

STUDENT LOANS AND GRADUATION



If you have student loans and are graduating, it's important to know your next steps so you can stay on track.

Are you returning for grad school? Planning on upgrading?

Graduate students must be paying full-time fees in order to qualify for student loans or interest free status. If you are planning on upgrading, unclassified students can receive student loan funding or interest free status for a maximum of 52 weeks if registered in 60% equivalent of a full-time course load. (Ontario students are currently ineligible for funding or interest free status).

You can also apply for government student loans or interest free status through your home province. Out of province students must have interest free documents filled out by their institution. If you are attending a foreign institution or are unsure if your program is eligible please contact your loan provider.

Not returning to full-time studies?

Be sure to update your address (if necessary) with each of your lenders or use a permanent address (e.g. your parents) so that important mail from your lenders gets to you promptly. Be sure to read everything they send you and don't be afraid to call them if you need clarification about anything they have sent you.

What happens when you begin repayment?

Repayment begins after a six month "grace period" - no payments are required during this time but interest does accrue. If your last school term ends in December your first payment will be due in July; if your last school term ends in April your first payment will be due in November.

Whether you are ready or not, money will come out of your account so be prepared and know your repayment terms! And remember that if you're dealing with multiple lenders, it's your responsibility to ensure you communicate and stay up to date with each one!

How much are monthly payments?

To find out the amount of your monthly payments, check your Consolidation Agreement(s). You'll receive one in the mail from each of your lenders about five months after graduation.

The Consolidation Agreement outlines your loan repayment details including: your balance owing, expected monthly payments, the start date of repayment, the length of repayment, and interest rate options.

What about interest?

Interest is the price paid for borrowing money, usually a percentage of the amount loaned. The Prime Rate or Prime Lending Rate is an interest rate used by banks as a reference point.

Your Consolidation Agreement will include interest rate options but two common options are a fixed interest rate of Prime (at time of consolidation) +5% or a floating interest rate of Prime +2.5%

Can I make payments during my grace period?

You sure can! In fact, this is a really smart way to pay down your loan principal and reduce the amount of interest that you will be charged. Contact your lender(s) to have a consolidation agreement sent to you and to arrange early payments.

How long is the repayment period?

A Canada Student Loan is normally amortized over a repayment period of 9.5 years. A BC Student Loan over is normally amortized over 14.5 years. (The repayment period for a BC Student Loan issued prior to August 2000 is normally 9.5 years.)

If your monthly payments are too high to manage, the repayment period for your Canada Student Loan or BC Student Loan may potentially be increased up to 14.5 years. Contact the National Student Loans Service Centre (NSLSC) for more information.

Value of paying off loans quickly:

If you are able to afford increased monthly payments, paying off your loans as quickly as possible will decrease the overall amount of interest that you will pay. For example, a \$20,000 loan at a fixed interest rate of 4.5% paid back over 14.5 years (at a rate of \$215/month) will cost a total of \$37,507.99. The same loan at the same interest rate paid back over 5 years (at a rate of \$417/month) will cost a total \$25,035.92. You are also able to make lump sum payments at any time without penalty.

What if you can't repay your loans?

If, for whatever reason, you are unable to repay your loans contact all of your lenders and discuss the situation immediately. Do not ignore the problem – it will not go away!

In similar situations people consider declaring bankruptcy but this is not a quick fix. The waiting period before student loan debt can be discharged from bankruptcy is seven years and it could impact everything from your ability to buy a car or rent an apartment to even getting a credit card.

Student Loan Default

Failure to make regular monthly payments is called defaulting on your loan(s). Defaulting on loans can result in:

- The loss of future income tax refunds and GST credits
- Wage garnishments or property liens
- Legal action
- The loss of future student loans or grant assistance,
- Not qualifying for government debt management programs

The outstanding balance on your loans will also be taken off of your tax refund each year. If you anticipate difficulty making your payments, contact your lenders BEFORE you run into trouble!



GOVERNMENT ASSISTANCE

How does the government help you with repayment of your student loans?

Repayment Assistance Plan (RAP)

The new Repayment Assistance Plan (RAP) is available to borrowers who are having difficulty making their Canada Student Loan payments. Under the Plan, the amount borrowers are required to pay back is based on the borrower's family income and family size.

The Repayment Assistance Plan replaces the Interest Relief and Debt Reduction programs, for your federal loans. To be eligible for the new Repayment Assistance Plan, borrowers must:

- Be a resident of Canada
- Have received their Consolidated Student Loan Agreement
- Be unable to afford the calculated monthly loan payment amount

Borrowers must submit an application to the National Student Loans Service Centre (NSLSC) and reapply every six months in order to maintain eligibility. Borrowers who have exhausted 54 months of Interest Relief are still eligible for the Repayment Assistance Plan. If you have a student loan for full time studies and you are in school part time, you can still be eligible for the Repayment Assistance Plan.

For more info visit www.canlearn.ca or contact the National Student Loans Service Centre (NSLSC) 1-888-815-4514.

Revision of Terms and Interest only payments

Are you ineligible for repayment assistance programs but still have difficulty making monthly payments? Ask your lenders about revising your repayment terms and extending loan repayment period in order to lower your monthly payment.

Additionally, you can ask about interest only payments, where your monthly payments only go towards your the interest on your load (rather than the principal amount) for 1-6 months. There is no qualification process or formal application for a Revision of Terms, you can just phone your lenders and ask.

BC Loan Forgiveness Program

Recent graduates in some specific professions can have their BC student loans forgiven by working at publicly funded facilities (and sometimes underserved areas) in BC. Eligible professions include:

- Nursing
- Medicine
- Midwifery
- Pharmacy
- Speech language pathology
- Pediatric occupational therapy
- Pediatric physiotherapy
- Audiology
- Teaching the visually impaired
- Teaching the deaf and hard of hearing
- Technology education
- School psychology

Pacific Leaders Loan Forgiveness Program

The Pacific Leaders Loan Forgiveness Program promotes the BC Public Service as a potential employer to new post-secondary graduates by forgiving their outstanding BC student loan debt at a rate of one third per year.

As of November 2007, all current or new employees must submit an application to enroll in the Pacific Leaders B.C. loan forgiveness program. For more information call SABC at 1-800-561-1818



BC Interest Relief Program

The BC Interest Relief Program helps people who have difficulty repaying their BC student loans because of low income and financial hardship. If you qualify, the BC government will pay the interest on your BC student loans for six-month periods up to a maximum of 30 months. During this time, you do not have to make any BC loan payments.

You may apply at any time during your repayment period but you cannot apply for interest relief during the six-month grace period and your loans must be in good standing (i.e. not in default). You can apply online or phone your lender for more information.

BC Loan Reduction Program

The BC Loan Reduction Program helps full time students who must borrow most of the money they need to pursue their post-secondary education. There is no application; you will automatically be considered for loan reduction each year through information given on your loan application.

StudentAid BC sets the yearly loan reduction limit for all BC post-secondary students based on the number who are eligible and the budget for that program year. Graduate students, students in professional programs (law, medicine or dentistry), and students in programs of less than two years are not eligible.

Key Contacts and Resources

UBC Enrolment Services
students.ubc.ca/enrolment

Student Aid BC
studentaidbc.ca

National Student Loans Service Centre
1-888-815-4514

CanLearn
www.canlearn.ca

THE JOB SEARCH

Find a job and start paying off your student loans.

Where are all the jobs?

- www.careers.ubc.ca (offers a range of postings in various industries)
- www.indeed.ca (indexes some of the most common job search sites)
- www.eluta.ca (provides an employer directory for students based on their degree and major)

Things to consider when reading a job posting

- Is this a fit? (Do you have the skills and knowledge that they are looking for?)
- How much experience do I need? (e.g. Less than 3 years)
- Key language (“Assistant” vs “Coordinator” or “Opportunity to grow” vs. “Seasoned professional”)

Next Steps

Some career searches can last as long as 4-8 months. Consider getting offline and volunteering, networking, visiting career fairs, and other events. Prepare an individually targeted resume and cover letter for each position.

1. Attend workshops to help you understand the job market or practice for an interview.
2. Attend a UBC alumni panel.
3. Improve your resume writing and cover letter skills.
4. Visit the Centre for Student Involvement and Careers in Brock Hall.

students.ubc.ca/about/centre-for-student-involvement-and-careers

