Article weighs paying off student loans versus investment

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(HealthDay)—Newly-minted physicians should consider the issues relating to paying off their loans versus investing for retirement, according to an article published in *Medical Economics*.

The article discusses whether newly-minted physicians should start by paying off loans or invest for retirement. Two issues should be considered with respect to this question: attitude toward debt and the interest rate on student loans.

Peace of mind is key, and if having debt is stressful then the loans should be paid off in full first. Refinancing is recommended if the interest rate on loans is more than 4 percent. If the interest rate is still high after refinancing, the loans should be repaid, rather than using the money to

invest. If the interest rate is low and being in debt does not cause unnecessary stress, extra money should be invested in a retirement account, giving priority toward maxing out the allowable salary deferral to employer-sponsored retirement plans, especially when employers match contributions. Those working in the public sector may be eligible for loan forgiveness. Taking on additional debt, including home purchase, should be considered carefully and possibly delayed until loans are paid.

"Consider hiring a financial advisor who is a fiduciary and is legally obligated to act in your best interests," the article suggests. "These are complicated issues you face as young doctors, and having an expert in your corner will set you up for future financial success."

More information: Full Text

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