THE COMPLETE GUIDE TO STUDENT LOANS FOR MEDICAL SCHOOL

Juno

INDEX

TWO TYPES OF STUDENT LOANS: FEDERAL & PRIVATE

FEDERAL STUDENT LOANS

Federal student loans are offered by the federal government, whereas private student loans are offered by private lenders.

While there are many types of federal student loans, U.S. Citizens and eligible non-citizens pursuing their degree can typically access Direct Unsubsidized Loans and Direct PLUS loans (also known as the Grad Plus loans).

Federal student loan interest rates are determined annually based on the May 10-year U.S. Treasury auction and take effect on July 1, remaining fixed for the life of the loan. Federal loans come with a standard repayment schedule and offer a wide range of repayment assistance options.

Direct Unsubsidized Loans are more affordable than Direct PLUS loans; however, medical school students are limited to borrowing $50,000 per year through the Direct Unsubsidized Loan program. Historically, any additional funding needs were covered by Grad PLUS loans, but for new borrowers after July 1, 2026, Grad PLUS loans will no longer be available under current medical.

This will create a significant funding gap for many medical school students, who will need to supplement federal loans with private loans or rely entirely on private loans to finance their medical school.

For students entering a new program for the 2026-27 school year, the updated federal loan limits are:

	Direct Unsubsidized Loans	Direct PLUS loans
Maximum Loan Amount	$50K ($200K in aggregate)	No longer available to incoming students (2026-27)

TWO TYPES OF STUDENT LOANS: FEDERAL & PRIVATE

What's an origination fee?
An extra service charge for taking out the loan. It makes you borrow more money to receive the full amount desired. Essentially, you have to borrow $10,105.70 to receive $10,000 for school through a Direct Unsubsidized loan. And you have to borrow $10,422.80 to receive $10,000 for school through a Direct PLUS loan.

To apply for federal student loans, students must complete the Free Application for Federal Student Aid (FAFSA).

PRIVATE STUDENT LOANS

Private student loans are offered by private financial institutions such as banks, credit unions, or other non-governmental lenders. To apply for private student loans, students must apply directly through various lenders. After you submit an application and receive approval for a private student loan, you typically will be presented with multiple options such as:

- Variable or Fixed Interest Rates
- Loan Term (also known as Repayment Term)
- Repayment Plan

In addition, you will see the interest rates and APR (Annual Percentage Rate) offered to you as well as any fees associated with the loan. The APR includes both the interest rate and fees, giving you the true cost of borrowing. It's important to understand what you're choosing between. The following sections will help you understand any student loan options presented to you.

TWO TYPES OF STUDENT LOANS: FEDERAL & PRIVATE

WHAT'S THE DIFFERENCE?

Federal student loans have less stringent approval requirements, whereas private student loans include a credit review to determine the borrower's anticipated ability to pay. This helps determine the interest rate.

Additionally, there are benefits unique to the federal program such as Income Driven Repayment Plans and Public Service Loan Forgiveness.

As always, there is a tradeoff. If you have good credit, going with private loan options could save you thousands of dollars in interest and origination fees, though you will lose some federal loan repayment protections.

If you have a good credit score, private student loans can often offer lower interest rates and fees than federal loan options.

CAREER EXAMPLES

Medical graduates entering high-earning specialties can leverage private loans' competitive rates, while those pursuing primary care or nonprofit hospital work should prioritize federal loans for PSLF and income-driven repayment. Your specialty and practice setting are critical financing considerations.

SURGICAL SPECIALTIES OR PRIVATE PRACTICE

High earning potential ($300K+) makes private loans' lower rates the most cost-effective path for minimizing total interest.

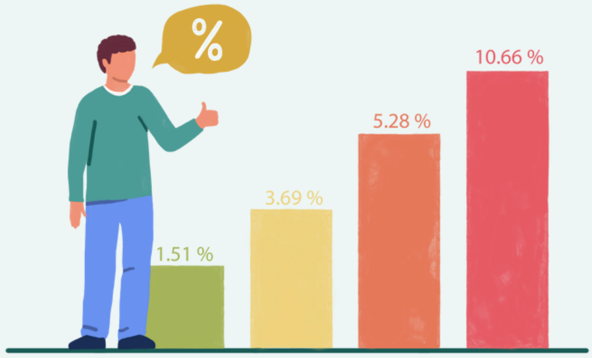
HOSPITALIST OR CONCIERGE MEDICINE

Stable, competitive salaries allow you to benefit from private loan savings without needing federal income protections.

PRIMARY CARE AT NONPROFIT HOSPITALS

Federal loans with PSLF can forgive remaining balances after 10 years of qualifying payments, essential for lower-paying residency and early career years.

INTEREST RATES AND FEES



INTEREST RATES

When it comes to the actual interest rates, don't assume that all lenders are the same. Pricing can vary significantly from one lender to another.

At Juno, we bring multiple lenders to the table and have them compete against each other, allowing us to negotiate lower interest rates for our members. To learn more, visit joinjuno.org.

FEES

All private student loan lenders do not charge the same fees. Some lenders may charge:

APPLICATION FEES

A fee charged by a lender to apply for the loan.

ORIGINATION FEES

A fee charged by a lender when you first take out a loan.

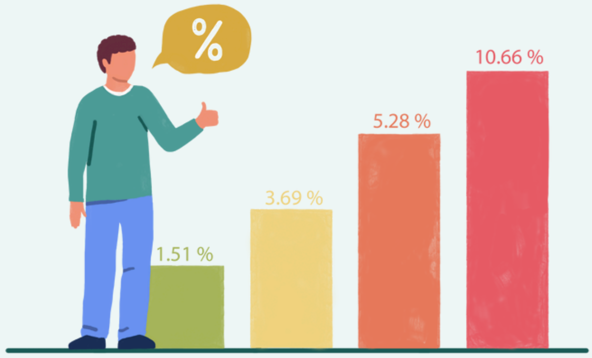
PREPAYMENT PENALTIES

A prepayment penalty is a fee you'll have to pay if you pay back your loan ahead of the predetermined schedule.

Caution:
Some lenders may not make certain fees very obvious. Ensure you call the lender and ask them specifically if they have any application fees, origination fees or prepayment penalties.

At Juno, we screen our partner lenders and make sure that they do not charge any of these fees. No application fees, no origination fees and no prepayment penalties.

INTEREST RATES AND FEES



VARIABLE VS. FIXED INTEREST RATES

A variable interest rate can fluctuate over the course of your repayment period as the index selected by the lender fluctuates up or down. The most common index used for student loans is the Secured Overnight Financing Rate (SOFR) index. As this changes, so will your interest rate.

A fixed interest rate remains the same for the life of the loan. The interest rate you receive when you take out the loan will be the same interest rate you have throughout the entire repayment period.

While the variable interest rate may be cheaper on the day of your application, you should consider your personal tolerance for the risk that it could go up or down over the years.

At Juno, our partners allow you to choose from competitive Variable and Fixed Rate options. However, most members prefer fixed student loans at this point in time.

A Bit More About Interest

Interest accrues on the loan as soon as it is disbursed to the school. Most student loans use simple interest (not compounding interest), which means interest is calculated only on the principal balance, not on previously accrued interest. Any time a payment is made (whether scheduled or extra), the payment will first pay off any accrued interest. Interest accrues daily. If the payment exceeds the accrued interest by that date, then the remaining amount will go to your principal balance.

With that said, your minimum payment amount for the interest-only plan is designed to completely pay about 30 days' worth of interest, so an extra payment scheduled on the due date would typically go 100% towards the principal. Paying the loan off early can help reduce the total interest paid over the lifetime of the loan.

WHAT SHOULD WE DO?

THE PLANNING PROCESS

The first thing to decide is whether student loans make sense. Often, students don't have a choice – they need to take out loans. Sometimes, people weigh the difference between using savings or loans and end up taking out loans if they can get a competitive rate.

If you've decided to take out a loan, there are a few considerations.

WHEN

It's good that you've started thinking about your plan in advance. You don't necessarily have to start the actual application process until about a month prior to the tuition billing due date (set by the school). If you're starting school in the fall, beginning the application process in June or July is fairly standard, but earlier is okay too.

WHAT

Most folks end up going with a 10 year, fixed loan with no payments while in school. However, there's an important consideration: that repayment plan is usually the most expensive.

Instead, consider a flat or interest only repayment option so you're already paying a bit less in interest and can take advantage of the autopay discount immediately.

Where does the money go?
Funds are sent from the lender to your school. You can take out up to the cost of attendance minus any aid, so it's possible to use a loan to pay for housing, a computer, etc.

If you want to use some of the loan to pay for living expenses, expect to receive a check or direct deposit from the school after they receive the loan.

REPAYMENT OPTIONS

LOAN TERM OR REPAYMENT TERM

The loan term is the amount of time you will take to repay the loan. Paying the loan back sooner will result in a lower overall total cost, but it will also result in larger monthly payments. Choosing a longer term will offer a lower monthly payment, but it will be more expensive overall. The terms offered by lenders vary, and some lenders assign you a term without giving you the choice.

At Juno, our partners often allow you to choose from a wide variety of terms: 5 Years, 7 Years, 10 Years, 12 Years, 15 Years or 20 Years.

REPAYMENT OPTIONS

The biggest decisions when it comes to choosing a repayment option are:

1. Whether you want to make payments while you are in school or defer repayment until you graduate.
2. How much you want your monthly payments to be while you are in school.

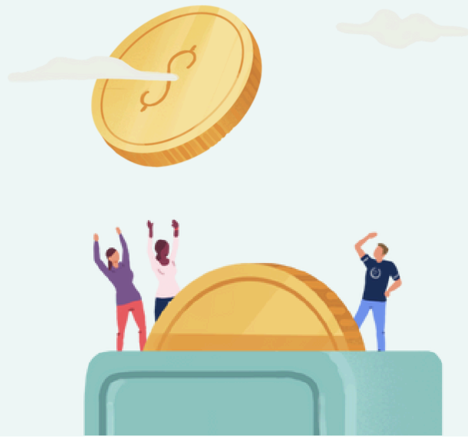
Making in-school payments helps reduce the overall cost of the loan as you start paying down interest sooner. Some lenders will give you more options than others.

At Juno, our partners allow you to choose from a wide variety of repayment options:

1. Fully Deferred (or no payments in school)
2. Fixed Minimum (or $25 monthly payments in school)
3. Interest Only (or interest payments in school)*
4. Full Repayment In School (or principal and interest payments in school)*

*Interest Only and Full Repayment In School options require a cosigner or qualifying income.

GETTING THE LOWEST RATES



AUTO PAY DISCOUNTS

Many, but not all lenders, will offer an Auto Pay Discount. An Auto Pay Discount can reduce your interest rate for making payments using automatic payments.

Reminder: The Auto Pay Discount usually only applies when you have payments due. If you select a repayment plan which does not have payments due in school, the auto pay discount only begins after you've graduated and entered repayment.

Juno partners often offer these.

SPECIAL DISCOUNTS

Some lenders will offer unique opportunities to reduce your interest rate even further. For example, you may see a "relationship discount". A relationship discount can reduce your interest rate for using additional products or services offered by the same lender.

COSIGNERS

A cosigner is a person who is obligated to pay back the loan just as you, the borrower, are obligated to pay.

Many private student loan lenders will require borrowers to have a cosigner. Others may not offer their lowest rates to borrowers who do not have cosigners.

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Through the Juno deal, we expect medical school students will receive lower rates if you have a qualifying cosigner. However, most medical school students will be eligible for attractive rates even without a cosigner.

THE PRIVATE STUDENT LOAN PROCESS

It is generally a best practice to start the application process at least 30 days before your program's tuition due date, though you can apply earlier as well. That being said, some students are able to get through the entire process within a week.

Interest on your loan doesn't accrue until the funds are disbursed, generally a few weeks before the start of classes, so there is no downside to getting started early. Here are the steps involved:

1) Apply and check your rates through Juno (less than 3 minutes, on average)

You'll enter your personal information, school information, and your requested loan amount in order to apply for a loan.

When applying with a co-signer, you'll either ask the lender to contact your co-signer for their information or you can enter their information at the same time you enter your information.

Some lenders will give you a preliminary rate estimate without pulling a hard credit check.

2) Get your approval decision (Instant to 5 days)

Once you submit your application, the lender will do a hard credit check. The result will come back with one of 3 results: approved, denied, or eligible with a creditworthy cosigner.

Some lenders have an instant process, while others require a manual check which can take a few days. In other cases, the lender may request additional documents to review, like paystubs or 1099s.

THE PRIVATE STUDENT LOAN PROCESS

3) Accept and sign your loan terms

If you are approved, your next step is to choose loan terms and accept the loan.

This is where you are able to choose between variable and fixed interest rates, loan term (length of the loan), and repayment plan.

You'll sign the remaining documents to confirm the terms and conditions.

4) Wait for school certification

The rest of the process generally occurs between the lender and your school (unless there are any issues you need to be notified about).

During certification, the school approves your enrollment status, anticipated graduation date, and loan amount requested compared to your cost of attendance (COA). Schools can either certify the loan as is, or request changes based on the student's status.

Some schools require you to confirm before they can certify your loan. Be sure to check both your student portal and email to see if there are any action items for you to complete.

The process takes between 1 day to 2 weeks, but could take longer depending on how early you apply (some schools won't start certifying until tuition bills officially come out) and your school's certification process. We recommend calling your financial aid office for guidance.

THE PRIVATE STUDENT LOAN PROCESS

5) Your funds are disbursed

Loan disbursement is how your school receives the funds to pay for your education. Typically, the lender sends funds directly to your school, not the borrower, for reference.

For most schools the disbursements will be sent once per semester, if you applied to cover more than one term. Universities set their own disbursement dates, normally around the beginning of the semester.

Any loan amount you have requested above the cost of tuition would be transferred to you by the school. This is commonly known as a “refund” back to you and can be used for things like rent and textbooks. The financial aid office will handle this.

Interest on your loan doesn’t start to accrue until the funds are disbursed, and if there are multiple disbursements, interest only accrues on funds already disbursed.

6) Repaying your student loans

Payments for your loan are made through your chosen lender’s portal.

Depending on the repayment plan you have chosen, you may need to start making payments as soon as you start school (in-school payments) or you may not need to make any payments until after you graduate (deferred payments).

Most lenders offer a discount for automatic payments, and you’ll qualify for this whenever your loans have an active payment status.

MAKE AN INFORMED DECISION

We hope this guide has equipped you with enough knowledge to make an informed decision about your student loans.

If you have any questions that weren't answered here, drop us a note at hello@joinjuno.com and let us know. We'd be happy to help.

To learn more about the student loan offers Juno has negotiated, visit joinjuno.com/group/md

OUR GUARANTEE

Shopping around and found a lower rate from an eligible lender in our (long) list? Share it here:
juno.us/match

We may be able to match the rate, plus give you 1% cash back on your loan amount (and a 9-month grace period!) through our Rate Match Guarantee.

Juno