

3 MUST-KNOWS TO HELP MANAGE DENTAL SCHOOL DEBT

ANSWERS TO THESE QUESTIONS CAN HELP YOU MAP OUT A PLAN.



Graduating from dental school and beginning a practice are both exciting milestones in a dentist's life. Unfortunately for many dentists and dentists-to-be, those two events can also be accompanied by student loan concerns. That's because dental student debt burden continues to grow. For example, the average borrower in the class of 2019 finished dental school \$292,169 in debt. For more than 39% of graduates, their debt exceeded \$300,000.¹

It's easy for those large sums to feel overwhelming, but careful planning can help you prepare for that debt as well as other expenses and unexpected events. The three questions in this brochure can help jump-start the process.



WHAT'S THE EFFECT OF DIFFERENT LOAN PAYMENT OPTIONS ON MONTHLY CASH FLOW?

No single loan repayment plan is best for everyone. Start by evaluating your goals and your financial situation. Consider these two options:

- A typical 10-year repayment plan offers a quicker loan repayment schedule and less total interest paid versus a longer loan term, but it carries higher monthly payments, which reduces monthly cash flow.
- An extended loan repayment schedule lowers monthly payments and frees up more cash to put toward other expenses, but it equals more interest over the life of the loan. However, if your monthly obligations — such as living expenses — are low or stabilize after graduation, you may be able to put extra funds toward your loan, which can help trim time off the total loan repayment period.

HOW DO I PAY MY DEBT IF I AM UNABLE TO WORK?

can figure into the second essential in any dentist's plan: disability insurance.

Disability insurance may be a must to help protect you and your family from financial loss if you can't work for a period of time. For example, that monthly disability benefit can help pay for your living expenses and allow you to keep up on your student loan payments. That in turn can help you from falling behind on loan payments, protecting your credit and ensuring you won't be subject to penalties and additional interest. (When reviewing disability products, consider looking for a policy that includes student loan repayment benefits to help pay off the amount you borrowed for dental school should you become disabled.)

A group disability policy specifically designed for dentists may be worth considering. A group disability policy can offer significant savings over time, which may free up additional cash flow to put toward your student loan payments. Finally, include your emergency fund in any considerations about the length of a waiting period before your disability insurance kicks in.

Making realistic plans for your successful future as a dentist means considering what you'd do if you couldn't work either for a short time or an extended period. It's particularly urgent to consider. According to the Social Security Administration, you have a one in four chance of becoming disabled at some point before retirement.ⁱⁱ

There are several options that can help you bridge this gap. One is to build an emergency fund; many experts recommend saving three to six months of salary to help cover just such circumstances. And an emergency fund





WHAT HAPPENS TO MY STUDENT LOANS IF I WERE NO LONGER THERE TO REPAY THEM?

3 If you die before you've paid off your student loans, your debt could pass on to your family members. That's just one reason why life insurance may be critical: It can provide funds to help pay off your loans and help secure your family's future by providing a cash benefit. And much like disability insurance, group life insurance policies for dentists may offer lower premiums, which in turn may lead to greater financial flexibility. (Calculating the amount of life and disability insurance that's best for your needs may be difficult. The ADA member insurance coverage calculator at ada.protective.com/coverage-calculator.aspx can help.)

Build a more solid financial foundation: Create a plan now, before you graduate, to manage student debt, insure against income loss due to disability and build an emergency fund.

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¹American Dental Education Association, 2020, <https://www.ada.org/en/publications/new-dentist-news/2020-archive/february/health-policy-institute-educational-debt-in-numbers>

ⁱⁱOffice of the Chief Actuary. (2020, June). *Disability and Death Probability Tables for Insured Workers Born in 2000* (Number 2020.6). Social Security Administration.

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