Trouble financing your move for medical residency? Consider this option

APR 20, 2021

Brendan Murphy
News Writer

The transition to residency can be costly, particularly for those moving long distances.

The American Moving and Storage Association states that the average cost of an interstate household move (long-distance moving) is about $4,300. That doesn't include potential security deposits and other hidden costs.

For physicians who are months removed from medical school, that cost burden might require some extra help. In some instances, it may be worth considering a residency-relocation loan.

What are residency-relocation loans?

Residency-relocation loans are personal loans aimed at helping cover the cost of interviewing for and relocating to a residency program. Laurel Road—a preferred provider of the AMA for student-loan refinancing—also offers loans to cover residency relocation.

Borrowing limits can be up to $15,000 for expenses due to residency relocation. As is the case with Laurel Road's student loans, relocation loans can be paid at a low rate while residents are in training. In some instances, residents can pay as little as $25 a month during residency. While there is a payment minimum borrowers can choose to pay more each month without having to worry about a prepayment penalty. Borrowers can also pay off the loan at any time with no early payment penalty.

"If you are moving to a new city, it may be that you need to put down first and last month's rent for a new apartment. It could also be the cost of moving your belongings as well as your family to a new city," said Kaitlin Walsh-Epstein, vice president of marketing at Laurel Road. "The idea is this loan aims to help bridge that big life gap as they are making a big move during a time when new residents don't have a paycheck coming in."

A lower-interest option

Laurel Road works specifically with physician customers and understands their particular needs. Because of that, it is willing to extend loan offers that other banks may not, based on a resident physician's long-term earning potential—rather than their annual salary during training.

"Laurel Road looks at this population through a different lens. We understand the life stage they are at," Walsh-Epstein said. "This is a unique need for many new physicians at a critical juncture in their careers."

Covering the cost of residency relocation with a personal loan is likely to yield a much lower interest rate than doing so with a credit card, according to Walsh-Epstein.

"In a lot of instances when you take out a credit card, your rates will go up significantly after that introductory period," she said. "This provides you the peace of mind that you have these fixed rates for a longer period of time. Some people can pay these five- or seven-year loans off sooner and that flexibility is appealing to many borrowers."

The AMA selected Laurel Road as a preferred provider to support you in navigating your financial future. AMA members who take out a personal loan with Laurel Road receive an additional 0.25% rate discount through AMA Member Benefits PLUS.

The 0.25% AMA member interest rate discount is offered for personal loan applications from active AMA members. The AMA discount is applied to your monthly payment and will be reflected in your billing statement. The discount will end if the AMA notifies Laurel Road that the borrower is no longer a member. This offer cannot be combined with other member or employee discounts, except any discount for making automatic payments.