

Student Loan Repayment

How INFORMED are you? You have OPTIONS!

When does repayment begin?

You must begin to repay your Student Loan(s) when you graduate, leave school for more than 6 months or cease to be a full-time student.

You are allowed a **six-month grace period after you leave school** before repayment begins where no payments are required; however, interest can accrue. You can either pay the grace period interest off at the end of your six months or ask to have it added to your student loan balance. Once you receive your consolidation documents from the service provider you must advise them on how you are going to pay the grace period interest, if you do not notify them the interest will automatically be added to your loan balance at consolidation.

What is consolidation?

When you arrange to repay your Student loans, this is called consolidation.

During the six-month grace period after you leave school, the service provider will mail you a Consolidated Student Loan Agreement for your Canada Student Loan(s), Provincial Student Loan or integrated student loan. This agreement provides information about:

- the amount of your loan;
- your interest rate;
- your repayment term (how long it will take to repay your loan);
- the amount of each loan payment; and
- your first payment date

What am I responsible for?

You are responsible for:

- signing a Consolidated Student Loan Agreement;
- repaying your loan and all accrued and/or capitalized interest according to the terms of your Consolidated Student Loan Agreement;
- notifying the service provider if you change your address, your name or your phone number; and
- notifying the service provider if you leave or transfer to another school, change your courseload, or change your graduation date.

Who do I repay?

Depending on when you received your loan, you will deal with one of the following service providers:

National Student Loans Service Centre

- Canada – Ontario Integrated Student loans received on or after August 1, 2001
- Canada Student loans received on or after August 1, 2000

Financial Institution

- Ontario Student loans received before August 1, 2001
- Canada Student loans received before August 1, 2000

How do I repay?

The acceptable payment methods are:

- Pre-Authorized Payment Plan,
- Telephone Banking
- Internet Banking
- Cheques – Monthly and Post-dated
- Money Orders
- Bank Drafts

You must ensure that your payments are received at the service provider **before** the scheduled payment date. If you send the payment on the payment date, it could be received by the service provider a few days after the due date, causing collection activity.

What is the interest rate on my Student Loan(s)?

When you enter into repayment, you can choose between a fixed or floating interest rate for the Canada portion. If you select a fixed rate, your interest rate will be locked in at prime plus 5 per cent for the duration of your repayment schedule and cannot go back to a floating rate. If you select a floating rate, you will pay prime plus 2.5 per cent and you'll have the option to change to a fixed rate at any time. The Ontario interest rate will be set at a floating rate of prime plus 1 percent.

Can I claim a tax credit for the interest I pay on my Student Loan?

Yes. A student loan tax credit allows you to deduct the interest that you pay on your student loans each year. This credit applies to interest payments you make on both your federal and provincial or territorial student loans, and the appropriate documents will be sent to you by mail for you to use when you file your taxes. It does not apply to interest payments you may make on any loans held with a private lender such as a student line of credit with a financial institution.

What if I have trouble repaying my loan?

If you have trouble finding employment or find it difficult to repay your Student Loan because of financial hardship, there is help.

Programs such as Revision of Terms, Interest Relief and the Repayment Assistance Plan are available to either defer or reduce your required monthly payment. Interest Relief and Debt Reduction in Repayment are programs that may reduce the overall principal balance of your Ontario student loan. The Repayment Assistance Plan will help you manage the Canada Student Loan. ***You must have signed and returned your consolidation agreement to be eligible and will have to apply and qualify for many of these options. Contact the service provider (see the "who do I repay" section above) for more information.***

Can I make additional payments to reduce the amount of interest I pay?

In addition to your minimum monthly payments, you can make lump sum payments, or increase your monthly payment amount for your loan ***at any time*** during the life of your loans. These extra amounts will reduce your principal faster and therefore reduce the amount of interest you pay on your loan. You can also pay your loans in full at any time without penalty. Contact your service provider to obtain your current balance as it will change daily.

Can I get information on-line?

Yes, there are a number of resources you can take advantage of on the internet. A great resource is **Canlearn.ca** the government of Canada's website to help Canadians save, plan and pay for post-secondary education. It has a lot of information about how to manage your loan(s) as well as a link to the National Student Loans Service Centre (NSLSC) website. The NSLSC website allows you to sign up for an online account and:

- Check the status of your student loan
- Check the balance of your loan(s)
- Review details of new loans you've recently received
- Update your Mailing and Permanent Addresses and other contact information on-line
- Review your loan payment and transaction history
- Receive helpful information about your loan in your Personal Message Centre
- Customize your repayment amount
- Apply for debt management programs

Contact Information:

National Student Loans Service Centre
P.O. Box 4030
Mississauga ON L5A 4M4
1 888 815-4514

CIBC National Student Centre
P.O. Box 5055
Burlington ON L7R 4P3
1 800 563-2422

Royal Bank Student Loan Centre
(Ontario Division)
1 800 363-3822

Bank of Nova Scotia
Student Loan Administration
1 888 284-3044