Annual Income, Tuition and Fees, Debt Load

The Good

The Bad

The Ugly

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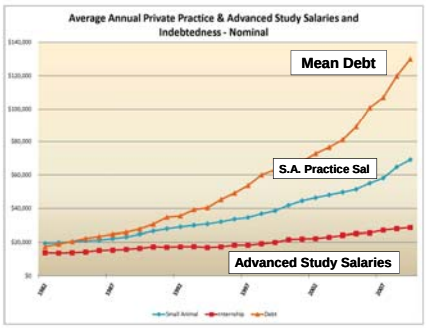
Debt:Salary Trend

Data As Of June 2009 *JAVMA* Survey



The Future of Debt to Salary Ratios

Debt was $106,989 in 2007 with Salary at $58,106… With ratio of 184.1%

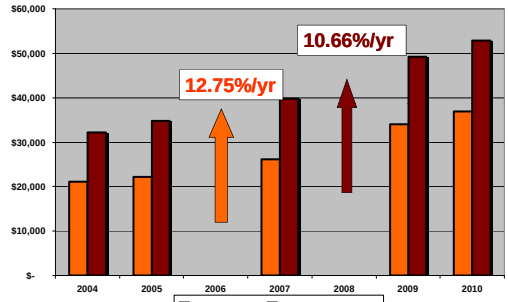
Debt is up 21% in the past 2 years

Year	Debt	Private Practice Salary	Debt/Salary
1983	$18,897	$19,872	95.1%
1995	$45,251	$31,925	141.7%
2009	$129,976	$65,185	199.4%
2012	$137,000	$71,000	193.0%
2017	$176,000	$88,000	200.0%

Note: The last two rows above were projections made in 2007, included here to show how unrealistic they turned out to be.

The Ugly

Tuition, Fees, & Expenses by Class Year



2006 & '08 data unavailable

Salaries cont'd

The Good

- 25.1% increase in real private practice income between 1983 & 2007
- 0.87% average annual real income increase
- 0.36% average annual DECREASE in real internship salaries

Debt Trends

The Bad

- 173% increase in real educational debt between 1983 and 2007
- 4.7% average annual in real debt increase between 1983 and 2007
- 5.2% average real debt between 2002 & 2007! (12% nominal in 2008 & 8.5% 2009 – included Penn & Western)

Finaid.org Loan Calculator

2009 Mean Loan Balance:	$129,976
Loan Interest Rate:	6.80%
Loan Fees (assumes no private loans):	0.00%
Loan Term:	10 years
Monthly Loan Payment:	$1,496
Number of Payments:	120
Cumulative Payments:	$179,520
Total Interest Paid:	$49,554

According to Finaid.org

Assuming that the ideal 10% of one's gross monthly income will be devoted to repaying student loans over 10 years ,

It is estimated that grads will need an annual salary of at least $179,520 to be able to afford to repay this loan

If we increase repayment to 15% of their gross monthly income for the same 10 year, they only need an annual salary of $119,6800

Finaid.org Loan Calculator

Extending The Loan Term

2009 Mean Loan Balance:	$129,976
Loan Interest Rate:	6.80%
Loan Fees (assumes no private loans):	0.00%
Extend Loan Term:	25 years
Monthly Loan Payment (from $1,426)	$902
Number of Payments:	300
Cumulative Payments:	$270,638
Total Interest Paid: $49.5k vs.	⬆ $140,624

According to Finaid.org

Assuming that the ideal 10% of one's gross monthly income will be devoted to repaying student loans over 25 years,

It is estimated that grads will need an annual salary of at least $108,240 to be able to afford to repay this loan

If we increase repayment to 15% of their gross monthly income for the same 10 year, they only need an annual salary of $72,160

Finaid.org Loan Calculator

Big Borrower's Mean Balance:	$176,000
Loan Interest Rate:	6.80%
Loan Fees:	0.00%
Loan Term:	10 years
Monthly Loan Payment:	$2,025
Number of Payments:	120
Cumulative Payments:	$243,099
Total Interest Paid:	$67,050

According to Finaid.org

Assuming that the ideal 10% of one's gross monthly income will be devoted to repaying this student loan in 10 years,

It is estimated that grads will need an annual salary of at least $243,000 to be able to afford to repay this loan

If we increase repayment to 15% of their gross monthly income for the same 10 years, they only need an annual salary of $162,000

Finaid.org Loan Calculator

Big Borrower's Balance: $176,000

Loan Interest Rate: 6.8%
Loan Fees: 0.00%
Extend Loan Term: 25 years

Extending The Loan Term

Monthly Loan Payment (from $2,205) $1,221
Number of Payments: 300

Cumulative Payments: $366,470
Total Interest Paid: $67k vs. $190,70

According to Finaid.org

Assuming that the ideal 10% of one's gross monthly income will be devoted to repaying this loan amount in 25 years,

It is estimated that grads will need an annual salary of at least $146,588 to be able to afford to repay this loan

If we increase repayment to 15% of their gross monthly income for the same 25 years, they only need an annual salary of $97,725

Finaid.org Loan Calculator

Cut Expenses 2,500/year: $166,000

Loan Interest Rate: 6.8%
Loan Fees: 0.00%
Extended Loan Term: 25 years

Monthly Loan Payment: $1,152
Number of Payments: 300
Cumulative Payments: $345,647
Total Interest Paid: $179,649

Difference: -$20,822 ⬇

According to Finaid.org

If we keep repayment at 15% of one's gross monthly income but increase the time to 25 years, they only need to pay $1,221/ month and, thus, can get by with a salary of $97,680 per year

All of these scenarios may/will require that they forestall having children, buying a home, buying/starting a veterinary practice, and/or saving for retirement or even buying a new car for many years!

Finaid.org Loan Calculator

High Roller's Loan Balance: $250,000

Loan Interest Rate: 6.80%
Loan Fees: 0.00%
Loan Term: 25 years

How About The High Rollers?

Monthly Loan Payment: $1,735
Number of Payments: 300

$20,822/year

Cumulative Payments: $520,554
Total Interest Paid: $270,554

Finaid.org Loan Calculator

Cut Expenses 2,500/year: $240,000

Loan Interest Rate: 6.80%
Loan Fees: 0.00%
Loan Term: 25 years

Monthly Loan Payment: $1,666
Number of Payments: 300
Cumulative Payments: $499,732
Total Interest Paid: $259,752

Difference: - $20,813 ⬇

According to Finaid.org

Using $250,000 debt

Assuming that the ideal 10% of the *High Rollers'* gross monthly income will be devoted to repaying this over 10 years,

It is estimated that graduates will need an annual salary of at least $208,000 to be able to afford to repay this loan

If we increase repayment to 15% of their gross monthly income for the same 25 years, they only need an annual salary of $138,000

The Only Hope?

Income Based Repayment Plans with

Loan Forgiveness

at the end of the 25-year Repayment Period

After Hearing This, What Do You Think?

Should Today's Students Be Ready For

&

Excited About Their Future?

Data Is Not An Emotion

" It Is A Stimulus For Action

It Is Up to Each Party to Choose An Attitude & an Action"

Carin Smith, DVM

What's Truly Disconcerting

Is That This Scenario Is Playing Out in

All Fields

Of Higher Education

Do You Now Understand

Why Learning About Personal Finance, Law, Ethics, Career Development & Business Are Such An Important Part of The Veterinary School Education?

Badger Each Administration to Include & Our Vet Students to Learn About These Subjects!

Thank You

Dr. Colin Burrows, TNAVC,
Sponsors
the VetPartners'™
Career Development Committee
for
The Elephant-in-the-Room Series

Thank You For Listening