

Student Loans

Borrowing for Postsecondary Education

Borrowing to get an education is generally considered a good use of credit. Many students apply for and receive loans without a lot of awareness of what they are getting into. It is not unusual to owe \$25,000.00 upon the completion of one's studies and the cost of post secondary education continues to rise. Studies have shown that as many as 1 in 3 struggle with their loan repayment.

Before borrowing for your studies:

- know how much you/your family have to contribute
- investigate the possibility of scholarships and bursaries to reduce the cost of borrowing
 - read all of the loan documentation in full and know the repayment terms
 - find out what the interest rates are and when they come into effect
- see if part of the loan is forgivable and then calculate the total cost of borrowing
 - ask questions when you don't understand something

Keep Important Documents Organized

A key element in planning for success is getting organized. A good way to accomplish this is to create a filing system. You don't have to spend a lot of money to get set up, you can make your own filing storage by using a cardboard box and a number of labeled dividers. Office supply stores carry a wide variety of products specifically designed to help you keep organized.

Keep a separate file for each portion of your student loans. This allows easy tracking of all of your loan information. Once you start using your filing system, you will wonder how you ever lived without it.

Student Loan Repayment

Student loans are now reported to credit reporting agencies; they should be treated like any other loan product. At the end of one's studies, there is usually a six month grace period (payment is not expected). It is anticipated the graduate will be seeking employment during this period. Money paid during the grace period will be applied directly to the principal of the loan. Therefore, it is wise to pay down as much as possible during this period because it will save a lot of money in interest charges over the long run. **The graduate is expected to negotiate the repayment of their loans during the grace period;** this process is called consolidation. Those that can not afford to start repaying their loans may qualify for loan forgiveness or interest relief programs, however, it is essential to do this during the grace period.

Many people enter into default status because of communication issues:

- Notify people when address and phone number changes
- Try to maintain one address if possible
- Voice concerns before problems arise

For more information on your student loans:

- contact the financial institution handling your loans
- get in touch with the National Student Loan Service Centre (NSLSC)
- visit the Human Resources and Skill Development Canada Website www.canlearn.ca

