

Hofstra North Shore-LIJ School of Medicine



Office of Financial Aid

Managing Your Money in Medical School

Joseph M. Nicolini, MHA
Director of Financial Aid

What We Will Cover

- Managing your money in medical school
 - Checking and savings
 - Cost and fees
 - ATM fees
- Spending wisely
- Living on borrowed money
- Credit cards – a brief introduction



Managing Your Money in Medical School

- Checking and savings
 - Find a bank with free checking to avoid monthly fees
 - Same with savings – many banks will charge a monthly maintenance fee if a minimum balance is not met
 - This may not be an issue as you will receive two refund checks to cover living expenses but, keep an eye on your account towards the end of the term and over the summer
 - Find a bank that offers a Visa or MasterCard debit card along with the checking account
 - Find a bank that is close to campus – there is a TD Bank on Hofstra's campus
 - Use your bank's online banking feature or free app to regularly monitor your account(s) and pay bills



Managing Your Money in Medical School

- Checking and savings – common account related fees:
 - Minimum balance requirement
 - You must maintain at least (for example) \$100 in your account or you will be charged a fee. Even if you fall pennies behind one day, you will be charged.
 - Minimum combined balance requirement
 - You must maintain a TOTAL balance across all of your accounts at that institution (checking, savings, money market, IRA) or you will be charged a fee.
 - Average daily or monthly balance
 - You must maintain and average balance in your account or you will be charged a fee.



Managing Your Money in Medical School

- Checking and savings – common account related fees (continued):
 - Overdraft fee
 - if you mistakenly lose track and draw your funds down below \$0, you may be charged as much as **\$35**
 - Returned check fee
 - if you write a check (for example, for rent) and you do not have the funds to cover the amount you may be charged as much as **\$50**



Managing Your Money in Medical School

- Checking and savings – common account related fees (continued):
 - A student example: you open a checking account with a monthly fee of **\$14**, non-sufficient funds (overdraft) fee of **\$35**, and returned check fee of **\$50**:
 - Cost: \$168 in monthly maintenance fees or **\$672** over 4 years
 - At the end of *each* semester, you lose track of what's in your account and overdraft 3 times (per year). Cost: **\$420** during medical school.
 - During medical school, you bounce a rent check 3 times for the same reason. Cost: \$150 and your landlord also charges you \$50 each time so it brings your total to **\$300** during medical school.

The grand total you are charged for not paying closer attention to your account while in medical school is **\$1,392**



Managing Your Money in Medical School

- Automated teller machines (ATMs)
 - Use only your bank's ATMs (and some banks actually charge for ATM use so avoid these). ATM fees add up quickly.
 - The average ATM fee in the NY metro area is **\$2.70 per transaction***. If the source is currently a student loan, you're already paying an origination fee and interest to borrow.

Simple example: 2 non-branch ATM visits per week @ \$2.70 per visit adds up to:

- \$5.40 per week
- \$21.60 per month
- \$108 per term
- \$216 per academic year
- \$864 during med school

If you are borrowing to cover living expenses:

It will cost you almost
\$1,000 simply to access your money
during medical school

(@ 6.8%, standard repayment)



*source: <http://www.bankrate.com/finance/banking/cities-with-highest-atm-fees.aspx#slide=3>

Managing Your Money in Medical School

- ATMs (continued)
 - If an ATM transaction is \$2.50, it's \$2.50 no matter how much you withdraw. Think of each transaction ATM in terms of the percentage to withdraw.
 - \$2.50 to withdraw \$20 = 12% → **This is absurd!!**
 - \$2.50 to withdraw \$40 = 6%
 - \$2.50 to withdraw \$100 = 2.5%
 - \$2.50 to withdraw \$200 = 1.25%
 - If you **MUST** use a non-branch ATM, do not use it to withdraw \$20!



Managing Your Money in Medical School

- Buy only what you need and spend wisely – here are some examples and the rationale behind the purchases (in parenthesis):
 - 7 for All Mankind Skinny Jeans (*“I need clothing”*) = **\$225**
 - De’Longhi Lattissima Espresso Machine (*“You said it was cheaper to purchase a coffee maker and, who doesn’t like espresso?!”*)= **\$399**
 - A weekend in Bermuda at the Fairmont Hamilton (*“Medical school is exhausting and I needed a break”*) = **\$824** (airfare and hotel only)
 - Samsung 60” LED-backlit LED Smart TV (*“We need a TV for our place”*) = **\$1,700**
 - Dinner for 2 at a pricey LI restaurant (*“I need to eat and I’m tired of takeout”*) = \$175 + \$40 tip = **\$215**. Doing this once a month for an academic year or 10 times during 4 years = **\$2,150**
 - 2013 Honda Civic LX 4-dr, 5 speed automatic (*“I need a car, don’t I??...and, I can’t drive stick”*) = **\$18,965**



Managing Your Money in Medical School

Item	Cost	Interest if using borrowed money	TOTAL cost	Rationale for purchase	Logical response to rationale
7 for All Mankind Jeans	\$ 225	\$ 86	\$ 311	<i>I need clothing</i>	<i>I understand that people need clothing but the Gap is a fine retailer and usually has decent sales! Besides, it costs you almost 40% more if using borrowed money...would you ever walk into a retailer and pay 40% OVER the ticket price?</i>
De'Longhi Lattissima Espresso Machine	\$ 399	\$ 152	\$ 551	<i>You said it was cheaper to purchase a coffee maker and, who doesn't like espresso?!</i>	<i>When I said stop buying Starbucks I didn't mean buy a \$400 espresso machine. A \$30 coffee pot can brew the same coffee.</i>
Weekend in Bermuda	\$ 824	\$ 314	\$ 1,138	<i>Medical school is exhausting and I needed a break</i>	<i>Medical school IS exhausting but save the lavish trips until you can afford to take them. Take a drive somewhere if you need to get away...besides, the beach is 15 minutes from campus!</i>
Samsung 60" TV	\$ 1,700	\$ 648	\$ 2,348	<i>We need a TV for our place</i>	<i>I understand the importance of watching football on a big screen better than most but, for the next four years, deal with an older model 42" Vizio that you can score for around \$300. Or, have your roommate bring his/her old TV!</i>
Dinner for 2 (once a month)	\$ 2,150	\$ 819	\$ 2,969	<i>I need to eat and I'm tired of takeout</i>	<i>I get it, eating on campus and McDonald's all the time is less than ideal but go to the diner if you have to eat out...it will only cost you about \$30 for 2 people...do it once a month for an entire academic year and it's \$300 rather than \$2,150.</i>
2013 Honda Civic	\$ 18,695	\$ 7,494	\$ 26,189	<i>I need a car, don't I??...and, I can't drive stick.</i>	<i>You have me here...somewhat of an irrational example BUT, not unimaginable. You may very well need a car but, save yourself and buy a decent used car for the fraction of the price of a new car.</i>
Totals	\$ 23,993	\$ 9,513	\$ 33,506		
Totals without the Honda	\$ 5,298	\$ 2,019	\$ 7,317		



Managing Your Money in Medical School

- Credit cards
 - Credit cards become incredibly dangerous and financially senseless when they are mismanaged
 - Get a credit card through your bank – this will make it easy to monitor your account (online or by using a smart phone app)
 - Credit cards negatively **AND** positively affect your personal credit



Managing Your Money in Medical School

- Credit cards
 - Credit card interest rates are higher than ever. The average interest rate on a credit card is 13.33%*
 - This is for people that have good credit. Most cards typically max out at 29.99% but there are higher rates in existence.
 - There are cards for people with little or no credit. Rates often hover around 25% and these cards typically have an annual fee. Be cautious
 - incredibly bad offers live here.

*All fixed. Source: <http://www.bankrate.com/finance/credit-cards/rate-roundup.aspx>



HOFSTRA NORTH SHORE-LIJ
SCHOOL of MEDICINE
AT HOFSTRA UNIVERSITY

Managing Your Money in Medical School

- Credit cards: never – or temporarily – carry a balance.
 - The best way to throw your money away is by carry a balance on a credit card.
 - Take this example: a small balance of **\$1,000** on a credit card with a **19%** interest rate. The minimum monthly payment is **\$20**.
 - In order to pay this amount off by *just paying* the monthly minimum it will take **8 years** and cost you **\$1,998**



Managing Your Money in Medical School

- Credit cards: never – or temporarily – carry a balance.
 - A student example: not truly understanding the way credit cards work, a student does the following, which may seem harmless at first glance (19% rate):
 - Charges books in the summer of the first year. Fails to pay off the amount in total at the time s/he receives a refund from financial aid and as such, the money is allocated elsewhere. Pays the minimum each month. **Cost = \$1,550**
 - Uses a credit card to purchase a few things for the new place. These costs cannot be included in the cost of attendance and therefore, no financial aid here. **Cost = \$750**
 - Uses a credit card at the end of the semester to buy food for a month...didn't budget properly and ran out of money.
Cost = \$250
- Card balance at the close of the semester
(considering monthly payments made)=**
- \$2,350**



Managing Your Money in Medical School

- Credit cards: never – or temporarily – carry a balance.
 - What does this mean, financially? First, first-time cards typically do not have a spending limit this high...but for the sake of argument:
 - The balance of **\$2,350** has put the student “under water”. There is no allowance in the cost of attendance budget to account for this. Even if the student *DOES NOT CHARGE ANOTHER ITEM* over the next 3 1/2 years:
 - **\$2,350** accrues **\$1,023** in interest (@about \$70/month). Paid off by the end of medical school.
 - Only pay the minimum (\$47) and takes **25 years** to pay off accruing **over \$6,000 in interest**



Take Home Points...

- Pay **close** attention to where your money is going
- Borrow **as little as possible** while in medical school – you'll have plenty of time later in life
- Don't pay fees that you can avoid
- **Don't** buy unnecessary items – ***especially*** with borrowed money
- Don't rack up credit card debt and certainly don't carry a balance
- Be smart about your money; every decision that you make in medical school with respect to money has long term implications.



Contact:

 joseph.m.nicolini@hofstra.edu

Office : 516.463.7277

Cell : 516.672.5263

Office: Student Affairs Suite, 234C

