget.](#) You can personalize it by downloading to Excel and entering your own estimated numbers. Re-visit your personal budget often. Keep in mind that if you borrow on your LOC, you need to add approximately 4% per year (compounded) for interest.

## Insurance

**Disability Insurance** Please consider purchasing disability insurance.

A student who suffers a disability may continue to incur living expenses. It is better to pay these expenses by collecting insurance rather than borrowing more on your LOC. Line of Credit (LOC) Insurance, often called Loan Protector Insurance, is not guaranteed coverage and has limitations.

Doctors Manitoba provides an [exclusive disability insurance plan](#) that is discounted and offered without a medical exam or other detailed health information. They offer this between September 1 and October 31 each year.

Disability insurance is also available from insurance companies and banks.

**Tenant Insurance** If you rent a house or apartment, please consider buying tenant insurance. Your landlord's insurance covers the building (fire damage, etc.). But landlords' insurance may not cover your belongings (clothing, computers, electronics, jewellery, etc.). Tenant insurance is available from your bank, and from agencies that sell auto insurance.

**Life insurance** Your bank might offer you life insurance at the time you arrange your LOC. You probably do not need to buy life insurance, unless you have significant assets that you need to protect from creditors (eg equity in a house) or have a spouse, children or other dependants.

## Line of Credit Options

Below is a short summary of each bank's medical student line of credit program. The information is correct as of June 2019. The details of each program will change over time, so make sure to check their websites or contact each bank for the most up to date information.

|                            | Credit limit | Interest rate | Contact  |
|----------------------------|--------------|---------------|--|
| <a href="#">BMO</a>        | \$325,000    | Prime - 0.25% | General: 1-877-225-5266<br><br>Meet with an advisor at a BMO branch for more information   |
| <a href="#">CIBC</a>       | \$350,000    | Prime - 0.25% | Meet with an advisor at a CIBC branch for more information   |
| <a href="#">RBC</a>        | \$350,000    | Prime - 0.25% | General: 1-833-395-8118<br><br>Chris Zong<br>204-988-6336   <a href="mailto:chris.zong@rbc.com">chris.zong@rbc.com</a><br><br>Elorie Macchia<br>204-988-6783   <a href="mailto:elorie.macchia@rbc.com">elorie.macchia@rbc.com</a><br><br>Jun Byun<br>204-988-6528   <a href="mailto:junseong.byun@rbc.com">junseong.byun@rbc.com</a><br><br>Cory Cyrenne<br>204-988-5899   <a href="mailto:cory.cyrenne@rbc.com">cory.cyrenne@rbc.com</a>                      |
| <a href="#">Scotiabank</a> | \$375,000    | Prime - 0.25% | Sarah Hyslop<br>204-290-7256   <a href="mailto:sarah.hyslop@scotiabank.com">sarah.hyslop@scotiabank.com</a><br><br>Scotiabank clients are automatically entered into <a href="#">MD Financial Management</a> , which offers financial services to medical students<br><br>Morgan Waitt<br>204-783-2463   <a href="mailto:Morgan.Waitt@md.ca">Morgan.Waitt@md.ca</a><br><br>Ryan Smith<br>306-713-9240   <a href="mailto:Ryan.Smith@md.ca">Ryan.Smith@md.ca</a> |
| <a href="#">TD Canada</a>  | \$300,000    | Prime - 0.25% | General: 1-855-882-6918<br><br>Meet with an advisor at a TD branch for more information  |

## Resources

The Rady College of Medicine's financial counselor is Dan Torbiak, FCPA, FCA. Please feel free to contact Dan if you have any questions or concerns at [daniel.torbiak@umanitoba.ca](mailto:daniel.torbiak@umanitoba.ca).