1st in family in medical school? 3 finance essentials to follow

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The shift to medical school is a big one in a number of ways. The sticker shock of that transition is one of the significant mental weights of starting the journey to becoming a physician, considering that the typical medical student graduates with $200,000 in medical student-loan debt.

The financial reality can be particularly jarring for medical students from historically marginalized racial and ethnic groups who represent the first in their family to attend medical school. An AMA Medical Student Section education session recorded for the 2022 AMA Annual Meeting examined the financial challenges that such medical students encounter and how they can work to overcome them.

View debt as investing in yourself

Most medical students will borrow large sums to finance their education. According to Kabir Grewel, a third-year medical student at the Florida State University (FSU) College of Medicine, that can run counter to some students' upbringing.

Among "a lot of cultures and other nationalities—and especially among first generation students—debt is viewed as a very bad thing, and sometimes a predatory thing," said Grewal, president of an organization at FSU that that educates medical students about financial literacy and health care economics.

"Certain religions and certain cultures view debt as something that must be avoided at all costs, and this kind of is totally at odds with how most students are able to attend medical school," Grewal added during the education session. "So I think it's important to remember that any sort of debt that you do take on is an investment in your own education, in your own future and career and earning potential as well."

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Panic has no place

In all likelihood, you will earn enough as a practicing physician to pay off your medical student-loan debt. Knowing that, and remaining conservative with your finances, can offer a light at the end of the tunnel, according to Michael Sweeney, MD. He is associate professor of clinical sciences, teaching clinical skills, diagnostics, pathophysiology and anatomy at FSU.

"Don't panic over the debt. Panic is the worst thing you could do because often we have students that don't even know how much they owe or to whom they owe it," said Dr. Sweeney, who also has a faculty role at FSU's business school. "And if you approach it that way, sort of the head-in-the-sand technique, debt will spiral."

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A budget is your best tool

Even when you are making a bigger salary after completing residency or fellowship training, the advice often given to young physicians is to live like a resident and stick to a budget.

"Budget now," Grewal said. "Get in the habit of making a financial plan: How much you're going to borrow, how much you're going spend and on what. Continue this, and once you start making money, to allocate a set amount that you budget to pay back loans, and to really pay yourself first. When I say, 'pay yourself,' basically I mean paying the debt. If the debt's wiped out, pay your investments and savings before you allocate money for other things. If you stick to this, you should be golden financially."

Explore the AMA's efforts to diversify the physician workforce and read the AMA's strategic plan to embed racial justice and advance health equity.