

I have student loans – now what?



# Who to pay loans to

- You have two loans
  1. Canada Student Loan – federal government
  2. Provincial Loan – home province
- ❖ Some provinces have integrated student loans which means you will make only one payment to the Federal Government, non-integrated loans means you make two payments.

1 payment Canada Student Loan	2 payments Canada Student Loan + Home Province
SK      ON NB      NF BC	AB MB      NS PEI

# Where to make payments

- **Canada Student Loan** - has created its own lender called the National Student Loan Service Centre (NSLSC)
  - National Student Loan Service Centre – [www.canlearn.ca](http://www.canlearn.ca)
    - Create a username and password, you will need your file number found on any document from the National
    - Once you are logged in, you can view exactly how much loan you owe (integrated loan totals found here)
- **Provincial Loan**
  - Log on to your home province student loan website. Search repayment and follow the links.  
Provincial Lenders
    - AB – make payments to Edulinx



# When do I start paying?

- **Canada Student Loan:** You will receive a Consolidation Agreement from the National in late September or early October.
  - First payment due October 31 – interest being charged during grace period. Can start earlier to pay less interest.
  - Withdrawals will be made even if you do not sign the agreement.
  - Signing the agreement gives you opportunity to make changes to the schedule or apply for assistance
- **Provincial:** have their own schedules – check their websites

# How?

- On-line banking or pre-authorized debit
- Be prepared, make sure you have your banking information. If you choose on-line banking, set it up early so you are not rushed.



# How much?



- Depends on how much loan you have signed for, how much has been forgiven, how long of a term you will be paying back for and what the interest rate is.
- Key terms
  - Amortization – the number of months the loan is extended for
    - Automatically assesses at 114 months (9 ½ years) – 10 years less grace period
  - Interest rates
    - Fixed – set rate, Bank of Canada prime rate + 5%
    - Floating – follows bank interest rate fluctuations
      - Bank of Canada prime rate + 2.5%
    - Once you have locked into a fixed rate you cannot change to floating
- No penalties for making lump sum payments, making larger than expected payments or paying off early (do it!!)
- How do I pay the interest accrued during the 6 months between graduation and my first payment?

[www.canlearn.ca](http://www.canlearn.ca)

# loan repayment calculator

## Loan Repayment Estimator

### Results

This table lets you enter up to two repayment options for quick comparison

Loan Repayment Estimator	Option 1	Option 2
Total amount of your loan at the end of your studies	\$ 30000	\$ 30000
Select a fixed or floating interest rate <a href="#">1</a>	Fixed	Fixed
Prime rate to be used for your calculations (%)	3.0%	3.0%
Grace Period Options	Do not take advantage of grace period, i.e. start to repay your loan immediately after the end of your studies	Do not take advantage of grace period, i.e. start to repay your loan immediately after the end of your studies
Select number of months you will need to repay your loan	120	60
Grace period interest	\$ 0	\$ 0
Total amount of your loan to be reimbursed	\$ 30,000	\$ 30,000
Amount of each monthly payment	\$ 363.98	\$ 608.29
Total interest payable over the life of your loan	\$ 13,677.93	\$ 6,497.51
Total amount payable	\$ 43,677.93	\$ 36,497.51

# What if?.....

- I can't make my minimum monthly payment?
  - Apply for the RAP (Repayment Assistance Plan). Under the Plan:
    - No borrower should have a repayment period of more than 15 years (or 10 years for borrowers with permanent disabilities).
    - Affordable student loan payments are based on the borrower's family income and family size.
    - Borrowers will not make payments exceeding 20 percent of their family income towards loans covered by the Repayment Assistance Plan.
  - Apply in late September, early October
  - Word of caution – this program is helpful but having student loan debt hang over you becomes a burden. The amount of student loan debt will affect your borrowing capacity (i.e., borrowing for a car, house)



# What if?..... continued

- I ignore my loans?

- You will be considered in default.

**Default:** Your Canada Student Loan is considered to be in default when you are behind on your payments for nine or more months and collection activities are required. Defaulting on your loan can disqualify you from receiving future student financial assistance or for applying for repayment assistance under the Repayment Assistance Plan.

- It will affect your credit rating
- Funds will be collected through income tax returns
- In the future, it may affect future Briercrest student's eligibility for student loans

# Consumer awareness

- Keep all records –letters, cancelled cheques, deposit receipts, etc.
- Keep a call log

Date	Who spoke to	Reason for calling	Answer received
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- Keep address updated with lenders and Briercrest

# Graduate Retention Programs

- SK, MB and NB have tax incentives to attract and keep undergrad graduates in their provinces



- If you will be living in these provinces, check out the provincial websites

# Budgeting Resources

- [Michel Bell – Managing God's Money](http://www.managinggodsmoney.com)  
[www.managinggodsmoney.com](http://www.managinggodsmoney.com)
- [Gail Vaz-Oxlade – Debt-free Forever](http://www.gailvazoxlade.com/resources.html)  
[www.gailvazoxlade.com/resources.html](http://www.gailvazoxlade.com/resources.html)