WEALTHCARE FINANCIALS

Quarterly Healthcare Lending Report — Q3 Opening

Q3 2025 Healthcare Lending Snapshot: Specialty Trends, a Risk Gap Worth Watching, and One Resource Your Borrowers Will Thank You For

As we move into the back half of 2025, healthcare lending continues to track along familiar specialty fault lines — strong origination volume in primary care and hospitalist medicine, sustained demand from dental service organization (DSO) consolidation, and a steady pipeline of resident-to-attending refinance activity as the most recent graduating cohorts settle into their first attending contracts. What's shifting, however, is the regulatory and legislative context around which your borrowers are making long-term financial decisions, and that shift creates both a risk-management conversation and a natural deepening opportunity for your relationships.

Specialty Trend Watch: The Legislative Tailwind and Headwind

The One Big Beautiful Bill Act (OBBBA) — signed into law on July 4, 2025 — contains provisions that will materially change the debt-funding landscape for medical and dental students entering training after mid-2026. Specifically, federal graduate loan borrowing for medical and dental school is capped at $50,000 per year with a $200,000 lifetime ceiling, and Grad PLUS loans are eliminated for new borrowers beginning July 1, 2026.

For your existing book of business, this changes very little in the near term — physicians and dentists already in practice or already in training are generally not affected by the borrowing caps. Where it matters is in your new-origination pipeline. Borrowers entering medical or dental school after that effective date will arrive at residency and practice entry with a different debt structure than what you have seen historically. Private loan volumes — both institutional and direct-to-consumer — may rise to fill the gap left by federal program contraction. That creates origination opportunity, but it also means underwriting teams should expect evolving income-to-debt profiles among younger cohorts of healthcare borrowers in the years ahead.

On a more favorable note for estate and legacy planning conversations, the OBBBA as drafted also raises the federal estate tax exemption to $15 million per individual for 2026. For high-earning specialists — cardiologists, orthopedic surgeons, oral surgeons — who are also banking clients, this is a meaningful planning conversation that extends naturally from the lending relationship into broader wealth structuring. It may be worth flagging for your relationship managers who work with senior physicians approaching peak earning years.

One additional provision worth knowing: under the OBBBA, federal student loan discharge upon death or total and permanent disability is permanently tax-free. This has direct relevance to the risk gap we

Risk Gap of the Quarter: Income Protection Remains Underbuilt Across the Borrower Base

Every quarter we track what we consider the most consequential underinsured risk in the physician and dentist borrower population. This quarter, that conversation returns — as it often must — to disability income protection.

According to the 14th Annual Guardian Workplace Benefits Study published in 2025, only 43% of working Americans owned disability insurance. Even accounting for the fact that physicians and dentists tend to over-index relative to the general workforce in financial sophistication, that statistic points to a significant protection gap across the healthcare professional population your institution serves. The Social Security Administration estimates that a working person faces roughly a 1-in-4 chance of experiencing a disability before reaching retirement age.

For healthcare lenders, that 1-in-4 figure is not abstract. A borrower carrying a substantial practice acquisition loan, a physician mortgage, or a consolidated student loan refinance — who becomes disabled without adequate individual disability coverage — represents a credit risk that group disability benefits alone are unlikely to fully absorb. Group policies through hospital or employer systems are typically not portable, often carry benefit caps that fall well short of a specialist's earned income, and frequently use definitions of disability that are less favorable than what individual policies can provide.

The distinction matters. Individual disability policies issued through carriers like Guardian — specifically through the Provider Choice policy issued by Berkshire Life, a Guardian company — can be structured with an enhanced own-occupation definition, meaning a physician or dentist who becomes unable to perform the material duties of their specific specialty may qualify for benefits even if they are technically able to work in some other capacity. The policy is also noncancelable and guaranteed renewable to age 65 or 67, which means the carrier cannot change the terms or cancel coverage as long as premiums are paid. These are contract features, not promises of benefit payment in any individual's specific circumstance — actual coverage and benefits depend on the policy terms, the nature of any disability, and the facts at the time of a claim.

The takeaway for lenders is not to become insurance advisors — it is to recognize that a borrower without adequate income protection is carrying a risk that can migrate directly onto your balance sheet if something goes wrong.

Forward Resource: GSI Access for Residents and Fellows

One of the more useful tools for advisors and lenders who work with physicians at the pre-attending stage is the Guaranteed Standard Issue (GSI) program available through certain medical and dental training institutions. GSI programs allow residents and fellows at participating institutions to obtain individual disability insurance coverage with no medical underwriting — a significant benefit given that many trainees have health histories, musculoskeletal conditions, or prior injuries that might otherwise complicate underwriting on an individual basis. GSI coverage typically also includes a resident discount that remains with the policy for life, not just during training.

Kris Schwartz, founder of Wealthcare Financials and an agency of The Guardian Life Insurance Company of America, works directly with physicians, dentists, and the advisors who serve them on income protection and financial planning strategy. Wealthcare Financials maintains partnerships with more than 40 carriers, allowing for analysis across the market rather than a single-product recommendation.

Closing Note for Q3

The legislative environment is moving quickly, borrower profiles are beginning to shift on the front end of the training pipeline, and the income-protection gap in the physician and dentist population remains one of the more consequential and addressable risks in this lending segment. We will continue tracking these threads through Q3 and welcome any questions from lending teams looking to build out their physician and dentist client resources.

Wealthcare Financials is an agency of The Guardian Life Insurance Company of America. Kris Schwartz holds Series 6 and Series 63 registrations. Provider Choice individual disability insurance is issued by Berkshire Life Insurance Company of America, a wholly owned stock subsidiary of The Guardian Life Insurance Company of America. Policy terms, definitions, and eligibility vary. This material is educational in nature and does not constitute legal, tax, or financial advice. The One Big Beautiful Bill Act was signed into law on July 4, 2025.

The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. Please consult legal or tax professionals for specific information regarding your individual situation. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security.

This material is intended for general use. By providing this content Park Avenue Securities LLC and your financial representative are not undertaking to provide investment advice or make a recommendation for a specific individual or situation, or to otherwise act in a fiduciary capacity.

Capitol Wealth Strategies and Wealthcare Financials is an Agency of The Guardian Life Insurance Company of America® (Guardian), New York, NY. Securities products and advisory services offered through Park Avenue Securities LLC (PAS), member FINRA , SIPC . OSJ: 901 S. Mopac Expy, Barton Oaks IV, Ste 150, Austin, TX 78746, ph# 512.651.2009 PAS is a wholly-owned subsidiary of Guardian. Capitol Wealth Strategies is not an affiliate or subsidiary of PAS or Guardian.

AR Insurance License # 15842501

Important Disclosures · Online Privacy Statement · Form CRS · Online Terms and Conditions of Use

GARI case # 9099692.1 Exp. 09/28 · © Wealthcare Financials · Capitol Wealth Strategies