Canada Student Loans Program

Policy Manual

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Canada Student Loans Program
Human Resources and Skills Development Canada

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Introduction

This policy manual replaces all previous Canada Student Loans Program policy manuals. It will help the appropriate authorities in the nine Canadian provinces and Yukon Territory that participate in the CSLP to interpret the ***Canada Student Financial Assistance Act*** and the ***Canada Student Financial Assistance Regulations,*** as well as ***the Canada Student Loans Act*** and ***Canada Student Loans Regulations.*** Nothing in this manual should be interpreted in a way that contravenes the Act and its regulations.

This manual is meant to provide policy guidance to CSLP partners on the process that full-time and part-time students go through from application to repayment.

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Chapter

1

Chapter 1: Eligibility Criteria

1.1 Purpose

Provinces and Territories are responsible for determining and monitoring the eligibility of students in accordance with the *Canada Student Financial Assistance Act* and *Regulations*.

This chapter explains the criteria used to determine student eligibility for full-time and part-time loans under the Canada Student Loans Program (CSLP). It notes any differences in policy for students with permanent disabilities.

In addition to satisfying the criteria set out in this chapter, students must also demonstrate financial need. This is discussed in **Chapter 2: Need Assessment**.

This chapter describes eligibility criteria relating to:

- Citizenship
- Residency
- Designated post-secondary educational institutions
- Program length
- Full-time enrolment
- Duration/Limitations on Student Financial Assistance
- Credit screening
- Restrictions
- Part-time enrolment.

1.2 Citizenship

A student applying for a loan must:

- be a Canadian citizen **or**
- be a permanent resident **or**
- be a protected person as defined in the ***Immigration and Refugee Protection Act***.

Permanent residents must include a copy of either a valid permanent residency card or a landing document.

Protected persons must include copies of the following documentation:

- A Protected Persons Status Document (PPSD), valid for the entire study period (the date on the Notice of Decision with respect to status as a protected person can be used in conjunction with the PPSD to establish the effective dates): and
- A temporary Social Insurance Number (SIN) card showing a 900 series SIN number.

1.3 Residency

To be eligible to apply, students must live in jurisdictions that take part in the Canada Student Loans Program. Residents of Quebec, the Northwest Territories, and Nunavut are not eligible.

A student can receive loans from only one province or territory in a given study period. A province or territory can only issue a Certificate of Eligibility or Master Student Financial Assistance Agreement (MSFAA) to its own residents.

Exception: Part-time students must apply to the province or territory in which they are residing when they are in part-time studies.

The criteria for determining the province of residence depend on the category of the applicant, as explained below. (These categories are defined in **Chapter 2: Need Assessment**.)

If there is disagreement as to a student's province of residence, the provinces and territories concerned must resolve the issue. Each province / territory must confirm the agreed-upon residence of the applicant. No student can be denied consideration simply because the provinces / territories cannot agree on the issue of provincial residence.

Residency criteria: Single Dependent Student

These criteria apply to students who have either a parent or a sponsor.

The province or territory of residence for a Single Dependent Student is the province or territory where the student's family has most recently maintained a family home for at least 12 months in a row. This applies even if a parent works in another province / territory.

At their discretion, a province / territory may consider a student to be a resident if the student's family has been in the province or territory for less than 12 months.

If a student's parents are separated or divorced...
The province or territory of residence is that of the parent with whom the student normally lives. If the student lives with neither parent, the province of residence is that of the parent who supports the student financially.

If a student's parents live abroad...
The province or territory of residence is where the parents last maintained a family home for at least 12 months in a row.

If a student's parents move to another province or territory...
The student's province or territory of residence remains the same, as long as the student is staying there to attend school within a year of the parent's move.
Example: Emily is attending the University of British Columbia. Her mom moved to Nova Scotia for a new job in June. Emily decides to stay in British Columbia and continue her studies in the fall. British Columbia will continue to issue her a Canada Student Loan.

Residency criteria: Single Independent Student and Single Parent Student

The province or territory of residence for a Single Independent or a Single Parent Student is the province or territory where they lived for at least 12 months in a row before their first loan application. This does not include time spent as a full-time student at an educational institution outside the province or territory.

If a student moves to another province or territory...
The student becomes a resident of the new province or territory after they have lived there for at least 12 months in a row, not counting time spent as a full-time student at a post-secondary educational institution outside that province or territory.

Residency criteria: Married and Common-law Students

The province or territory of residence for a Married or Common-law Student is the province or territory where they lived for at least 12 months in a row before the date of their loan application. This does not include time spent as a full-time student at an educational institution outside the province or territory.

If a Married or Common-law Student attends an educational institution outside their province or territory of residence...
The student will still be considered a resident if their spouse or common-law partner has been employed in the province or territory of study for at least 12 months in a row before the start of the study period.

If a Married or Common-law couple each needs a Canada Student Loan...
One province or territory should provide assistance to both. If the two students were supported by different provinces or territories before they became a couple, consider the province or territory where they are both going to school to be their province or territory of residence, as long as that province or territory is one of their original province or territory of residence.

If the couple is going to school in a third province or territory, which is not an original province of residence for either student...
Each of them should be considered as a resident of their original province or territory, unless the province or territory concerned can agree on which province or territory should administer the loans.

Example: Amira and Martin are both studying in New Brunswick. Amira is from British Columbia and Martin is from Manitoba. Their province of residence will be British Columbia and Manitoba, unless all three provinces agree that it should be New Brunswick or British Columbia or Manitoba, for both students.

Students who have been living Outside of Canada for extended periods of time

If a single independent, single parent or married/common-law student has lived outside of Canada for an extended period of time, i.e. more than 12 months, the student will be considered a resident of the last province or territory he or she (or his or her spouse) last resided in (or maintained employment in the case of a spouse) for 12 consecutive months. If the student (or his or her spouse) has never been a resident of any province for 12 consecutive months, a determination of provincial residency will be made on a case by case basis by the province or territory or provinces and territories that are reasonably implicated.

In other exceptional circumstances, the relevant provinces would consult each other in order to determine the appropriate jurisdiction of residence.

Example: Leila was born in Nova Scotia, but left Canada with her family at the age of five. Now, many years later she is coming back to study in Canada, in New Brunswick, and is requesting a Canada Student Loan.

As Nova Scotia was the last province that Leila resided in before leaving Canada (or her parents if she is a single dependent student), Nova Scotia would be the province of residence and would be responsible for doing the need assessment.

1. 4 Designated Post-secondary Educational Institutions

Students must be enrolled in post-secondary educational institutions designated for the purposes of the Canada Student Loans Program. There is a list of these institutions on the Canlearn.ca website. The programs of study must be recognized by the province or territory and lead to a degree, diploma, or certificate. Designated educational institutions can include those located outside of Canada.

Cooperative programs

Provinces or territories may consider students in cooperative programs for loans when work terms make up an essential element of a program of study.

Correspondence and distance education programs

Students in correspondence and distance education programs or other programs with a non-traditional form of delivery may be considered for loans.

Professional training

People are **not** eligible for loans when they are in practical training required to gain acceptance in a profession or trade, such as a medical internship or residency, a dietetic internship, or legal articling unless that training is part of the requirements to complete a degree, diploma or certificate from a designated educational institution.

1.5 Program Length

A full-time student's program of study must be at least 12 weeks within a time frame of 15 weeks. Each study period (period of enrollment) must be no less than 6 consecutive weeks and no more than 52 consecutive weeks. Please note the following exceptions:

If a student is enrolled in a program with courses of less than six weeks…
The student may be eligible for full-time loans if the courses make up an essential element in a program of study which is at least 12 weeks long and takes place within a time frame of 15 consecutive weeks.

If a student is enrolled in courses during the spring and summer…
The student may be eligible for full-time loans, as long as the courses make up at least 60% of a full course load for that period.

1.6 Full-time Enrolment

Full-time students must be enrolled in courses that make up at least 60% of a full course load for each study period.

Students with permanent disabilities must be enrolled in courses that make up at least 40% of a full course load.

The *Regulations* define a course as:

> "… means formal instruction or training that constitutes, or is determined by a designated educational institution to be equivalent to, an essential element of a program of studies at a post-secondary school level at that institution, but does not include any formal instruction or practical training required for acceptance in a professional corporation or for the practice of any trade or profession unless that formal instruction or practical training is necessary to obtain a degree, certificate or diploma from that designated educational institution."

Example A: If the post-secondary educational institution and the province or territory both recognize a full course load as 5 courses, then 60% of a full course load would be 3 courses.

Example B: If the post-secondary educational institution and the province or territory recognize a full course load as 25 contact hours a week, then 60% of a full course load would be 15 contact hours a week. (Contact hours refers to the total number of in-class hours.)

No course load averaging is permitted when determining the percentage of courses needed to qualify for loans.

Example C: If a student is taking 80% of a full course load in the first term and 40% in the second term, the two terms cannot be averaged to 60% for each term.

If a student is enrolled in courses at two designated educational institutions…
If the student has a combined course load of 60%, they may be eligible for loans, as long as one or both of the institutions recognizes the student as full-time.

Note: Meeting only 60% of a course load over several study periods can make it difficult to complete a program of study within the "periods of study + 1" limit described in Section 1.7 Duration of Loan Assistance.

1.7 Duration / Limitations on Student Financial Assistance

Three distinct policies apply limits on student financial assistance:

1. The 'study periods + 1' limit restricts the amount of funding that a student can receive to complete a particular program of study.

2. The satisfactory scholastic standard is used to establish the academic progress that is required to receive further funding for any program of study.
3. The lifetime assistance limit sets a ceiling on the overall assistance a student can receive.

These limits can work independently or in combination with one another.

For instance, a borrower who switches programs of studies, who failed to maintain a satisfactory scholastic standard in their past program, may become restricted if they fail to maintain a satisfactory scholastic standard in the early stages of their new program, regardless of having not approached the number of years normally required for completion of the new program (‘study periods + 1’ limit). Conversely, a borrower who requires more than five years to complete a four year program may reach the ‘study periods + 1’ limit despite having maintained a satisfactory scholastic standard.

Study periods + 1 limit

For each program of study in a particular field, such as a Bachelor’s degree in history, students are eligible for loans to cover the number of study periods the institution specifies it usually takes to complete the program, plus one additional study period.

A study period is the interval during which an eligible student is enrolled in courses administered by a designated post-secondary educational institution. The minimum length of a study period is six weeks and the maximum length is 52 weeks.

This table shows the maximum assistance available to students for various programs of study.

Student’s Program of Study	***Normal Duration***	***Maximum Assistance***
Certificate	6 months	1 year
Certificate	1 year	2 years
Diploma	2 years	3 years
Undergraduate Degree	3 years (4)	4 years (5)
Consecutive Qualifications	Example: two, 4-year degrees	10 years

If a student does not use their “+ 1” study period when completing their program of study...
They may not carry it forward to a separate program of study.

If a student withdraws from their program of study before completing it...
The number of study periods completed will count towards their periods of study + 1

limit.

If a student transfers between programs of study....
If it is in the same/similar field where credits earned from the first program are transferable, the same period of study + 1 limit applies. If the new program is in a different field, the period of study + 1 should be reset for the new program.

If a student repeats a study period solely to improve grades…
They will not be eligible for student loans.

Satisfactory scholastic standard

Students must maintain a *satisfactory scholastic standard* to be eligible for Canada student loans. This is defined as the successful completion of at least 60% of a full course load at the post-secondary level (40% of a full course load for students with permanent disabilities). All courses must lead to a degree, diploma, or certificate.

Example: If the educational institution and the province or territory recognize a full course load as five courses, a student must successfully complete three, or 60%, of the courses to maintain a satisfactory scholastic standard. If that same full-time student is only enrolled in three courses, they must successfully complete all three courses.

If a student does not maintain a successful scholastic standard…
The province or territory should apply the following rules:

Scholastic Situation	Consequence	Remedy
Failure to achieve satisfactory scholastic standard **during one study period**	Student put on probation; remains eligible for loans and grants in subsequent loan year	Must succeed in all following study periods to maintain continuous eligibility for loans
Failure to achieve satisfactory scholastic standard **during two study periods**	Student loses eligibility for loans and grants for a minimum of 12 months	Must succeed in the unfunded study period if still in school, or keep loans in good standing if not in school during 12 month period
Failure to achieve satisfactory scholastic standard **during three study periods**	Student loses eligibility for loans and grants for a minimum of 36 months	Must succeed in the unfunded study period if still in school, or keep loans in good standing if not in school during 36 month period

Note: Failure to achieve satisfactory scholastic standing during the periods described in the above table **need be / need not be consecutive***. For example: A student who fails their first year would be put on probation for a year but would still be eligible for loans and grants for their second year. If they passed their second year and went on to fail again in their third year, they would then lose eligibility for loans and grants for a minimum of 12 months, i.e. consequence for failure to achieve satisfactory scholastic standard during two study periods.

*** The entire SSS policy is subject to review and change. It will be confirmed following discussions at ICCSFA.**

If a student switches programs during their study period…
The satisfactory scholastic standard applies to all programs of study and all study periods for which the loan was awarded.

If a student has a temporary illness or disability…
The student may be exempted from the satisfactory scholastic standard for that period.

If a student withdraws from studies within 30 days…
The study period is not considered a failure and does not count towards the restriction.

If a student failed due to extenuating circumstances…
The province or territory can use their discretion whether or not to consider such a failure as part of the student's satisfactory scholastic standard.

Lifetime assistance limit for full- and part-time students

Full-time students are no longer entitled to receive further financial assistance (loans, grants, or in-study interest free status) once they complete a study period in which they reach/exceed their maximum of 340 weeks of financial assistance over the entire course of their post-secondary education. This includes all weeks of study for which a loan, grant or interest-free status was granted. The maximum amount of Canada Student Loan is $210 per week of study or $10,920 a year for a 52-week study period. The lifetime maximum is $71,400 for 340 weeks of study.

Part-time students do not have a maximum number of weeks. However the maximum loan limit is $10,000, excluding interest. This is a cumulative maximum. It includes part-time loans issued under the *Canada Student Loans Act* as well as the *Canada Student Financial Assistance Act*.

If a full-time student withdraws from their program of study before completing it...
The number of weeks completed is counted towards their lifetime financial assistance limit of 340 weeks.

If a part-time student withdraws from their program of study before completing it...
The amount of the loan provided is counted towards the maximum loan amount of $10,000 for part-time students.

Exceptions to financial assistance limits

The following students are exempt from the standard limits for financial assistance:

- PhD candidates are eligible for an additional 60 weeks, for a maximum lifetime financial assistance limit of 400 weeks.
- Students with permanent disabilities are exempt from the study periods + 1 limit. They also have a lifetime financial assistance limit of 520 weeks.
- Students who began receiving Canada Student Loans before August 1st, 1995 are eligible for financial assistance up to a lifetime limit of 520 weeks. They also have the study periods + 1 limit. For example, a third year student in a 4-year program would be eligible for loans for up to 2 more years of study to complete their program.
- If a student reaches their lifetime financial assistance limit but remains in continuous full-time studies, they may apply for payment deferral. During this period interest will accrue. However, payment will not be required until they complete their program of studies.

1.8 Credit Screening

Students 22 and older applying for loans for the first time must pass a credit check prior to negotiating their loans. Serious credit abuse makes a student ineligible for a Canada Student Loan. Serious credit abuse is defined as follows:

- In the 36 months before applying, the student missed payments on at least three debts **and**
- Each debt was higher than $1,000 **and**
- Each debt was more than 90 days overdue **and**
- The student had control over the circumstances which led to the missed payments.

1.9 Other Restrictions on Eligibility

Default restrictions

Borrowers who are 90 or more days in arrears are restricted from receiving all forms of further assistance until their loans are brought into good standing.

The point at which loans are considered to be in default differs according to loan type:

- Direct loans default upon reaching 270 days in arrears.
- Lenders (financial institutions) determine when risk-shared loans are in default.
- Guaranteed loans fully default upon having fallen 90 days into arrears.

Direct and Guaranteed loans in default are sent to the Canada Revenue Agency (CRA) for collection. Once an account is with

CRA, borrowers are restricted from all forms of further assistance and must rehabilitate their accounts in order to have the restrictions removed. (Note: This would also apply to Risk-Shared Put-Back loans that reside with CRA)
To rehabilitate a loan that has gone to Canada Revenue Agency for collection, the borrower must:

- request consideration from CSLP;
- repay all outstanding interest;
- make the equivalent of two monthly payments on the loan (the amount of the monthly payments is set out in the borrower's repayment schedule with CRA); and
- ensure that CRA repayment requirements are up to date until rehabilitation request is approved by CSLP.

Examples of loan rehabilitation

Example 1 – One lump sum payment
Pat would like to rehabilitate his loan so that he can return to school. Right now he earns less than $20,000 a year. His loan balance is $17,680 -- $15,000 in principal and $2,680 in interest.

Pat has negotiated with CRA for a monthly repayment amount of $70. This only covers the monthly interest on his loan. To immediately rehabilitate his loan, Pat makes one lump sum payment of $2,820. This covers the $2,680 in outstanding interest plus his two negotiated monthly payments of $70.

His loan is now rehabilitated and returned for continued repayment. Pat can now access further loans, grants, repayment assistance, and in-study benefits.

Example 2 – Paying the outstanding interest and two monthly payments
Cory would like to rehabilitate her loan in order to improve her credit rating. She earns $40,000 a year. Her loan balance is $21,925 -- $20,000 in principal and $1,925 in interest.

Cory's standard monthly payment at consolidation was $230, which is also the monthly amount set out in her repayment schedule with CRA. To rehabilitate her loan, Cory chooses to make three payments:

- one immediately to cover her outstanding interest of $1,925
- one in the current month to cover one of her required monthly payments of $230
- a final payment a month later for $230.

Once these amounts have been paid, her loan is rehabilitated.

Example 3 – Multiple payments
Levi earns $30,000 a year. His total loan balance is $17,680 -- $15,000 in principal and $2,680 in interest. His monthly payment, set out in the CRA repayment schedule, is $175.

To rehabilitate, Levi arranges with CRA to make interest-only payments until the outstanding interest on his loan balance is paid. Levi and CRA calculate that it would take about 15 monthly payments of $175 to bring his outstanding interest up to date, plus $70 per month to cover the monthly interest that accrues on his loan balance over that period. That makes his total monthly payment towards interest alone $245.

Once the interest has been paid up to date, Levi must still make two payments of $175 to fully rehabilitate his loan.

Government set-off and lump-sum payments in relation to rehabilitation

In certain instances, CRA places liens on borrowers' income tax refunds (government set-off) to be applied to their student loan debt. Borrowers can also make lump-sum payments toward their CRA-held debts, prior to making repayment arrangements.

If a government set-off or lump-sum payment amount is applied on a loan (covering outstanding interest and the equivalent of two payments) but there was no borrower communication regarding rehabilitation or payment arrangement made with CRA before the set-off or lump-sum payment occurred, the borrower is still required to pay the equivalent of two monthly payments.

If a payment arrangement between the borrower and the CRA has been formally entered into before the government set-off or lump-sum payment amount is received, it counts toward the payment of all outstanding interest as well as the equivalent of two monthly payments.

No portion of the government set-off is to be returned to the borrower, even if the government set-off amount exceeds the minimum required payments. The remainder of the non-refundable set-off payment is applied to principal.

If the effective date of rehabilitation is prior to when the government set-off was applied, the full amount of the government set-off will be returned to the borrower.

The effective date of rehabilitation is when the second monthly payment is received at the CRA and that CSLP has confirmed that the borrower has met all requirements.

All discussions or queries regarding set-offs and lump sum payments should be directed to the CRA.

Restrictions for bankruptcy, consumer proposals, orderly payment of debts

Borrowers whose student loans have been included in an assignment in bankruptcy, a consumer proposal, or a provincial arrangement for the orderly payment of debts, must wait three years after the date of Absolute Order of Discharge (which is no earlier than seven years from the end date of the borrower's last study period or five years in the case of hardship), to reapply for a student loan. However, borrowers who are in full-time studies when filing bankruptcy may be eligible for further loans and grants to a limit of three consecutive years of study if they remain in the same program of studies.

A copy of the Absolute Order of Discharge, Satisfaction Piece, or Certificate of Full Performance must accompany the application. See **Chapter 6: Bankruptcy** for further details.

Restrictions after a finding of guilt

Student borrowers who by reason of conduct in obtaining or repaying a student loan are found guilty of an offence under any Act of Parliament, as of the day of the finding of guilt, will not be eligible for student loans until either:

- Five years have passed since the day of the finding of guilt; **or**
- A pardon has been granted for the original finding.

Administrative Measures: 1-5 year restrictions and immediate repayment

If a person knowingly makes false statements, misrepresentations, or omissions in order to get student financial assistance, they may be restricted from aid for one to five years. This includes loans, grants, repayment assistance, and in-study interest-free status. In some cases, the CSLP may decide to make loans and/or grants immediately repayable.

The Canada Student Loan Program sets the restriction period based on the amount of aid they received, if the person was not a qualifying student, and/or if a previous administrative measure restriction was applied.

CSLP must give the borrower 60 days' notice of any administrative measure to be applied. The measure comes into effect on the 67th day.

The person affected by the administrative measure can make a submission to the Minister of HRSDC at any time. If new facts are established, the measure may be changed or removed.

Repayment Assistance Plan (RAP) restrictions

Borrowers whose loan principal is reduced through the Repayment Assistance Plan (RAP) are restricted from receiving new loans. Principal reductions occur during RAP Stage 2 and RAP-PD and take effect when at least 5 years have elapsed from a borrower's Period of Studies End Date (i.e., even though principal reductions begin immediately with RAP-PD, the restriction will take effect only when 5 years have elapsed from the PSED).

However, borrowers with RAP Stage 2 and RAP-PD restrictions remain eligible for interest deferral status if they return to school and may benefit from further funding once their loans are retired.

A borrower also becomes restricted if they miss one or more Affordable Payment during their RAP period and do not cover the payment within the month following cessation of the RAP period.

(See **Chapter 5** for details on RAP Stage 2 (**5.2** and **5.4**), RAP-PD (**5.9**) and the RAP Missed Affordable Payment (**5.7**).

Severe Permanent Disability Restriction

Borrowers whose loans are written-off under the Severe Permanent Disability Benefit are permanently restricted from receiving further assistance. See section 5.15 for further details.

1.10 Eligibility for Part-time Student Loans

The eligibility requirements for part-time loans are the same as for full-time loans except in these areas:

Part-time enrolment

A student is considered to be part time when taking between 20% and 59% of a full-time course load. Students with permanent disabilities taking between 20% and 39% of a full-time course load are considered part-time. Students with permanent disabilities taking between 40% and 59% of a full-time course load can elect to be in full-time or part-time status.

Study period length

There is no minimum length requirement for a study period.

Residency

Part-time students must apply to the province or territory in which they are residing when they are in part-time studies.

Students who wish to enroll in part-time studies at a designated educational institution abroad must apply to their home province or territory in Canada in accordance with residency requirements for full-time students (see section 1.3).

Satisfactory scholastic standard

The requirements for maintaining a satisfactory scholastic standard include continued enrolment and the successful completion of all courses for which funding was issued. Students who have not successfully completed Canada Student Loan funded courses may be reinstated to receive Canada Student Loan funding provided they successfully complete one semester funded through their own resources.

Need assessment

Need assessment is not calculated in the same way for part-time students. Eligibility for loan assistance is determined based on income levels. Provinces and territories calculate the student's allowable educational costs to determine the loan amount.

Chapter

2

Chapter 2: Need Assessment

2.1 Purpose

This chapter explains the need assessment process for full-time students under the Canada Student Loans Program. It also explains the differences in approach for part-time students and students with permanent disabilities. All need assessment for the CSLP is conducted by provincial and territorial student aid offices.

The need assessment process determines :

- Whether a student qualifies for assistance based on need
- The amount of assistance granted.

There are 4 steps in the need assessment process for full-time students:

1. Identify the student's category.
2. Assess the student's costs.
3. Determine the student's resources.
4. Calculate the student's need.

Note: When an applicant feels that extenuating circumstances might warrant an adjustment to the assessment, they may request a review. See **Chapter 3.6: Loans, The Loan Review Process.**

The chart on the following pages gives an overview of the need assessment process. The rest of the chapter describes each item in more detail.

2.2 Need Assessment Overview

Item	***Student category***					***Notes***
Student category: ***(X = applicable to this category)***	SDH	SDA	SI (H/A)	M/CL	SP	**SDH** = Single Dependent student living at Home **SDA =** Single Dependent student living Away from home **SI** = Single Independent student (H/A: Home and Away) **M/CL** = Married or Common-Law student **SP** = Single Parent Student
Costs for study period						
1. Tuition and compulsory fees	X	X	X	X	X	Actual amount.
2. Books and supplies	X	X	X	X	X	Actual or allowances, subject to $3,000 maximum. Includes federal maximum of $300 for computer costs.
3. Student living allowance	X	X	X	X	X	This is a standard allowance that is regionally based, See **Appendix A, Table 3.**
4. Return transportation		X				Standard allowance, regionally based.
5. Child care				X	X	Actual cost or allowances. This is subject to the ceilings in **Appendix A, Table 4**.
6. Other allowable costs	X	X	X	X	X	Actual amount (documentation where appropriate).
7. Discretionary costs	X	X	X	X	X	Discretionary (documentation where appropriate).

Standard allowances (Items 1-5):
Students in all provinces and territories are assessed the standard allowances for these items. This standard is designed to accurately assess the needs of the vast majority of students.

Resources						
Item	***Student category***					***Notes***
	SDH	**SDA**	**SI (H/A)**	**M/CL**	**SP**	
8. Pre-study period contribution	X	X	X	X	X	Greater of 80% of discretionary income from pre-study period and the minimum spousal contribution (if applicable) for the student category. See **Appendix A: Table 6A**.
9. Contribution from study period	X	X	X	X	X	100% of net income in excess of $100 per week of study (see **Chapter 2.5**, **Sources of Income which include Educational Assistance Payments from RESPs**). 100% of merit-based scholarship awards and bursaries, less a maximum $1,800 exemption
10. Assets of student and spouse or common-law partner ***a) RRSP***	X	X	X	X	X	Actual less $2,000 for each year out of secondary school
b) Other financial assets	X	X	X	X	X	Actual amount
c) Vehicles	X	X	X	X	X	Total market value, less a $5,000 deduction
11. Parental contribution ***a) Income***	X	X				Weekly contribution based on family income and size. RESP withdrawals for PSE to be considered as part of calculation.
b) Assets	X	X				See note below on discretionary costs and adjustments to resource assessment.
12. Targeted resources	X	X	X	X	X	Actual amount (includes other targeted resources)
Assessed need = Total costs minus total resources						

Other allowable costs (Item 6):

Provinces and territories may assess other allowable costs if they receive documentation showing that the student's actual total living costs exceed the total of the standard allowances.

Other discretionary costs (Item 7) and adjustments to resource assessment

Provinces and territories may consider discretionary costs and make adjustments to resource assessments in response to documented emergency and extraordinary circumstances that would prevent a student from continuing studies. These adjustments are subject to a $2,000 limit.

2.3 Step One: Identifying a Student's Category

Single dependent student

Single students who meet each of the following criteria are considered to be financially dependent on parents, guardians, sponsors, or other supporting relatives:

- Never have been married or in a common-law relationship **and**
- Never have been a single parent with legal custody and financial responsibility for supporting a child **and**
- Be pursuing post-secondary education within four years of leaving secondary school **or** the student has never been in the labour force full-time for 2 years. The two years need not be consecutive. However, each year of work must be 12 months in a row.

Note: The unwillingness of a parent to assume financial responsibility for the student does not affect the student's identification as dependent.

If the student lives away from home …
Students who go to school within 25 kilometers of their parents' home are considered 'single dependent living at home'.

A province or territory may exercise discretion if such a student shows a legitimate reason for living away from home, such as:

- The parents have sold the family home and moved to a 1-bedroom.
- The family home is not accessible by local transit.

Single independent student

Single students are considered independent if **one** of the following applies:

- There is no parent, guardian, sponsor, or other supporting relative, due to death or disappearance **or**
- The student has been out of secondary school for four years **or**
- The student has been in the labour force full-time for two years. The two years need not be consecutive. However, each year of work must be 12 months in a row; **or**
- The student's family status has changed. For example, a marriage or common-law relationship has ended, or the child of a single parent

student is no longer in their care.

Married or common-law student

Married or common-law students meet **one** of the following criteria:

- They are legally married **or**
- They have been living in a conjugal relationship for at least one year.

Same sex relationships
The *Civil Marriage Act of July 2005,* extended the definition of marriage to include persons of the same sex. Common-law partnerships also include persons of the same sex.

Support from the spouse or partner
The need assessment of students who are identified as married or in a common-law relationship assumes a financial contribution from the spouse or common-law partner. If the spouse or partner is unwilling to assume financial responsibility for the borrower, this does not affect the identification of the student as a married or common-law student.

Changes in family status
If a marriage or common-law relationship ends, the borrowing student is considered to be either an independent student or a single parent student. The student's status cannot revert to dependent student.

Single parent student

Students identified as single parents are those who have legal and physical custody and responsibility for supporting a child. They must not currently be married or in a common-law relationship.

If a single parent student shares custody…
Single parent students who share physical custody and financial support with the other parent are still identified as single parent students. In this case, the province or territory may require separation agreements as supporting documentation, so that they can confirm the agreement and determine how to pro-rate allowances.

If a student supports a child but does not have custody…
Students who provide financial support for a child for whom they do not have or share physical custody will fall into one of the categories other than single parent student.

2.4 Step 2: The Student's Costs will be assessed

In this step we discuss:

- Education costs
- Living costs
- Other allowable costs
- Discretionary costs.

For information on married and common-law couples who are **both** students, see **Cost Exceptions for Married and Common-law Couples who are Both Students, Chapter 2.4**.

Assessment periods and award periods
Provinces or territories assess the student's costs for each study period during the loan year for which the student is enrolled. However, provinces and territories can disburse allowances at regular intervals, such as monthly, quarterly, or each semester.

Assessing living costs monthly or weekly
Provinces and territories can assess living costs on either a monthly or a weekly basis. In this section of the manual, we refer to monthly assessment. If the province or territory assesses costs on a weekly basis, divide the monthly allowance by 4.3.

If a student lives away from home for a part of the study period and at home for the rest of the study period…
In these cases, assess living allowances proportionately.

If a student is enrolled in two institutions during a study period...
Include the total cost of tuition, compulsory fees, books, and supplies at both institutions. The first institution is the one at which the degree, diploma, or certificate is to be received. Courses taken at the second institution must be credited toward the degree, diploma, or certificate to be received from the first institution. Both institutions must be designated under the Canada Student Loans Program.

Education Costs

Tuition and compulsory fees

Provinces and territories assess tuition and compulsory fees based on the actual amount payable to the educational institution. Compulsory fees can include:

- annual admission fees required when submitting applications
- student council fees

- student services fees
- field trip costs
- examination fees
- graduate thesis costs
- other amounts payable by students to the educational institution which are obligatory for their course of study
- membership fees for professional or other societies

When a third party pays tuition directly to an educational institution…
Assess this as a targeted resource. See **Step 3, Chapter 2.5: Determining a Student's Resources, Targeted Resources.**

Books and supplies

Provinces and territories can assess the actual amount for books, supplies, and computer-related costs, up to a maximum of $3,000 for each loan year. Or, the province or territory can establish average amounts, up to the maximum, by institution, faculty, course, or level of studies. The specific books and supplies required may vary from one program to another.

Included in this maximum are computers and computer-related costs. These are assessed at a federal maximum of $300 per loan year.

Living Costs

Student living allowances

The monthly student living allowances for each category of student are in **Appendix A: Table 3**. These standard allowances are intended to cover costs for shelter, food, local transportation, and miscellaneous expenses. They have been established using data for each province and territory from national databases, and are based on the student's living situation and the province or territory where they will be studying.

If a student has dependants ...
The total monthly living allowance for each dependant is added to the student's living allowance (see **Chapter 2.5, Step 3: Determining a Student's Resources** for definition of wholly dependent).

If a student shares custody of a child…

Assess the student living allowance for the single parent student category, plus the dependant's monthly shelter allowance for the entire assessment period. Assess the rest of the dependant's living allowance only for those weeks or months when the child actually lives with the single parent student.

If two students share custody of a child...
Identify both students as single parent students. Assess both the shelter allowance for dependants for the entire assessment period. Assess the rest of the dependant's living allowance as shared between the two students, based on the time the child actually lives with each student.

If a student studies outside of Canada...
They are assessed costs based on their province of residence in Canada.

Return transportation for single dependent students

Dependent students living away from home are allowed one return trip to their permanent home for each period of 16 weeks. There is a limit of two return trips per loan year.

The cost of the trips is based on the most economical means of available transportation, up to a maximum of $600 for each trip, or $1,200 per loan year. Or, provinces or territories may assess a standard allowance by adding a flat rate to the student living allowance, up to the annual maximum.

Childcare

Provinces or territories can provide childcare allowances to married, common-law, and single parent students with dependent children younger than 12.

Provinces or territories can establish a standard allowance or assess the actual costs, based on receipts. The maximum amount allowed for each province and territory is listed in **Appendix A: Table 4**.

Other Allowable Costs

Alimony and maintenance payments

Alimony and maintenance payments may be assessed as a cost to the student. Use the **lesser** of:

- the after tax amount of the payment
- the maximum of the dependant's total monthly allowance from **Appendix A: Table 3**.

Childcare for dependants with permanent disabilities

Provinces and territories can provide childcare allowances to students who have children aged 12 years or older who have a permanent disability, if such care is required. They must provide documentation from a doctor confirming the need for childcare.

Second residence for married and common-law students

Married and common-law students who demonstrate a necessity to live away from the family home can be assessed for a living allowance on top of the living allowance for their home province or territory.

The additional assessment will be based on:

- the shelter allowance for single students living away from home for the province or territory where the school is located
- one return trip to their permanent home for each period of 16 weeks, up to a total of 2 trips in a loan year
- a maximum cost of $600 per trip.

Second residence for all categories of students

Provinces and territories can assess a second residence allowance to any student who owns a primary residence and who meets these conditions:

- The home is more than 25 kilometers from school **and**
- There is no public transportation available **and**
- The province or territory agrees that private transportation is not feasible.

Extended local transportation for students living at home

If a student who is living at home must commute to school (or work in the pre-study period) from outside the zone covered by a bus pass, the province or territory can provide an allowance for extended local public transportation. This allowance would be **in addition to** the amount provided for local transportation in **Appendix A: Table 3**.

If a student living at home does not have access to public transit and must drive a car to school or work, the province or territory can provide an allowance for extended local private transportation. This allowance would **replace** the amount provided for local public transportation in **Appendix A: Table 3**.

Note: In both cases, the amount for extended local transportation should not exceed the shelter allowance for students living away from home but in their home province or territory.

Return transportation for independent and single parent students

Provinces and territories can assess return transportation costs to single independent students and single parent students whose permanent place of residence is their parents' home if they are living away from home solely during the study period. They are allowed:

- one return trip for each study period of 16 weeks
- a total of two return trips in a 12-month period
- a maximum cost of $600 for each trip.

Note: Provinces and territories can allow the cost of a second return trip home within a 16-week period in emergencies such as critical illness or death of an immediate family member.

Relocation costs

Provinces and territories can assess costs for relocating a student to and from school at the beginning and end of the study period. The maximum allowable amount is $600.

Tuition, books, and supplies for part-time study

Provinces and territories can assess the tuition fees paid for part-time courses, as well as required books and supplies, taken during the pre-study period. These costs can be added to the student's total assessed costs for the pre-study period as long as both of the following conditions are met:

- The student did not receive other government financial assistance for the course **and**
- The course is required for the program of study in which the student is enrolled full-time. **Example:** Tuition fees paid for a summer or intersession course.

Full and part-time student loan

During the pre-study period, provinces and territories can assess the student's cost of repaying full-time government student loans.

repayments

If applicable, the province or territory can also assess the loan repayment costs of the student's spouse or common-law partner, in both the pre-study period and the study period of the applicant.

Government part-time loan repayments may be assessed as an allowable expense for both a student and a spouse or common-law partner in both the pre-study and the study periods.

Provinces or territories can assess the total amount of the minimum payments required under a consolidation agreement. There is no allowance for lump sum payments.

Medical, dental, and optical costs

Provinces or territories may allow out-of-pocket costs for dental, medical, and optical expenses that are greater than the amounts provided in the student living allowance or covered under any insurance plan.

Parent of a single dependent student who is also a student

If the parent of a single dependent student is also applying for a student loan on their own behalf, the province or territory can add the cost of their parental contribution for their child to their own living costs.

Discretionary Costs

Provinces or territories may, on a case-by-case basis, allow for discretionary costs in situations that are unique to a province or to a particular group of applicants, if they are not covered by the previous criteria. Provinces and territories should use the principles of fairness and reasonableness to assess these situations.

Provincial / territorial discretion, whether in waiving a contribution, deducting an expense, or awarding an additional loan, must not exceed $2,000. Provinces and territories could deem the following costs allowable:

- amounts for supplies
- amounts for books and supplies over the maximum allowed cost
- high living costs for shelter or food
- room and board for independent students living at home
- medical expenses
- high alimony or maintenance payments
- house repairs

- funeral costs
- legal expenses.

Cost Exceptions for Married and Common-law Couples who are Both Students	
Student living allowance	Assess each student half of the total monthly living costs for married or common-law partners in school. For any month when only one of the two is a student, assess that student the full amount of the total monthly living costs.
Childcare	Assess each student half of the actual cost of childcare for the months when both students are in school. For any months when only one is a student, assess that student the full amount of childcare, subject to the ceilings listed in **Appendix A: Table 4**.
Other Allowable Costs	If the cost applies to only one partner, such as medical or dental costs, assess that student separately. If the cost is a shared cost, assess each student half of the total amount for the months when both are in school. When only one student is in school, assess that student the full amount.

2.5 Step 3: Determining a Student's Resources

In this step we discuss how to determine the resources from which a student is expected to draw to help meet the assessed costs of their education. Resources include:

- Student income
- Student assets
- Parental income and assets
- Targeted Resources.

For information about how income is assessed for married and common-law students when **both** are students, see **Resource Exceptions for Married and Common-law Couples who are Both Students, 2.5**.

Student Income

Students are expected to contribute to their education by working full-time during their pre-study periods and to contribute from income earned during their study periods. The spouses and partners of married and common-law students are also expected to make a contribution.

Income from the pre-study period

The contribution expected from the pre-study period is the **greater** of:

- 80% of the student's discretionary income from the pre-study period. Discretionary income is defined as net income minus total living costs for the period. For married and common-law students, add 80% of the spouse or partner's discretionary income for the same period.

  or

- the established minimum student contribution for the student's category. See **Appendix A: Table 7.**

Note: When a spouse or common-law partner is out of the work force caring for a child 12 months or younger, provinces or territories may reduce their pre-study contribution on the initial assessment.

If a single dependent student lives at home during the study period...
The minimum student contribution is based on the parents' place of residence.

If a single dependent student is away working…
If a single dependent student is away from the parents' home working full-time during the pre-study period, the minimum student contribution is based on the province or territory where the student is working.

Income from the study period

Single students are expected to contribute 100% of their net income during the study period, less an exemption of $100 per week. For a detailed list of items qualifying as income, see **Sources qualifying as income**, following.

Spouses and common-law partners who are not students are expected to contribute the **greater** of the following:

- 70% of their net income

  or

- a minimum spousal contribution. See **Appendix A: Table 7**.

To calculate the student's total net income for the study period, add the spousal contribution to the student's net income during the study period, less $100 per week of study.

Note: When a spouse or common-law partner is out of the work force caring for a child 12 months or younger, provinces or territories may reduce their pre-study contribution on the initial assessment.

Exceptions for scholarships and bursaries
There is a combined exemption of up to $1,800 per loan year for merit-based scholarships and need-based bursaries. In the case of bursaries, the eligibility criteria must not depend upon the amount of unmet need that remains after receiving federal and provincial loans. Any amount above $1,800 is considered to be income.

Exceptions for targeted resources
The $100 exemption does not apply to targeted resources—funds provided to help cover education-related costs. See **2.5**, **Targeted Resources** later in this chapter.

Sources qualifying as income

Assess the following items as income.

- net income from employment, including commissions, bonuses, tips and gratuities
- net income from self-employment, such as a small business, farming, fishing
- government funding that is not targeted for educational costs, such as benefits from Employment Insurance, Canada Pension Plan (including Orphan's Benefit), Old Age Security, Workers' Compensation, and social assistance.
- severance packages
- investment earnings, such as interest and dividends
- pension, superannuation and insurance benefits
- cashed-in Registered Retirement Savings Plans
- income from insurance settlements
- spousal support or child support payments received
- income received as an inheritance
- income received as a foster care provider
- merit-based scholarships (less an exemption of $1,800), such as university entrance scholarships, Ontario Graduate Scholarship, doctoral fellowships, private sector scholarship funds.
- need-based bursaries. These bursaries are generally offered by private sector sources. They may or may not be administered

through an educational institution. The eligibility criteria are based on need but they are not targeted for a specific element of the costs of living or education.

Note: To be assessed as income, the bursary's eligibility criteria must **not** depend on the amount of unmet need that remains following the provision of federal and provincial loans.

- **Educational Assistance Payments** (EAP's) are the funds that are directly accessed by the student (beneficiary) from a Registered Educational Savings Plan (RESP) for post-secondary education. These payments are comprised of a portion of the Canada Education Savings Grant and Canada Learning Bond government contributions, as well as the income earned on all of the monies that were contributed to the RESP. Investment income accumulated in the RESP belongs to the beneficiary.

  Note: EAPs are taxable to the student and treated as in-study income. Therefore, the $100 per week exemption on all in-study income applies.

  (See **section 2.5: Treatment of RESP's under Parental Contribution: Targeted Resources**, as follows)

Items to exclude from income

Do not assess the following as sources of income:

- income tax refunds
- child benefits, such as the Canada Child Tax Benefit, provincial/territorial child benefits, the Disabled Contributor's Child Benefit
- Universal Child Care Benefit (UCCB)
- GST/HST credits
- refundable tax credits such as provincial sales tax credits, Property Tax Credits, Alberta's Oil Energy Tax Refund, B.C. Energy Rebate, Ontario Taxpayer Dividend
- Hepatitis "C" compensation payments
- Indian Residential School payments
- need-based bursaries that are based on the amount of remaining unmet need after the student has received the maximum available amount of federal and provincial loans. These bursaries are generally offered by a provincial or territorial government. In some cases, they are offered by a private sector source through an educational institution.
- Registered Disabled Savings Plan

Student Assets

Provinces / territories may assess assets before or after the pre-study period.

Registered Retirement Savings Plans (RRSPs)	Assess the full net worth of all RRSPs less $2,000 for each year that the student has been out of secondary school. **Exception:** Money in a locked-in RRSP (usually the transfer value of pension benefits from a former employer's pension plan) is not counted as an asset.
Other financial assets	Assess the full net worth of all other financial assets, including: • cash • checking and savings accounts • provincial savings bonds and Canada Savings Bonds • corporate bonds • guaranteed Investment Certificates • treasury bills • mutual funds.
Vehicles	Assess the gross resale market value of all vehicles less $5,000. **If a student with a permanent disability owns a vehicle…** If the student has a specially equipped vehicle, provinces or territories may reduce the gross resale value to its value without the enhancements, and then deduct $5,000.

Parental Contribution

The amount that parents are expected to contribute to their children's education costs is calculated based on family size, income and the number of post-secondary students in the family. The parents' discretionary income is calculated by taking the net parental income and subtracting the 'moderate standard of living', which is updated annually.

After subtracting the moderate standard of living to determine the parents' 'Annual Discretionary Income', a percentage of this figure is set as the weekly parental contribution for the duration of the study period.

If the family has two or more dependent children in post-secondary studies, the parental contribution is divided by the number of children in post-secondary studies. Finally, the parental contributions are incorporated into a student's assessment of financial resources, regardless of whether parents contribute this amount or not.

Definition of 'parent'
For assessment purposes, the term **parent** includes natural parents, stepparents, legal guardians, and sponsors. The term **sponsors** include people who sponsor immigrants to Canada.

To determine family size:
The family consists of the student applicant, other dependants and wholly dependent persons, and the parents themselves. Apply the definition of single dependent children at the beginning of this chapter and the definition of wholly dependent persons.

Wholly dependent person

A person is wholly dependent on the borrower, or the borrower's spouse or common-law partner if the dependent person:

- Resides in Canada
- Resides with the borrower or is in a health care facility

A wholly dependent person is either:

- under 18 years of age **or**
- dependent by reason of a mental or physical infirmity

The term can include:

- The borrower's spouse/common-law partner.
- A child or grandchild of the borrower
- A child or grandchild of the borrower's spouse or common-law partner
- The parent, grandparent, brother, sister, uncle, aunt, niece or nephew of the borrower
- The parent, grandparent, brother, sister, uncle, aunt, niece or nephew of the borrower's spouse or common-law partner

Note: The borrower **must** have claimed the wholly dependent person for tax purposes and Canada Revenue Agency (CRA) **must** have accepted the person as being wholly dependent upon the borrower or their spouse or common-law partner.

Required documentation:

- A letter from a health care practitioner explaining the nature of the disability, when the condition occurred, and the care required
- Receipts itemizing the expenses and the date they were paid by the borrower or borrower's spouse/common-law partner

- For dependants 18 and older, a copy of the most recent tax form substantiating CRA approval of the wholly dependent person.

Determining parental contribution

Parents of single dependent students are expected to make a contribution to their children's education from their income. Parental contributions vary by family income and size, but do not depend on the living situation of the student.

The **steps followed in determining parental contribution include:**

Step1: Calculate the parental contribution:
Determine Discretionary Income by subtracting the Moderate Standard Of Living (MSOL) from after-tax income. MSOL is the estimated cost of living for the parents of dependent students. It takes into account family size and includes the cost of shelter, food, household operation, child care, furnishings and equipment, clothing, transportation, health and personal care, reading material, life insurance premiums, pension contributions, charitable donations and other miscellaneous expenses.

Appendix A: **Table 8** provides estimates for parents' MSOL by region and number of children. These values are based on Statistics Canada's *Family Expenditure Survey*.

Determine the weekly parental contribution based on Discretionary Income by using either the formula or amounts outlined in **Appendix A: Table 9.**Multiply this by the number of weeks in a student's study period.

If parents have two or more dependent children in post-secondary education…

Divide the weekly contribution by the number of children to determine the weekly contribution for each child.

Multiply the weekly contribution for each child by the number of weeks in that child's study period.

No reduction of the parental contribution or increase of the parents' Moderate Standard Of Living will be considered on the initial assessment. **Chapter 3: Loans** outlines the circumstances under which a parental contribution may be reduced.

Step 2: Determine if parents have withdrawn funds from their RESP to assist their children in attending post-secondary education.

The after-tax contributions that are made to an RESP by the subscriber belong to that subscriber. The subscriber can have their contributions returned to them by the promoter of the RESP (e.g., the financial institution), tax-free, when the contract ends or at any time before. If a subscriber withdrawals contributions during the student's year of study, it is referred to as a RESP withdrawal for PSE. With the approval of the subscriber, the promoter can also forward the RESP withdrawal for PSE, tax-free, directly to the beneficiary (depending on the terms and conditions of the RESP).

Step 3: Determine if the parental contribution is based on the calculation in step one or the amount of the RESP withdrawal for PSE in step two.

If a parent withdraws from an RESP for PSE, the parental contribution is the **greater** of:

- the expected parental contribution as calculated in step one.
- the amount of the RESP withdrawal for PSE for that loan year as in step two.

Example of a Withdrawal of an RESP Affecting Parental Contribution

Lindsay's parents are expected to contribute $544 towards her education for her current study period (i.e. based on their income). During this period, they withdraw $600 of the contributions they had made to the RESP for Lindsay. As this $600 withdrawal of an RESP contribution is greater than the $544 amount it will instead be used in the calculation and be considered the parental contribution for assistance purposes.

Parental Assets

Parental assets are not included in the need assessment process. However, provinces or territories can, at their discretion, assess a contribution from parental assets.

Targeted Resources

Targeted resources are those provided to help with specific educational costs. They are assessed at 100%. These may include funds received from municipal, provincial or federal governments, the private sector, or from an individual. The funds could be paid directly to the educational institution (for instance, to cover tuition), or they could be paid directly to the student.

Examples of government-funded targeted resources:

- Training allowances from the Skills Development portion of Employment Insurance benefits
- Social assistance payments intended to cover education-related costs
- Native Band funding provided by the Post-Secondary Student Support Program (PSSSP) specifically for educational purposes

Examples of privately-funded targeted resources:

- Sponsorship or training allowances provided by an employer to attend post-secondary studies
- Room and board provided by an employer while a full-time student
- Subsidy or bursary for childcare received only because the parent is a full-time student

Examples of targeted resources from an individual:

- Voluntary contributions from a spouse or common-law partner, family members, or from students themselves that exceed assessed contributions.
- RESP contributions given to a beneficiary by anyone other than a parent, or to an independent student by a parent. For CSLP purposes, there is no expected contribution from individuals other than parents of dependent students who have made RESP contributions. When these individuals (including parents of independent students) give the RESP Withdrawal for PSE to the student beneficiary, their contributions are treated as a cash gift. The student would have to claim this gift as a targeted resource, with no exemption.
- Income from a trust fund set up for a student. **Note:** If a parent set up the trust fund, assess the parental contribution as the **greater** of:
    - the assessed parental contribution or
    - the income from the trust fund during the loan year.

Resource Exceptions for Married and Common-law Couples who are Both Students	
Income from pre-study period	Assess each student's contribution by dividing in half the **greater** of the following: • 80% of the students' combined actual discretionary income • the established minimum student contribution for married and common law students. See **Appendix A: Table 7**

Income from study period

Each spouse or common-law partner should be assessed half of the combined monthly net income for the months when they are both students.

1. Combine the net income from both students
2. Deduct $200 per week of study.
3. Assess each student at 50% of the contribution.

For months when only one spouse or common-law partner is studying, assess that student the full amount of the couple's monthly net income.

RRSPs

Assess each student's resource contribution separately. Assess the full net worth of all RRSPs less $2,000 for each year that the student has been out of secondary school. Each student is entitled to the deduction on the net worth of the RRSPs that each owns.

Exception: Money in a locked-in RRSP (usually the transfer value of pension benefits from a former employer's pension plan) is not counted as an asset.

To determine the contribution for each student:

1. Combine the assessed contributions.
2. Divide by the number of months in the study period.
3. Assess each student half of the contribution for the months when they are both in school.

For months when only one is attending school:
Assess that student the full amount of the RRSP contribution.

Other financial assets

1. Assess the full net worth of all other financial assets without deduction.
2. Divide the assessed amount by the number of months in the study period.
3. Assess each student half of the contribution for the months when they are both in school.

For months when only one is a student:
Assess the attending student the full amount of the contribution.

Vehicles

1. Assess the total gross resale value of all vehicles
2. Deduct $5,000 on the total amount.
3. Assess each student half of the assessed contribution for the months when both are in school.

For months when only one is attending school:

Assess that student the full amount.

Other resources Assess these separately for each student.

2.6 Step 4: Calculating a Student's Need

Subtract the total assessed resources from the total assessed costs.

If the figure is negative: The student is considered to have sufficient resources to finance their education and does not qualify for financial assistance.
If the figure is positive: The student is eligible for financial assistance from federal and provincial student aid programs for the calculated figure. In general, the CSLP funds 60% of a student's assessed need with provincial or territorial programs covering the remaining 40%. CSG funding is first applied against the federal portion of need and the remainder is provided in loans, up to the $210 CSL weekly limit.

Overawards
If a student has, in the past, received overawards, the amount they received in excess of their entitled loan will be deducted from the amount for which they are eligible for assistance.

Example:
This example is based on a $1,000 overaward from the previous year:

Assessed need	Total amount eligible for assistance	Overaward	Amount awarded after adjusting for the overaward:
$11,900	$11,900	$1000	Adjusted need: $10,900

Only overawards of $250 and more are subject to recovery. If more than one review is conducted in one loan year, apply this threshold to each review.

For more information on the CSLP policy on overawards, see **Chapter 3.5: Loans, Overawards.**

2.7 Need Assessment for Part-time Students

Eligibility for loan assistance is based on income thresholds and the amount provided is based on the cost of the Program of Studies.

Here we highlight the differences in the steps used to determine need assessment for part-time students.

Identifying a student's category

Part-time students are considered to be dependent on their own income and the income of their spouse or common-law partner. Parental income and assets are not considered.

Determining a student's income

The student (and their spouse or common-law partner, if applicable) must have a gross family income from the previous calendar year (January to December) below the thresholds in **Table 10-B of the Annex: Middle Income Thresholds for Determining Eligibility for Canada Student Grants and Part-time Loans Eligibility.**

Assess gross income on the same sources as for full-time students. See **Step 3: Determining a Student's Resources, Sources qualifying as income.**

Income produced by assets should be included in the total gross income calculation. The value of all assets are not taken into account.

Assessing a student's costs

Once a student is deemed eligible based on their income, assess the following allowable educational costs, up to a maximum principal amount of $10,000:

- tuition and compulsory fees of the school attended, including membership fees of professional or other societies, if membership is obligatory for the student in their course of study
- prescribed books and instruments. Provinces or territories may establish average amounts for prescribed books and instruments by institution and faculty.
- allowance of $10 per week per course to cover incidentals
- local transportation allowance to commute to and from classes (established by the province or territory)
- childcare allowance for expenses incurred to permit part-time study. The amount is the actual or estimated weekly cost incurred to attend classes.

2.8 Need Assessment for Students with Permanent Disabilities

The full-time need assessment process for students with permanent disabilities mirrors the steps for other full-time students except for the process of determining a student's category and assessing their student's. For part-time students, use the process outlined in **Need Assessment for Part-time Students (Section 2.7)**.

Determining a student's category

A full-time, single dependent student with a permanent disability may be identified as an independent student within four years of completing secondary school, if, because of their disability, they took longer than the usual number of years to complete high school.

Provinces or territories may reduce the requisite four-year period to qualify as an independent student by the number of any additional years they may have needed to complete high school.

Example:
Jayne is a full-time student with a permanent disability. She took six years to obtain a high school diploma, which normally requires four years. Jayne would only have to be out of high school for two years to satisfy the requirement for independent status.

Note: A student may not always identify themselves as a person with a permanent disability when they make their initial application. If the information is not provided initially, the change in category can be made on the review.

Assessing a student's costs

There are some exceptional education-related costs for students with permanent disabilities, such as equipment and services. These are assessed according to the eligibility criteria outlined in **Chapter 4: Grants, Canada Student Grant for Services and Equipment for Persons with Permanent Disabilities.**

Chapter

3

Chapter 3: Loans

3.1 Purpose

This chapter covers the following topics:

- The loan application process
- How funds are disbursed
- Overawards
- The loan review process
- Reviewing a student's category
- Reviewing a student's costs
- Reviewing a student's resources
- Reviewing a student's assessed contribution
- Reviewing a parent's assessed contribution
- Loan repayment.

3.2 The Loan Application Process

1. Students must apply for full-time Canada student loans to the province or territory where they are considered to reside. (See **Chapter 1.3: Eligibility Criteria, Residency**.)
2. The province or territory assesses the application. (See **Chapter 2: Need Assessment**.)
3. The province or territory approves eligible applicants and rejects applicants who do not demonstrate financial need (for borrowers from a province or territory that offers the Master Student Financial Assistance Agreement (MSFAA)/Electronic Confirmation of Enrolment (ECE) see steps 4-7 under MSFAA/ECE heading following)
4. The province or territory issues approved applicants a Certificate of Eligibility. **Note**: Certificates of Eligibility will only be issued when the federal portion of assessed

need has been determined to be greater than $100 for the study periods.

5. The Certificate of Eligibility is signed by a student financial aid officer at the applicant's educational institution.
6. Approved applicants forward their documentation (signed Certificate of Eligibility and banking information, such as a void cheque), to the National Student Loans Service Centre.

A completed Confirmation of Enrolment is required from each student each year of study, unless enrolment has been confirmed based on the Student Loan Agreement / Certificate of Eligibility.

MSFAA / ECE:

In provinces or territory with an MSFAA/Electronic confirmation of enrolment the process differs after step three of the above process as follows:

4. The province or territory issues approved applicants a MSFAA.

5. Approved applicants read, sign and forward their MSFAA (with completed banking information) to the NSLSC.

6. The electronic certificate of eligibility is forwarded directly from the province or territory to the NSLSC.

7. Enrolment is confirmed either through the NSLSC Portal, existing Provincial/Territorial electronic confirmation of enrolment methods, or a combination of both.

If a student is not receiving a loan but is still enrolled in studies …
To keep their interest-free status and to prevent having to start repaying their loan, these students must also submit a Confirmation of Enrolment (Schedule 2), either through the existing paper process or through the borrower web account at the NSLSC where enrolment will be confirmed electronically for students studying at EIs that are signed up the NSLSC Portal.

3.3 How Funds are Disbursed

Subject to the following guidelines, provinces or territories may set their own disbursement policies.

Students who have been issued a Certificate of Eligibility or notice of assessment from an MSFAA jurisdiction receive two disbursements for the amount determined in their need assessment:

1. The first disbursement is the Canada Student Loan portion. This must be issued after the first day of the study period.
2. The second disbursement is provincial and territorial student loans. These are

issued after the middle of the study period.

3.4 Overawards

An overaward is the amount of funding issued to a student in excess of what the student is entitled to receive (see Chapter 4, Section 4.13 for information concerning Grant conversion to loan).

Overawards may result from:

- an increase in, or misreporting of, the student's pre-study or in-study resources
- an early withdrawal from full-time or part-time enrolment
- a drop to less than 60% of a full course load, or less than 20% of a part-time course load
- completing studies earlier than scheduled
- an error in the original assessment.

When a province or territory determines that a student has received an overaward, they should reassess the student's need for the study period. The amount of overaward should be deducted from the student's next assessment / disbursement. Provinces or territories must notify the student of the overaward and explain that there will be a reduction in their next assessment / disbursement.

Provinces-territories should take into consideration any loan / grant assistance already provided prior to disbursing additional loan or grant funding.

Complex cases should be discussed with CSLP.

Exceptions:

- Only overawards of $250 and more are subject to recovery. If there is more than one review in each one loan year, this threshold would apply to each review.
- Overawards on part-time loans are not subject to recovery.
- Overawards on full-time loans cannot be recovered from a part-time loan.

Reporting overawards to CSLP

The province or territory should report to the Canada Student Loans Program all overawards identified and recovered as of July 31st of the previous loan year. Include the following information in the report:

- the number and value of cases detected, by category of overaward

- the number and value of cases detected, by source of detection. These sources include: pre-verification, post-audits (directed), post-audits (referred from third parties), post-audits (internal referrals), post-audits (data matching)
- the number and value of cases actioned
- the number and value of cases recovered from subsequent loans.

3.5 The Loan Review Process

A loan review is a reconsideration of an initial assessment. Any student may request a review of his or her need assessment. Reviews should be fair and reasonable, within the scope of the principles and criteria outlined in this chapter.

Grounds for review

Provinces or territories should not undertake reviews solely because the applicant feels the award is inadequate. A review could be conducted when:

- a student has provided information or supporting documentation that has either changed or was initially incorrect
- a student believes an error has been made in the application of the loan criteria
- a student has extraordinary circumstances not addressed in the need assessment procedures.

A student's request for review on one ground may cause a review of the entire assessment.

Documentation

Students should submit documentation to substantiate their request for review.

Initiating a review

Provinces or territories can initiate a review at the time of an initial assessment if they are aware of exceptional circumstances.

Deadlines

Provinces or territories can impose deadlines for receiving review requests and processing reviews. In no case, however, can a province or territory issue a Certificate of Eligibility or notice of assessment, if an MSFAA jurisdiction, after the end date of the study period in which the request was received, regardless of the grounds for review.

5% threshold

Not every request needs to result in a review. The circumstance giving rise to the request should create a difference of at least 5%

in the student's assessed costs or in the income of the student, spouse, common-law partner, or parents.

The 5% threshold is a guideline, which may be applied each time there is a request for review.

Review boards

Some provinces and territories use appeal boards or committees to conduct reviews or to reexamine cases that have been reviewed by the province. These bodies must also adhere to the principles and criteria outlined in this chapter in order to:

- determine that the province has correctly applied the need assessment and review criteria or
- determine that the province had incorrectly applied the criteria and refer the case back to the province for further consideration.

3.6 Reviewing a Student's Category

Dependent student's family breakdown

A student's category may be changed from dependent to independent when there is a family breakdown that goes beyond the normal disagreements between parents and children.

Circumstances that are beyond normal disagreements include sexual, physical, or psychological abuse of the student by one or both parents. The breakdown would have resulted in the student leaving the family home or being removed by a social service agency.

A third party (such as a social service agency) must confirm the breakdown and sets out the reasons it occurred.

Required documentation:

1. The student must provide a written statement giving:
   - the reasons for the breakdown
   - the date the student left or was removed from home
   - how the student supported himself or herself
   - steps taken, if any, to try to remedy the situation
   - the possibility of reconciliation
   - the history of professional involvement, if any, in the situation (e.g. social service agency, psychologist, counselors).
2. Also required is a statement from a third party (preferably a

professional) who was directly involved with the situation and who can corroborate the student's statement.

Requested documentation:

- If possible, a statement from the parents confirming the breakdown
- if possible, proof that the parents have not, since the family breakdown, claimed any education deductions transferred from the student for income tax purposes.

Required documentation in subsequent years
The student must provide a signed statement confirming that the family situation has not changed with each subsequent application.

3.7 Reviewing a Student's Assessed Contribution

Timing of review

In most cases, a request for a reduction in the assessed student contribution cannot be considered before the start of the study period. However, if the student has not had any employment in the pre-study period, provinces or territories may conduct a review less than one month before the start of classes.

The initial assessment provides for pro-rating allowances for students who know that their living situation will change during the pre-study or study period. If the adjustments were not done at that time, they can be done on review.

Unforeseen changes in a student's living situation may also be adjusted on review.

Method of reducing the assessed student contribution

Below we describe circumstances that might affect a student's work-related contribution on review. Student contributions should not be reviewed if a choice was made not to work in order to travel or pursue unpaid work or recreational activities.

To reduce the minimum student contribution:
Change the average weekly work hours in the formula used to calculate minimum student contribution to the number of actual weekly hours worked.

Could not find any employment

Students may request a review when:

- They failed to find work during the pre-study period or
- A spouse or common-law partner failed to find work during the pre-study, the study period, or both.

Documentation required:
The student should show evidence of efforts to obtain employment, such as a list of employers to whom applications were submitted.

Not employed full-time for all of pre-study period

Students may request a review when:

- They failed to find full-time work during the pre-study period or
- They worked for only part of the pre-study period or
- Their spouse or common-law partner could not find full-time work during the pre-study or study period.

Documentation required:
Both the student and their spouse or partner should show evidence of efforts to obtain full-time employment, such as a list of employers to whom applications were submitted.

Also required is a statement from the employer setting out the length of employment, as well as hours and wages.

Unable to work due to illness or injury

A student may request a review if a temporary illness prevented them or their spouse or partner from working during the required periods.

Documentation required:

- Certificate from physician outlining the nature of the illness, the care required and the period of time during which the student or spouse/common-law partner was unable to work.
- Medical certificate attesting to person’s inability to work full-time because of an illness or disability or injury.

Olympic training

A student may request a review of their work-related contribution if they or their spouse or partner were sponsored by Sport Canada and were in pre-Olympic year training for Olympic Games.

Documentation required:
Sport Canada must provide written confirmation of full-time

training for the Olympic Games.

Unable to work due to incarceration

A student may request a review of their work-related contribution if:

- They were in jail during the pre-study period or
- Their spouse or common-law partner was in jail during the pre-study or study period.

Documentation Required:
A signed statement from a corrections official, giving the dates of incarceration, is required.

Unable to work due to disability

A student may request a review of their work-related contribution if they or their spouse or partner could not work due to disability during the required periods.

Documentation required:
A medical certificate is required to substantiate both the disability and the person's inability to work because of it.

Caring for children

The initial assessment provides for reducing the assessed student contribution when a spouse or common-law partner is staying at home to care for children 12 months or younger.

On review, the assessed spousal contribution may be waived if the spouse or partner is at home caring for a child with disabilities or a chronic or life-threatening illness.

Assets of Student and Spouse or Common-Law Partner

Only assets registered in the student's or the spouse’s/common-law partner's name should be assessed. Any debt incurred by the student or the spouse/common-law partner associated with the purchase of the asset should be deducted from the market value to determine the net worth.

Financial Assets

The assessment of the net worth of financial assets registered in the student's name, is not subject to review, except to correct information which may have been provided incorrectly on the loan application.

Vehicles

The assessment of the gross value of the principal vehicle, or any other vehicle, including a recreational vehicle, registered in the student's name, is not subject to review, except to correct information which may have been provided incorrectly on the loan application.

If a student with a permanent disability owns a specially equipped vehicle, the gross value of the vehicle may be reduced to the net worth of the vehicle without the enhancements.

3.8 Reviewing a Parent's Assessed Contribution

Grounds for reducing parental contributions

The refusal by parents, step-parents, or legal guardians to support a child or to contribute to the costs of post-secondary education is not a sufficient reason to waive an assessed parental contribution.

There are circumstances, however, in which parents are simply not able to make the assessed contribution. Parents' inability to contribute may arise because of:

- unexpected reductions in their income or
- unavoidable extraordinary expenses.

Annual review and supporting documentation

Cases of parental inability should be reviewed each year, as it is possible that the family's financial situation could change.

Supporting documentation is required for any review of income or expenses.

Calculating a reduced parental contribution

If the parents are unable to contribute, provinces or territories can adjust the calculation of their contribution in two ways:

1. Using estimated income
Parents' estimated income for the loan year may be used in the calculation, rather than income from the previous taxation year. Here are some examples of situations in which it would be appropriate to use estimated income:

- loss of employment
- reduced hours of employment or overtime
- accident or illness causing temporary unemployment
- retirement
- other changes in income from previous tax year such as liquidation of RRSPs in previous year, sale of assets, or other income earned
- one or both parents also registered as full-time students during the assessment period.

2. Reducing disposable income
The parents' disposable income for the previous taxation year

may be reduced by the amount of the extraordinary expense.

Here are some examples of unavoidable extraordinary expenses that might justify a reduction in disposable income:

- alimony and child support
- child care for dependents with disabilities
- tuition, books and supplies for part-time study
- full and part-time student loan payments
- medical, dental, and optical expenses.

Calculating disposable income when using estimated income

When using estimated incomes to calculate parental contributions, disposable income is calculated using the **Tax Table 6C** in **Appendix A.** These cases should be flagged for audit and verification.

If there are siblings involved, each of their cases should also be flagged for audit and verification.

Parental contribution from assets

Reviews of the assessment of parental assets are at the discretion of the province or territory.

Additional discretionary costs

Provinces or territories may allow for discretionary costs in situations that are unique to a province or to a particular group of applicants, if they are not covered by the previous criteria. Provinces or territories should use the principles of fairness and reasonableness to assess these situations, which might include, for example:

- high living costs (shelter, food)
- alimony or maintenance payments greater than the student living allowance for dependent students
- house repairs
- funeral costs
- legal expenses.

3.9 Loan repayment

Full-time loans

There is a 6-month non-repayment period from the date which a borrower ceases to be a full-time student and their first loan repayment.

However, interest begins to accrue as of the last day of the last study period.

Full-time students who have exceeded the maximum number of weeks of student financial assistance are not required to make payments while they are still studying, but interest accrues.

Part-time loans

Interest does not accrue on part-time loans for students who confirm their part-time enrolment while in studies.

If a student who has received part-time funding becomes a full-time student, confirming full-time enrolment means that interest will not accrue on the student's full-time or part-time loans during studies. However, enrolment in part-time studies does not qualify students for interest-free status on their full-time loans.

Like full-time students, part-time students have a 6-month non-repayment period after they complete their studies before they must make their first loan payment. Interest continues to accrue throughout the non-repayment period.

Loan consolidation

When a borrower enters repayment their loan consolidates.

The MSFAA, available through several jurisdictions, and the Certificate of Eligibility/Student Loan Agreement (SLA), each contain terms of repayment that take effect if the borrower does not actively choose the terms of their repayment.

Borrowers can change the terms of their repayment by completing a Revision of Terms agreement (ROT).

An example would be where a borrower wishes to extend their amortization period from the standard 9.5 years duration to the maximum of 14.5 years (or another duration – there is no minimum amortization period).

Interest Rates

Students can select a fixed interest rate or floating (variable) interest rate.

For Canada Student Loans issued on, or after August 1, 1995:

- the fixed interest rate is prime + 5% and;
- the floating rate is prime + 2.5%.

Prime Rate: This rate is calculated using the interest rates declared by the five largest Canadian financial institutions (the Bank of Montreal, the Canadian Imperial Bank of Commerce, the Bank of Nova Scotia, the Royal Bank of Canada and TD Canada Trust) as their prime rate. The Canada Student Loans Program calculates its prime rate by eliminating both the highest and the lowest of those five rates and taking the average of the remaining three.

For Canada Student Loans issued prior to August 1, 1995: the rates are based on Government of Canada borrowing costs and are published in the *Canada Gazette, Part I* (also available at CanLearn.ca). The effective interest rates for 2011-12 were 3.00% for loans in Class-A (in-study and 6-month non-repayment period) status and 3.875% for loans in Class-B (repayment) status.

Students can switch from a floating to a fixed rate by signing a new ROT.

However, switching from a fixed to a floating rate is not permitted.

Chapter

4

Chapter 4: Canada Student Grants

4.1 Purpose

Canada Student Grants (CSG) are the federal government's family of grants to help targeted groups of students. All grants are designed to improve access and reduce the cost of attending post-secondary education.

The program includes the following grants:

- Grant for Students from Low-income Families (CSG-LI)
- Grant for Students from Middle-income Families (CSG-MI)
- Grant for Full-Time Students with Dependants (CSG-FTDEP)
- Grant for Students with Permanent Disabilities (CSG-PD)
- Grant for Services and Equipment for Students with Permanent Disabilities (CSG-PDSE)
- Grant for Part-Time Studies (CSG-PT)
- Grant for Part-time Students with Dependants (CSG-PTDEP)

This chapter describes the policies for each grant, as well as grant adjustment policies and procedures.

4.2 Applying for a Canada Student Grant

Provinces and territories are responsible for determining and monitoring student eligibility for Canada Student Grants. Students must apply to the province or territory in which they are considered to reside to be considered for Canada Student Loans and/or Canada Student Grants. A single application is used to determine their assessed need for loans and/or grants.

4.3 General Eligibility Criteria

Later in this chapter, we describe the specific criteria that students must meet to be eligible for each type of grant. Students may be eligible for more than one grant as long as they meet all the required criteria.

For any Canada Student Grant, students must meet the following criteria as described in **Chapter 1: Eligibility Criteria**:

- Citizenship
- Residency
- Designated post-secondary institutions
- Satisfactory scholastic standard
- Restrictions.

In addition, eligible students must have at least $1 of federal assessed need as determined by the process described in **Chapter 2: Need Assessment**.

The student will only receive the federal award – the combined loan and grant amount – if it is $100 or more.

4.4 Determining Family Income

The definition of family income for the purpose of assessing grants varies by student category. For example:

- For independent students and single parents, family income is the student's income.
- For dependent students, family income is parental income.
- For married and common-law students, family income is the combined income of the student and their spouse or partner.

Determine total income on Line 150 of the previous year's tax return. To ensure that the program does not double-count split incomes, provinces and territories can also request Line 210 (the deduction for elected split pension amounts).

For independent students, if the income on Line 150 for the applicant, their spouse, or their common-law partner, is zero, or if the applicant did not file a tax return, the applicant must provide a letter, explaining how the applicant's living expenses are being met, from:

- the family member who is supporting the student (and spouse or common-law partner if applicable) or
- a third party.

4.5 Grant Disbursements

Subject to the following guideline, provinces and territories may set their own disbursement policies.

Canada Student Grants are intended to be disbursed to the students or the educational institution in two portions: once at the beginning and once mid-way through the study period.

Exception:
If a student's study period is 17 weeks or less, provinces and territories should disburse 100% of Canada Student Grants up front.

4.6 Grant for Students from Low-income Families (CSG-LI)

Overview

The Canada Student Grant for Students from Low-Income Families (CSG-LI) provides students from low -income families with non-repayable financial assistance for all years of full-time studies in an undergraduate post-secondary program

Eligibility

To be eligible for this grant, students must:

- Meet the eligibility criteria for a full-time Canada Student Loan as described in **Chapter 1: Eligibility Criteria** and the general eligibility criteria set out at the beginning of this chapter.
- Be pursuing full-time studies leading to an undergraduate degree, certificate, or diploma in a program of at least two years' (60 weeks) duration at a designated post-secondary institution.
- Have total family income for the previous calendar year (January - December) that is equal to or less than the before-tax, low-income thresholds in **Appendix A: Table 10A.**

Grant amount

Eligible students receive $250 per month of full-time studies.

This is a flat amount that may exceed a student's assessed need. For example, if a student has $1,400 of assessed need, they could still be eligible for a CSG-LI of $2,000, if they studied in an 8-month study period. In this case, no federal loan would be issued as the amount of need would be fully met.

4.7 Grant for Students from Middle-Income Families (CSG-MI)

Overview

The Canada Student Grant for Students from Middle-Income Families (CSG-MI) provides students in middle-income families with non-repayable financial assistance to for all years of full-time studies in an undergraduate post-secondary program.

Eligibility

To be eligible for this grant, students must:

- Meet the eligibility criteria for a full-time Canada Student Loan as described in **Chapter 1: Eligibility Criteria** and the general eligibility criteria set out at the beginning of this chapter.
- Be pursuing full-time studies leading to an undergraduate degree, certificate, or diploma in a program of at least two years' (60 weeks) duration at a designated post-secondary institution.
- Have total family income for the previous calendar year that is:
  - ➢ greater than the before-tax low-income thresholds in **Appendix A:Table 10A**, **and**
  - ➢ equal to or less than the before-tax middle-income thresholds in **Appendix A: Table 10B.**

Grant amount

Eligible students receive $100 per month of studies.

This is a flat amount that may exceed a student's assessed need. For example, if a student has $600 of assessed need, they would still receive a CSG-MI of $800 if they studied in an 8-month study period. In this case, no federal loan would be issued as the amount of need would be fully met.

4.8 Grant for Full-time Students with Dependants (CSG-FTDEP)

Overview

The Grant for Full-Time Students with Dependants (CSG-FTDEP) provides non-repayable financial assistance to low-income students to assist with the costs of caring for their dependants while pursuing post-secondary studies.

Eligibility and documentation

There is no separate application form for this grant. To be eligible for the CSG-FTDEP, students must:

- Meet the eligibility criteria for a full-time Canada Student Loan as described in **Chapter 1: Eligibility Criteria** and in the general eligibility criteria set out at the beginning of the chapter.
- Be pursuing post-secondary studies leading to a degree, certificate, or diploma at a designated educational institution on a full-time basis. This includes post-secondary studies beyond the undergraduate level.
- Be in a family where total family income is less than or equal to the low-income thresholds in Table 10A.
- Have a dependent child under the age of 12 (or a dependant with a permanent disability who is 12 or older) at the start date of the study period.

Definition of a dependant

For this grant, a dependant is defined as:

- A child (including an adopted child, a stepchild, or a foster child) who is under twelve years of age and is wholly dependent on the student or the student's spouse/common law partner for support and for whom the student or spouse/common-law partner is, by law or fact, responsible for the care and upbringing; or
- A person with a permanent disability who is wholly dependent on the student or the student's spouse/common law partner for support and for whom the student or the student's spouse/common law partner is, by law or fact, responsible for the care and upbringing.

Provinces and territories are responsible for determining whether an applicant has provided satisfactory proof of responsibility for their dependants. Satisfactory proof includes:

- Proof of the dependant's age
- Proof of the dependant's permanent disability if they are 12 or older in the form of a medical certificate or documentation proving receipt of federal or provincial disability assistance.

Grant amount

A grant of $200 per dependant is available for each month of full-time post-secondary studies.

This is a flat amount that may exceed a student's assessed need. For example, if a student with one dependant has $1,500 of assessed need, they would still receive a CSG-FTDEP of $200 per month of study. In 8 months of study during a loan year, this would amount to $1,600.

4.9 Grant for Students with Permanent Disabilities (CSG-PD)

Overview

The Grant for Students with Permanent Disabilities reduces the costs facing students with permanent disabilities when participating in a post-secondary program.

Eligibility and documentation

To be eligible for this grant, students must meet the criteria for students with permanent disabilities, as outlined in the *Canada Student Financial Assistance Regulations*. Under the regulations, permanent disability means:

> "a functional limitation caused by a physical or mental impairment that **restricts** the ability of a person to perform the daily activities necessary to participate in studies at a post-secondary school level or the labour force; and is expected to remain with the person for the person's expected life."

Students must provide proof of their permanent disability in the form of:

- a medical certificate **or**
- a psycho-educational assessment **or**
- documentation proving receipt of federal or provincial permanent disability assistance.

In addition, the students must:

- Meet the eligibility criteria for a full- or part-time Canada Student Loan as described in **Chapter 1: Eligibility Criteria** and all of the general eligibility criteria set out at the beginning of this chapter.
- Be pursuing post-secondary studies on a full or part-time basis at a designated post-secondary institution.

Grant amount

A grant of $2,000 per loan year is available for each year of post-secondary studies. This includes studies beyond the undergraduate level.

This is a flat amount that may exceed a student's assessed need. For example, if a student has $1,400 of assessed need and is in an 8-month study period, they would still receive a CSG-PD of $2,000. In this case, the student's assessed need would be met and no loan is required.

4.10 Grant for Services and Equipment for Students with Permanent Disabilities (CSG-PDSE)

Overview

The Grant for Services and Equipment for Students with Permanent Disabilities (CSG-PDSE) helps offset exceptional, education-related costs associated with permanent disabilities, such as costs for a note-taker, a sign interpreter, or technical aids.

Eligibility and documentation

To be eligible for this grant, students must meet all of the criteria for the Grant for Students with Permanent Disabilities (CSG-PD) described above.

Note: If the initial need assessment did not have at least a $1 of demonstrated financial need, then the estimated costs for the recommended equipment and/or services can be included in the need assessment. If the financial need is then calculated as at $1 or more, the student is eligible for CSG-PDSE funding.

Students must complete an additional application form for the CSG-PDSE. They must also submit the following documentation:

- Proof of their permanent disability (unless they already submitted it for their CSG-PD grant)
- A letter from a qualified person confirming that they are in need of exceptional, education-related services or equipment. This person could be a Vocational Rehabilitation Services (VRS) case worker, an official of a centre for students with disabilities, a guidance counselor, or a financial aid administrator at the student's school.
- Two separate cost estimates for the exceptional education-related costs. (Students must provide actual receipts before the end of the study period.)

Grant amount

A grant of up to $8,000 is available for each loan year.

Ineligible expenses

Capital costs are not eligible, such as:

- vehicle modifications
- physical alterations to an educational institution
- physical alterations to a student residence.

4.11 Grant for Part-Time Studies (CSG-PT)

Overview

The Canada Student Grant for Part-Time Studies assists low income, part-time students with non-repayable financial assistance to help cover the costs of education.

Eligibility

To be eligible for the CSG-PT, students must:

- Meet the eligibility criteria for a part-time Canada Student Loan and the general eligibility criteria set out at the beginning of this chapter. See **Chapter 1: Eligibility Criteria**.
- Be pursuing studies leading to a degree, certificate, or diploma at a designated post-secondary institution.
- Have total family income for the previous calendar year (January – December) that is at or below the low income thresholds for CSGs (see **Appendix A: Table 10A: Low Income Thresholds for Determining Eligibility for Canada Student Grants**).
- Have successfully completed all courses in respect of which a grant was previously made to the student.

Grant amount

Eligible students receive up to $1,200 per loan year (from August 1 to July 31).

The amount of the grant should not exceed a student's assessed need. For example, if a student has $800 of assessed need, the student should then receive a grant of $800.

If there is still unmet need after the full amount of the CSG-PT has been awarded, the student may be eligible for a part-time Canada Student Loan.

Example:	
<u>Total assessed need</u>	$6,000
<u>Student's Federal Assistance</u> CSG-PT Canada Student Loan Total Federal Assistance	$1,200 $4,800 $6,000
<u>Remaining Assessed Need</u>	$0

4.12 Grant for Part-Time Students with Dependants (CSG-PTDEP)

Overview

The Canada Student Grant for Part-Time Students with Dependants (CSG-PTDEP) provides non-repayable financial assistance to low-income and high-need students attending post-secondary studies on a part-time basis. These grants assist with the costs of caring for dependants while pursuing post-secondary studies.

Eligibility

To be eligible for the CSG-PTDEP, students must meet all of the following criteria:

- Meet the eligibility criteria for a part-time Canada Student Loan as described in **Chapter 1: Eligibility Criteria** and all of the general eligibility criteria set out at the beginning of this chapter.
- Be pursuing part-time post-secondary studies leading to a degree, certificate, or diploma at a designated educational institution. This includes post-secondary studies beyond the undergraduate level.
- Have:
  - (a) <u>for students with no outstanding CSL-PT</u>: an assessed need that is greater than $5,200.
  - (b) <u>for students with an outstanding CSL-PT</u>: an

assessed need that is greater than $4,000 less any outstanding part-time loans, plus $1,200.

- Be in a family where total family income is less than or equal to the low-income thresholds in **Appendix A: Table 10A**.
- Have a dependant as defined in section 4.8 on grants for full-time students with dependants.

Grant amount

- If a student has 1 or 2 dependants, the CSG-PTDEP provides $40 per week of part-time study, up to a maximum of $1,920.*
- If a student has 3 or more dependants, the CSG-PTDEP provides $60 per week of part time study, up to a maximum of $1,920.*
- Financial assistance towards assessed need for eligible students will be provided in the following order: CSG-PT, CSG-PTDEP, CSL-PT.

*A student's financial assistance package (including PT-CSL, and/or CSG-PT, and/or CSG-PTDEP) must not exceed their assessed need.

4.13 Grant Conversion to Loan

Circumstances

There are three circumstances where all or part of a Canada Student Grant will be converted to loan:

1. A student withdraws from studies within 30 days of the first day of class (early withdrawal).
2. A student changes from full- to part-time within 30 days of the first day of class and no longer meets the eligibility requirements. In the case of the Canada Student Grant for Students with Permanent Disabilities, the change from full-time to part-time status would only trigger grant conversion if the student with a permanent disability no longer has at least $1 of financial need as a part-time student.
3. On reassessment, a student is found ineligible for a grant they have already received.

Exception
A separate policy for a Grant for Services and Equipment for Students with Permanent Disabilities (CSG-PDSE) is discussed later in this chapter.

Definition of ‘the first day of class’
The first day of classes is the date that a student starts school for the current confirmed study period, regardless of whether the student has a scheduled class on that day. For example, if the student’s study period begins on a Monday, but the student has no classes on that Monday, that day is still considered the first day of classes.

Conversion and interest

A grant is converted to loan as soon as the province / territory or the educational institution notifies the National Student Loans Service Centre of the reassessment or early withdrawal.

Interest begins to accrue the day after the study period ends even if the NSLSC is not notified until after the date has passed. In those cases, the interest is back-dated.

Notification

When a grant is converted to loan, the NSLSC sends a notification to the student, indicating the revised total loan balance.

Appeals

A student can appeal the conversion on the grounds that there has been an error in recording their date of withdrawal or change to part- or full-time status. They must appeal within 6 months of the date shown on their notification of the conversion. The appeal must include documentation from the educational institution showing the actual date of withdrawal.

Students can also appeal on the grounds that the withdrawal or change to part-or full-time status was the result of unforeseen and unavoidable circumstances.

Accessing further assistance

The conversion of a grant to loan has no bearing on the borrower’s ability to apply for additional financial assistance in the future or to access to the Repayment Assistance Program.

1. Converting to a loan after early withdrawal

If a student withdraws early, they are required to repay, as a loan, all parts of the grant that have already been disbursed for that period of studies.

If a second disbursement has not yet been issued, it is cancelled. If the NSLSC does not receive a notification of early withdrawal until after a subsequent disbursement for the same period of studies, this part of the grant will also be converted to loan.

If a student withdraws after the 30 day period…
The Canada Student Loans Program assumes that the student has made a reasonable effort to complete the study period as a full- or part-time student. The student keeps any part of the grant

already received. The midpoint disbursement is cancelled.

If the student withdraws due to permanent disability…
Students with permanent disabilities who provide written documentation to the Canada Student Loans Program showing that the withdrawal was required because of conditions pertaining to the permanent disability can have the conversion to loan reversed.

2. Conversion to a loan after a change from full-time to part-time

If a student changes from full-time to part-time within 30 days of the start of the study period, they are required to repay, as a loan, all parts of the grant that have already been disbursed for that period of studies.

If a second disbursement has not yet been issued, it is cancelled. If the NSLSC does not receive a notification of early withdrawal until after a subsequent disbursement for the same period of studies, this part of the grant will also be converted to loan.

If a student changes to part-time after the 30 day period…
The Canada Student Loan Program assumes that the student has made a reasonable effort to complete the study period as a full-time student. The student keeps any part of the grant already received. Any remaining disbursements are cancelled.

Students who change to part-time studies are eligible to apply for grants for part-time students.

Note: The Canada Student Grant for Students with Permanent Disabilities is not dependent upon the student's full or part-time status. The $2,000 grant is based on the student's continued permanent disability eligibility and confirmation of at least $1 of demonstrated financial need when assessed as a part-time student.

3. Conversion to a loan after an assessment review

Provinces and territories are responsible for:

- verifying the accuracy of student information
- reassessing financial need
- addressing student appeals of their assessment review.

Students are responsible for providing accurate and complete information and for reporting any change to the information they provided as soon as they become aware it.

Chapter 2: Need Assessment describes the factors that contribute to need assessments and reassessments. Verification of factors such as income and assets may not be concluded until several months after the student receives the grant.

Factors that could affect need assessment include:

- family income as defined earlier in this chapter
- pre-study period income
- student, parental and spousal assets
- information on dependants.

Note: Changes to in-study income is not a factor in determining if a grant should be converted to loan upon reassessment. The CSLP does not want to create a disincentive for students to pursue part-time employment while studying.

If the province or territory determines that the information on a student's initial need assessment is inaccurate, and correcting the information results in the student's ineligibility for a grant, all or part of the grant is converted to a loan.

The student is required to repay any part of the grant that has already been disbursed for that study period. Any disbursements that have not yet been issued are cancelled.

In some cases, a student may still be eligible for a lesser amount of grant. For instance, if a student originally received a CSG-LI, and family income is corrected in a reassessment, the student may still be eligible for the CSG-MI. In this case, the amount of grant to be converted to loan would be the difference between these two grants.

4.14 Repayment of a Grant for Services and Equipment for Students with Permanent Disabilities (CSG-PDSE)

The Canada Student Loan Program does not require that a grant be converted to a loan for this grant type.

On a case by case basis, the province or territory may require full or partial repayment of a grant or the return of equipment, when:

- the grant was issued in error
- the student ceased to meet the eligibility criteria for the grant during the period of studies
- the grant was not used for the intended purposes.

Failure to comply with the provincial or territorial request to return the CSG-PDSE funding or equipment may result in the denial of future CSG-PDSE awards.

4.15 Full-Time and Part-Time Borrower Assistance Grant Scenarios

Full-time grant scenarios

Examples:	Full-time Middle-Income Graduate Student with a Permanent Disability	Full-time Middle-Income Undergraduate Student With One Dependant	Full-time Low-Income Undergraduate Student With Two Dependants
Student's Assessed Need:	$14,000	$14,000	$14,000
Federal portion (60%)	$8,400	$8,400	$8,400
Provincial/territorial portion (40%)	$5,600	$5,600	$5,600
Student's Grant Assistance			
CSG-LI	N/A	N/A	$250*8 = $2,000
CSG-MI	N/A	$100*8= $800	N/A
CSG-PD	$2,000	N/A	N/A
CSG-FTDEP	N/A	N/A	($200*2)*8= $3,200
Total CSG Assistance	**$2,000**	**$800**	**$5,200**
Federal Loan Assistance **(Maximum Loan for 34 weeks: $7,140)**	**$6,400**	**$7,140**	**$3,200**

Notes:
1. Scenarios assume a standard 8-month (34 week) study period with federal assistance and provincial loan assistance only as provincial grants vary by jurisdiction. 2. Loan funding is determined after eligible grants deducted from assessed need. 3. Maximum federal full-time loan amount is $210 per week.

Part-time grant scenarios			
Examples:	Part-time Middle-Income Graduate Student with a Permanent Disability	Part-time Middle-Income Undergraduate Student With One Dependant	Part-time Low-Income Undergraduate Student With Two Dependants
Student's Assessed Need: Federal portion (100%)	$11,000	$11,000	$11,000
Student's Grant Assistance CSG-PT CSG-PD CSG-PTDEP	$0 $2,000 $0	$0 $0 $0	$1,200 $0 ($40*34)=$1,360
Total CSG Assistance	$2,000	$0	$2,560
Federal Loan Assistance			

(Maximum Loan: $10,000)	$9,000	$10,000	$8,440
Total Assistance	$11,000	$10,000	$11,000
Notes: 1. Scenarios assume a standard 8-month (34 week) study period with federal assistance only. 2. Loan funding is determined after eligible grants deducted from assessed need. 3. Maximum federal part-time student loan principal amount is $10,000.			

Chapter

5

Chapter 5: Repayment Assistance

5.1 Purpose

This chapter describes the full suite of loan repayment assistance measures available to borrowers.

While the Repayment Assistance Plan (RAP) is the primary measure offered to help borrowers experiencing difficulty in repayment and is described in this Chapter at length, other measures are available to borrowers depending on their circumstances, including those who may not qualify for RAP.

The Repayment Assistance Plan (RAP):

- Overview
- Application process
- Determining eligibility
- Proof of income
- Termination of a RAP
- Missed affordable RAP payment during RAP and restrictions under RAP
- Income received in lump sum payments
- RAP for borrowers with a permanent disability
- Process for requesting reconsideration of a RAP application
- Qualifying exceptional expenses for reconsideration of a RAP application.

Other repayment measures:

- Interest-only payments
- Capitalization of interest
- Loan forgiveness for family physicians, nurses and nurse practitioners
- Reservists on Designated Operations
- Severe Permanent Disability Benefit

- Death of a borrower

Appendix: RAP required payment, affordable payment formulas and monthly thresholds

5.2 RAP Overview

The Repayment Assistance Plan (RAP) assists Canada Student Loan borrowers experiencing difficulty in repayment. RAP is an income-based measure in which borrowers pay back what they can reasonably afford based on their family income and family size. Affordable monthly payments are limited to 20 percent or less of a borrower's gross family income, and in certain cases, borrowers may not have to make any student loan payments until their income increases. Additionally, under RAP, no borrower will have a repayment period of more than 15 years (or 10 years for borrowers with permanent disabilities). In short, RAP provides:

- short-term assistance to borrowers who face temporary financial difficulties and
- more generous long-term support to those with persistent financial difficulties.

Eligibility for RAP ensures:

1) No borrower will ever be required to make a student loan payment above an affordable level;
2) No payment will be required from those with very low incomes (zero affordable payment);
3) No borrower will have a repayment period exceeding 15 years.

All provinces except Prince Edward Island currently offer RAP. Any **affordable payments** made during RAP are applied proportionately to the borrower's outstanding debts (federal / provincial).

Borrowers on RAP are expected to make **affordable payments** on their loans**.** These are defined as payments toward principal, interest, or both, which do not lead to undue hardship. They are calculated according to the borrower's family size and family income, and may be zero if the borrower's income is below the minimum income threshold for their family size. If a borrower's spouse has a student loan, this is also considered in the calculation of the borrower's affordable payment. The formulas for calculating affordable payments are in paragraph 19(2) (b) of the Regulations. They are reprinted in **Appendix 5.1 and 5.2** at the end of this chapter.

The affordable payment is compared to the **required payment** to determine whether the borrower qualifies for RAP**.** This is the monthly amount a borrower would be required to pay if their loan were to be amortized over a standard period. The standard period differs for each stage of RAP (see below). The current student loan floating interest rate at the time of application is used in the calculation of required payment. If the required payment is less than their calculated affordable payment, the borrower is considered to have the ability to repay the debt without undue hardship and is not eligible for RAP. If the required payment is greater than the affordable payments, the borrower is eligible for RAP.

The Affordable Payment calculation considers family income, family size, and family provincial-territorial and federal student loan debt and determines an affordable percentage of monthly income contributed towards student loan repayment. For low incomes below the thresholds, zero percent of income is contributed (zero affordable payment). As income rises, the percentage of income contributed increases until reaching a maximum of 20%. The formulas for calculating affordable payments are in paragraph 19(2) (b) of the Regulations and detailed further in **Appendix 5.1 and 5.2** at the end of this chapter.

Borrowers must reapply for RAP every six months. When they reapply, their affordable monthly payment is recalculated based on their current gross family income and family size. This approach ensures that a borrower's affordable payment accurately reflects their ability to pay. Therefore, if a borrower's income increases or decreases (or if their family size changes), their affordable payment is adjusted accordingly.

RAP has two stages:

Stage 1

This stage assists those who are having temporary difficulties. In RAP Stage 1, the federal government is responsible for any monthly interest costs over and above the affordable payment made by the borrower. Affordable Payments are applied first to the loan principal, with any remainder applied to the interest portion of the loan. This stage lasts for up to 60 months (and ends between five to ten years from consolidation).

Stage 2

This stage assists those who have demonstrated longer term hardship. In RAP Stage 2, the federal government is responsible for any difference between the required payment and the affordable payment made by the borrower.

Stage 2 begins after Stage 1 is exhausted (60 months of Stage 1 RAP), or the borrower has been in repayment for over 10 years. At this point the loan balance is re-amortized between the present time and the end-of-repayment point guaranteed above (15 years from the borrower's most recent PSED). The borrower continues to make the same affordable payment consistent with income as in Stage 1, and the government tops up this payment to the amount of required payment (principal and/or interest, as necessary to meet the amount). Thus regardless of the borrower's financial situation, all of the loan will be repaid 15 years from the borrower's most recent PSED without causing undue hardship.

Loan consolidation and amortization in relation to RAP:

A borrower enters repayment on the first day of the seventh month following their last confirmed PSED. Whether a borrower actively consolidates immediately or not they are eligible to apply for RAP as soon as their loan enters repayment.

The amortization period of a borrower's loan is established at consolidation. Borrowers can choose to amortize over several durations; from within a year to 174 months, although 114 months / 9. 5 years is most common. A borrower who actively consolidates may choose between a variable and fixed rate of interest. The fixed rate is the prime rate, upon date of consolidation, + 5%. The variable rate is prime + 2.5%. Given fluctuation in the variable rate of interest, RAP eligibility, in cases where a borrower's income level remains constant, may vary somewhat from one RAP application to the next. The majority of RAP applicants choose variable rates of interest.

Throughout RAP (Stages 1 and 2), the Required Payment, as used in the RAP eligibility formula, is not necessarily the borrower's actual payment, depending on the amortization period they have chosen. The Required Payment represents the monthly payment that is based on a standard amortization period of 9.5 years for RAP Stage 1 and 14.5 years for Stage 2 (less all months in repayment prior to the month of one's RAP application), .

For example, upon entering repayment a borrower may choose to amortize their loan(s) over six years, rather than opting for the standard amortization period of 9.5 years. The borrower's monthly payments will be significantly higher than they would be if spread over 9.5 years. However, if the borrower applies for RAP, the calculation used will be based on an amortization period of 10 years from their most recent PSED, establishing the bar by which all Stage 1 RAP applications are assessed.

The formula for calculating the Required Payment is in the Appendix to this chapter (5.17, subsection 5.1)

Subsection 5.2 of the Appendix illustrates the Affordable Payment calculation, which if below the calculated Required Payment results in the approval of RAP.

5.3 RAP Application Process

Where to get an application Borrowers can get RAP application forms from the lender or service provider holding the borrower's loan.

Where to submit an application

Borrowers with <u>only</u> direct loans:
Borrowers must forward their RAP applications to the NSLSC.

Borrowers with <u>only</u> guaranteed loans or risk-shared loans:
Borrowers must forward their RAP applications to the lender or lenders holding their loans.

Borrowers who have <u>both</u> guaranteed or risk-shared loans <u>and</u> direct loans:
Borrowers must forward the RAP application to the NSLSC. The service provider will determine whether RAP will be granted and inform both the applicant and the lender of the outcome.

When to submit applications

Borrowers must submit RAP applications once every 6 months until they are no longer eligible or their loan is paid in full.

Notification of decision

The notice to the borrower must include:

- the start day of the RAP period.
- the day the RAP period will end.

Borrowers with <u>only</u> direct loans:
The NSLSC informs the applicant of the decision.

Borrowers with <u>only</u> guaranteed loans or risk-shared loans:
The lender must notify the Minister and the applicant of the decision.

Borrowers who have <u>both</u> guaranteed or risk-shared loans
The CSLP must notify all lenders and the applicant of the decision.

Suspension of the Loan Agreement

When a RAP period has been awarded, the terms and conditions of the consolidated student loan between the borrower and the lender are suspended.

The terms and conditions resume if one of the following occurs:

- The RAP period comes to an end.
- The RAP period is terminated because of an error made in granting RAP.
- The borrower is restricted from receiving further RAP.
- The borrower resumes full-time studies.

5.4 Determining Eligibility

Affordable payment

To be eligible for RAP, a borrower's Affordable Payment (AP) must be less than their Required Payment.

Residency requirements

To be eligible to apply for RAP, borrowers must reside in Canada.

Exceptions:

- If the borrower or their spouse or common-law partner works for an organization abroad that meets CSLP's International Internship criteria, they are deemed to reside in Canada. The internship must be for one year or less.
- If a reservist is deployed in an operation designated by the Minister of National Defence, or if the borrower is the spouse or common-law partner of such a reservist, they are deemed to reside in Canada.

In both cases, it must be clear that the borrower intends to return to Canada at the end of the stay abroad.

Ceasing to be a student'

Borrowers cannot qualify for RAP before 6 months have elapsed from the date that they ceased to be a student.

For the purposes of RAP, the day that a student 'ceased to be a student' is defined as the last day of the month of the student's last study period. (This is also referred to as 'PSED' – Period of Studies End Date.)

If the borrower has both full and part-time loans…
They ceased to be a student on the last day of the month of their last, full-time study period.

Exception: If the borrower studied part-time after being a full-time student…
The borrower's full time loans would be subject to the last day of the month of their last full-time study period. Their part-time loan would be subject to the last day of the month of their last, part-time study period.

Loans in good standing

The applicant's loans must be in good standing. Borrowers who have missed a payment have three options:

1. Pay the arrears.
2. Capitalize the interest on that payment (take the outstanding

interest and add it to the principal of the debt) to a maximum of 3 months. Capitalization of interest is available one time only.

3. Backdate the RAP by providing income statements, to a maximum of 6 months prior to the application.

If the borrower has filed for bankruptcy…
If the borrower is in repayment with the Canada Revenue Agency (CRA), RAP may be applied to the CRA-held loan providing that all RAP eligibility criteria are met.

Documentation

Applicants must provide all supporting documentation, including the complete application and any proof of income documentation required.

Restrictions

The applicant must not be restricted by the Canada Student Loans Program. (See **Chapter 1.9 Eligibility Criteria, Restrictions**.)

Ineligible borrowers

If the required payment is equal to or less than the affordable payment (as calculated with the Affordable Payments formula in **5.17: Appendix to Chapter 5**), the borrower is considered to have the ability to repay the debt and is not eligible for RAP. If the required payment exceeds the affordable payment, the borrower is eligible for RAP for a 6-month period.

Backdating

In situations where a borrower has missed payments, a RAP application can be backdated. Up to 3 months of accrued interest can be capitalized (if the borrower has not done so already) and the RAP application can be backdated by up to 6 months to cover the missed payments (no earlier than the first of the month, six months prior to the application date).

Eligibility for Stage 1 RAP

Borrowers are eligible for Stage 1 if **all** of the following apply:

- The first day of the month in which they applied for RAP is within 10 years of them ceasing to be a student.
- The borrower has not received 60 cumulative months of RAP or Interest Relief since ceasing to be a student.
- The borrower has not received a Debt Reduction in Repayment.

Eligibility for Stage 2 RAP

Borrowers are eligible for Stage 2 if **any** of the following apply:

- The first day of the month in which they applied for RAP is more than 10 years after they ceased to be a student.
- The borrower has received more than 60 cumulative months of RAP or Interest Relief since ceasing to be a student.

- The borrower has received a Debt Reduction in Repayment.

Special instructions for military postings and international internships

When completing the RAP application, applicants must answer ‘YES’ to the question “Does the applicant reside in Canada?”

In addition to the standard application process for RAP, applicants must attach a letter from the military or the internship sponsor. The letter should include:

- name and S.I.N. of the intern or reservist only
- name and address of the sponsoring company or organization
- internship or posting start and termination dates
- the borrower’s gross monthly family income
- for internships, a description of the work
- name and telephone number of a contact person at the posting or sponsoring organization
- signature and date.

While the National Student Loans Service Centre (NSLSC) receives the applications for RAP, the Canada Student Loans Program should be consulted before any borrower in this special situation is admitted into RAP.

5.5 RAP Proof of Income Requirements (POI)

Part of the calculation for RAP is gross family income. Borrowers must state on the application their gross family income, before taxes and deductions, such as employment earnings, investment earnings, payments received through social programs, support payment and monetary gifts for each type of income received during the current and previous 2 months.

Proof of Income is required to maintain a degree of integrity that the program is delivering benefits to borrowers who legitimately qualify.

Because RAP is an income tested program, to maintain program integrity some applicants are selected to provide verification that the income upon which their application is being adjudicated is true.

Acceptable proof of income

POI documentation must be submitted for the borrower and any family members earning income who are included in the total family size.

Copies of the following documents are acceptable as proof of income:

- Dated employer pay stubs
- A Record of Employment form (ROE)
- A letter signed by an employer stating the borrower's monthly income and changes in employment (if applicable)
- Earnings statements for contracted work or business income
- Documentation showing EI, social assistance, or other government assistance earnings
- Financial institution statements showing RRSP or investment earnings
- Statements from an accountant attesting to income

If a borrower has zero income…
They must submit a signed letter explaining how they are meeting their expenses.

If a borrower is self-employed…
They must submit a business income statement, which includes the month in which the application is signed. A business income statement should include:

- The name of the borrower's company and registration number (if applicable)
- A list of the borrower's income and expenses before taxes
- The borrower's total gross monthly income
- The borrower's name and Social Insurance Number or account number
- A monthly bank statement of a business account. A letter from their financial institution, or a letter signed by their accountant is also acceptable.

Note: Four weeks of POI are considered equivalent to one month.

POI process for spouses and partners

When spouses or common-law partners both have student loans in repayment, both borrowers may apply for RAP.

It is possible that one spouse or partner may be selected for POI verification and not the other. This could occur due to the sampling methodology for Stage 1 RAP or when one spouse or partner is in Stage 2 RAP (mandatory POI verification) and the other is in Stage 1 RAP and has not been selected for POI verification.

- In all cases, the POI verification processes for spouses and partners will be independent of each other.
- If one POI verification fails, this will have no impact on the other spouse's or partner's RAP approval.

When spouses/partners both have student loans in repayment (even if they do not both apply for RAP) the Affordable Payment is pro-rated based on the outstanding loan balances that are in repayment.

5.6 Termination of a RAP period

The lender or Minister may terminate a RAP period or revoke further RAP periods under these circumstances:

- RAP was granted in error.
- A borrower has failed to repay the accrued interest, falls too far in arrears for backdated RAP, or doesn't qualify for RAP for some of the months in arrears and does not pay or capitalize the outstanding interest.
- A borrower mis-states their income.
- A borrower's risk-shared loan is 'returned to the Minister' (that is, put-back to the Canada Revenue Agency). The Act and Regulations require that risk-shared loans be held by the lender in order to be eligible for RAP. However, borrowers may still rehabilitate their loans should they wish to be RAP-eligible (see **Chapter 1.9 Eligibility Criteria, Other Restrictions on Eligibility**.)
- A borrower's guaranteed loan is 'returned to the Minister' (that is, a claim for loss has been paid). Under the Regulations, borrowers are restricted from RAP if a claim for loss has been paid by the Minister. Guaranteed loans that are up-to-date or that have been rehabilitated are eligible for RAP.
- A borrower is found guilty of an offence under any federal statute because of conduct in obtaining or repaying a student loan. The Minister or lender will terminate the RAP period as of the day of the finding of guilt, and revoke the borrower's right to obtain additional RAP.
- Administrative Measures (*Canada Student Financial Administration Act* 17.1)), including termination of RAP, take effect in circumstances where a person who, in respect of a student loan or other financial assistance to a student, knowingly makes any false statement or misrepresentation, including by omission, in an application or other document or knowingly provides any false or misleading information, including by omission, is guilty of an offence and liable on summary conviction to a fine not exceeding $1,000.

- Specifically, in relation to RAP, a false statement, misrepresentation or omission could be found to have occurred with regard to declaration of income per the RAP application.

Resumption of payments following termination of a RAP Period

Borrowers are responsible for resuming payments on their loans, as set out in their consolidated student loan agreement, during the month following the end of the RAP period.

All of the terms and conditions of the consolidated loan agreement will apply upon resumption of loan payments. For example, if the borrower had agreed to pay interest at a fixed rate, this would resume following the termination of the RAP period.

RAP repayment for borrower error

If the service provider or CSLP determines that RAP was approved due to an error by the borrower in reporting income, repayment assistance can be reduced or cancelled. In either case, the borrower must do one of the following within 30 days of the date of notice from the lender, CSLP, or NSLSC:

- Repay the amount of repayment assistance that the borrower was not entitled to receive **or**
- Enter into a revised agreement for the repayment of that amount.

If the borrower fails to comply…
The borrower is restricted from further RAP benefits.

Lender's repayment responsibility
The lender or NSLSC must repay the Minister all of the repayment assistance that the government paid in error on behalf of the borrower.

5.7 Missed Affordable Payment During RAP

Student borrowers who miss one or more affordable payments (AP) during their RAP periods and who do not make the missed payments within 30 days of completing their RAP periods are restricted from all forms of student financial assistance for a minimum of 6 months.

A restriction is applied when a borrower on RAP or RAP-PD misses at least one or part of an AP and fails to pay it during the RAP/RAP-PD period plus the 30 day non-repayment period.

Until the borrower has fulfilled their **RAP recovery** obligation, they are prevented from receiving all student financial assistance with the exception of:

- The Severe Permanent Disability Benefit and
- Principal and interest deferral on their part-time loan while in-study and during their non-repayment period.

RAP recovery

RAP Recovery is the process that borrowers must fulfill in order to put their loans back in good standing after having missed an affordable payment during a RAP period.

Once the conditions of RAP Recovery are met, a borrower's Missed AP restriction can be removed.

A RAP Recovery schedule, which can begin at the earliest on the month after the "seventh month", is a commitment by a borrower to make the equivalent of two consecutive monthly payments. These payments are made up of:

- all outstanding interest prior to the RAP Recovery period start date **and**
- the equivalent of two months of the RAP affordable payment or
- Interest-only payments, whichever is the greatest.

A borrower may make all payments as a lump-sum payment or over a period of not more than six consecutive months, providing that no payments are less than the monthly interest required or the borrower's previously calculated affordable payment, whichever is greater.

RAP recovery attempt limit

A RAP Recovery attempt is defined as entering into a RAP Recovery agreement with the NSLSC. This is not a formal written agreement and only needs to be negotiated with the borrower over the phone.

In Stage 1 of RAP, there is a two-time loan lifetime limit to the amount of RAP Recovery schedules available to a borrower, where the Affordable Payment or Interest-Only payment is an option.

In Stage 2 of RAP, if a borrower has used their two RAP recovery attempts, they can only become eligible to apply for RAP again by paying the outstanding interest plus the equivalent of two ***regular*** consecutive monthly payments.

If a borrower misses a payment during RAP Recovery, this will be considered as having used one of the RAP Recovery attempts.

Student borrowers are not allowed to re-amortize their repayment schedules during the RAP Recovery process.

5.8 Income received in Lump Sum Payments

For the purposes of RAP, lump sum payments mean a sum of money that the borrower receives during a one-month period that is intended to cover a period of more than one month.

These payments can be pro-rated over the number of months for which they were intended so that a student's eligibility for RAP assistance is not compromised.
Only certain types of lump sum payments, considered as regular sources of income, qualify to be pro-rated. Borrowers must submit supporting documentation. Other types of income, such as lottery winnings, do not qualify.

Qualifying types of lump sum payments

The following are types of lump sum payments that qualify:

Lump sum payment of spousal support or child support in arrears
Borrowers must submit:

- a copy of the separation agreement outlining the monthly support requirements **or**
- a court order providing details in respect of entitlement to child/support payments, including the amount and frequency.

Income earned over a period of greater than one month but received as a lump sum
Borrowers must submit a copy of the contract or letter from an employer specifying the period of work and rate of pay.

Three pay periods in one month
Borrowers who are paid bi-weekly (every two weeks), as opposed to bi-monthly (twice per month) would have 26 pay periods in a year. This would mean that in two months out of the year the borrower would be paid three times.

If all three pays are applied towards the month in which they are received, as opposed to the pay period, this could affect eligibility for RAP. To avoid this situation, in a month when a borrower is paid three times, one pay should be divided over two months, that is, the current month and either the month prior or the following month, depending on the pay period.

The borrower must submit copies of the applicable pay stubs.

Retroactive Employment Insurance or Canada Pension Plan Payments
Due to administrative delays and waiting periods to qualify for EI and CPP benefits, borrowers may receive a retroactive payment as a lump sum. In these instances, the lump sum should be pro-rated over the period for which it was intended.

The borrower must submit copies of EI or CPP payments confirming the period of coverage.

Non-qualifying payments

The following are not considered lump sum payments for the purpose of RAP eligibility:

- lottery winnings
- payment of an inheritance
- a one-time payment of an insurance settlement
- payment of a severance package
- payment resulting from the dissolution of a marriage or common-law relationship, that is, the division of assets.

5.9 Repayment Assistance Plan for Borrowers with a Permanent Disability

The Repayment Assistance Plan for Borrowers with a Permanent Disability (RAP-PD) provides repayment assistance that is accelerated and that considers the additional living costs faced by people with disabilities. Qualifying borrowers proceed directly to the second stage of RAP whereby the government covers any shortfall between their affordable and required payment (principal and interest, as applicable) and as a result have their loan gradually reduced over a period of 10 years.

Eligibility and documentation

Borrowers must meet all of the eligibility requirements for RAP described earlier in this chapter.

In addition, they must provide proof of their permanent disability, if the NSLSC does not already have this on file.

If the NSLSC does not have proof of permanent disability on file…
The borrower can present evidence of receipt of a Grant for Students with a Permanent Disability (CSG-PD).

If the borrower has not received a CSG-PD…
The borrower must provide proof of permanent disability. Under the Canada Student Financial Assistance Regulations, permanent disability means:

> "a functional limitation caused by a physical or mental impairment that **restricts** the ability of a person to perform the daily activities necessary to participate in studies at a post-secondary school level or the labour force; and is expected to remain with the person for the person's expected life."

Students must provide proof of their permanent disability in the form of:

- a medical certificate **or**
- a psycho-educational assessment **or**
- documentation proving receipt of federal or provincial permanent disability assistance.

Once verified, all future RAP-PD applications will not require verification of a permanent disability.

Application process

The application process is the same as the application process for RAP, with these exceptions:

If the borrower and NSLSC are waiting for confirmation of permanent disability…

The borrower's RAP application will be processed as if it is an application for Stage 1 or Stage 2 RAP. If the borrower meets the eligibility criteria, they will be placed on RAP pending notification of permanent disability status.

If it is determined mid-way through the borrower's approved Stage 1 or Stage 2 RAP period that the borrower meets the permanent disability criteria, the borrower's approved period will be allowed to finish. All subsequent RAP applications will be processed for RAP-PD.

Disability-related expenses
Borrowers will be advised to complete the Disability-related Expenses section of the application. CSLP is responsible for validating disability-related expenses and providing this information to the service provider or lender.

Eligible disability-related expenses

The assessment for RAP-PD will take into consideration medical and living expenses that are directly related to the borrower's permanent disabilities. These may include medical, housing, special care, or other expenses.

Medical expenses must be prescribed by a licensed medical practitioner.

Applicants with health insurance can include any uninsured portion that they are required to pay out of pocket.

Restrictions from further loan disbursements

Borrowers who have benefited from RAP-PD and who have been out of school for more than five years are restricted from receiving further loans and grants until their loans are paid in full.

Borrowers who benefit from RAP-PD are not restricted from receiving in-study, interest-free status or interest deferral.

5.10 Process for Requesting Reconsideration of a RAP Application

Eligibility

Borrowers who have been refused RAP because their monthly affordable payment is greater than their monthly required payment may still be eligible for RAP if other conditions are met upon reconsideration.

They can request reconsideration of their application if they can show that ***unforeseen and unavoidable*** circumstances have caused the borrower and their spouse or common-law partner to incur ***extraordinary*** expenses that prevent them from fulfilling their repayment obligations.

Required documentation

To support a request for reconsideration, a borrower must submit:

- A request in writing to the Minister for a review of the exceptional circumstances
- A copy of the original RAP application
- A copy of the RAP refusal letter from the lender or service provider
- Supporting documentation as outlined below under **Qualifying Exceptional Expenses.**

Note: If the borrower cannot provide receipts or payment statements they must give a detailed explanation of why they are not available.

Submission deadline

The deadline for submitting a request for reconsideration, including all supporting documentation, is 30 days after the date of the RAP refusal letter.

The Minister will determine the outcome of a borrower's request for reconsideration within 35 days of receiving the borrower's request.

An outcome will be one of Approval or Refusal. If approved, an altered RAP payment may be granted to the borrower. The affordable payment may be reduced.

5.11 RAP Re-Adjudication

Circumstances in which re-adjudication is available

1. A borrower has been approved for RAP with an affordable payment.

2. A borrower contacts the NSLSC and indicates that their income has dropped significantly and they are no longer able to make their affordable payments.

   A significant drop in income is any one of the following: income drops below the RAP family-size threshold for that individual; income drops by an amount equal to or greater than the family-based increment.

Upon contacting the NSLSC and indicating a drop in income, the following will occur:

- The student will be screened to determine if they have experienced a significant drop in income as defined above.

- If the student has experienced a significant drop in income, they will be sent a new Repayment Assistance Plan application with a Re-Adjudication letter

- The student must provide proof of income for the month when their income dropped, and provide proof of income for their spouse if applicable

- They will be re-adjudicated based on this income and revised loan balances

- If their spouse/partner is also in receipt of RAP, the spouse or partner must request a separate re-adjudication

When the NSLSC receives the new Repayment Assistance application and valid POI, the student's existing RAP period will be shortened to end of the month when the last affordable payment was made. If no affordable payments have been made, the period may be reduced to zero months.

- The student will be re-adjudicated based on the provided information for a new six month RAP period.
- The student will be advised of the new affordable payment which may be zero, and the new start and end dates.
- In cases where the borrower indicates a significant drop in income for a month or months prior to the month of application, and the student has not made their full affordable payment for those months, the student will be required to provide proof of income for all previous months for which a re-adjudication is being requested and the NSLSC will use backdating to establish the student's eligibility and affordable payment.

5.12 Qualifying Exceptional Expenses

Qualifying exceptional expenses must have been paid for within the 6-month period for which the borrower applied for RAP. They include, but are not limited to:

- Uninsured expenses related to the care of a wholly dependent person (see **Chapter 2.5: Wholly dependent person**), including uninsured childcare or attendant expenses for the care of a dependent child who has a disability
- exceptional expenses related to changes in marital status
- funeral expenses
- legal fees due to exceptional circumstances
- uninsurable emergency home repairs (not cosmetic or regular maintenance)
- uninsured medical, dental or optical expenses (not regular or cosmetic)
- relocation expenses associated with employment change

Other expenses may be acceptable provided that:

- The borrower and spouse or common-law partner did not have control of the circumstances that led to incurring them.
- The expenses were not paid for or reimbursed by another person or a private insurance plan.
- The borrower submits supporting documentation.

Changes in marital status

Changes in marital status such as a divorce or separation do not constitute an unavoidable and unexpected event that results in exceptional expenses for a borrower. Such situations are taken into account in the determination of family size when a borrower applies for RAP.

However, some expenses related to the division of property upon marital breakdown may be considered exceptional expenses for the purposes of RAP reconsideration. For example the borrower has to:

- make a one-time, lump sum spousal support payment
- make a lump sum property equalization payment
- make a lump sum payment to facilitate the buy-out of a pension.

Required documentation

The borrower must submit a copy of the divorce or separation agreement and, depending on the circumstance:

- Net property statement for equalization payments or
- Signed pension division contract/agreement or
- Court order providing details relevant to the lump sum payment.

In addition, the borrower must submit an itemized statement showing amount paid, date paid, and reason for the expense incurred.

Funeral expenses

Funeral expenses for a wholly dependent person, incurred and paid by the borrower or the borrower's spouse/common-law partner during the RAP period may be considered.

Required documentation:

- Copies of all receipts for funeral expenses that are not covered under any government program (such as CPP)
- A copy of the death certificate
- A copy of any fees that the borrower or spouse/common-law partner paid for relating to the administration of the deceased person's estate.

Legal fees

Legal fees incurred and paid for by the borrower or the borrower's spouse/common-law partner during the RAP period may be considered.

Legal fees must be a result of exceptional circumstances, such as a motor accident or law suit. Legal fees associated with the purchase of a home or the operation of a business will not be considered.

Required documentation:

- A letter giving the reasons for the exceptional circumstances which resulted in legal fees
- An itemized account from their lawyer showing amount paid, dates of payments, and reasons for expenses incurred.

Uninsurable emergency home repairs

Uninsurable emergency home repairs only apply to the borrower's primary residence during the application period. Emergency repairs to a second residence or vacation property will not be considered. The home repair must be related to emergency situations, such as a flood, or disaster-related roof damage. Cosmetic or regular maintenance will not be considered.

Required documentation:

- A statement describing the type and necessity of the repairs
- Receipts itemizing the expenses and the date the expenses were paid by the borrower or their spouse/common-law partner
- A letter from the insurance company attesting that the expenses were not covered by a policy.

Uninsured medical, dental or optical expenses

These are expenses incurred for essential, uninsured, medical, dental, or optical treatment RAP period for:

- the borrower
- their spouse/ common-law partner or
- a wholly dependent person.

Required documentation:

- A copy of receipts itemizing the expenses, including the date payments were made
- A statement from the borrower giving the name of the patient, their relationship to the borrower, and the type and necessity of the expense
- Proof that the costs incurred are not insured. This could be either a letter from the insurance company rejecting the applicant's claim, or a letter from the health care provider attesting that the expenses were not covered by insurance.

Work-related relocation expenses

Moving expenses associated with an employment change for the borrower or their spouse/common-law partner during the RAP period may be considered.

Required documentation:

- A copy of dated receipts itemizing the expenses paid by the borrower or their spouse/common-law partner
- A statement from the new employer that the costs incurred were not covered by the employer.

5.13 Other Repayment Measures

Interest-only payments

A borrower having difficulty repaying may opt to make interest-only payments. Interest-only payments are offered in intervals of up to six months, but can be taken over shorter durations. A borrower is entitled to a maximum of twelve interest-only monthly payments over the entire repayment of their loan.

If a borrower receives further loan funding subsequent to payment in full of the loan to which interest-only payments applies, the interest-only payment option is still available with regard to the new loan.

Capitalization of interest	A maximum of three months accrued interest can be capitalized to the principal of a borrower's debt once in the lifetime of the borrower's loan.
Loan forgiveness for family physicians, nurses and nurse practitioners who commit to work in under-served, rural and remote communities	Starting in 2012-2013, all family physicians, including medical residents, working in designated areas, will be eligible for federal Canada Student Loan forgiveness of up to $8,000 per year to a maximum of $40,000. Nurse practitioners and nurses in designated areas will be eligible for federal Canada Student Loan forgiveness of up to $4,000 per year to a maximum of $20,000. Details to follow when confirmed.

5.14 Reservists on Designated Operations

Purpose

Canadian Forces reservists who are full-time students and have interrupted studies to serve on designated operations are eligible to receive an interest-free, no repayment benefit on their student loans during this period.

Eligibility for reservist benefit

The eligible period includes training for, deployment to, and all authorized leave periods resulting from service on designated operations. It includes preparation, training, rest, or travel from or to the employee's residence.

Reservists will have 6 months following completion of service to enroll in full-time studies, in order to maintain their interest subsidy.

If the reservist does not continue studies…
Interest begins to accumulate as of the end of their service.

If a student changes educational institutions after serving on a designated operation…
There is no change to a student's eligibility for further student loans if they change their institution or program of studies.

If a student decides not to continue full-time studies following completion of service…
They will not be penalized if they do not return to full-time studies. No interest will be charged for the period of service on designated operations.

Designated operations

A designated operation is an operation in Canada or abroad that is designated by the Minister of National Defence for the purposes of the *Canada Labour Code,* Division XV.2, 247.5(1) a.

The Minister of National Defence may, in consultation with the Minister of Labour, designate an operation for the purposes of paragraph (1) and may authorize another person to do so. This authorization exists so that the ability to designate an operation can be delegated to the Chief of the Defence Staff (CDS).

Full-time status

The reservist must be in full-time study, defined as at least 60% of a full course load.

If a part-time student is posted to a designated operation…
They are not eligible for these benefits as they are already in repayment status.

Required documentation

The reservist must submit:

- A Confirmation of Posting Assignment for Full-Time Students form, including their intent to return to studies following their service **and**
- A copy of the posting message

Extension of the benefit

During periods of recovery from non-permanent on the job injuries, reservists can have the interest subsidy extended. Injuries can occur at any time during eligible service.

Provincial / FI loans

Provinces and territories and financial institutions holding risk-shared, guaranteed, or provincial loans can ask for repayment of student loans during the period of service on designated operations.

If an agreement is not reached, the Government of Canada can pay, on the behalf of the reservist, interest accumulated on student loans during the period of eligible service.

In these cases, the interest will be paid directly to the province, territory or financial institution. All payments by the reservist will go directly to the loan principal.

5.15 Severe Permanent Disability Benefit

Borrowers with a severe permanent disability who are unable to repay their Canada Student Loans may be eligible to have their debt cancelled.

Eligibility

A borrower may be eligible for the Severe Permanent Disability Benefit if:

- they have a physical or mental impairment that prevents them from studying at a post-secondary level and taking part in the labour force and
- the disability is expected to remain with them for life.

The borrower must submit an application for the Permanent Disability Benefit, regardless of whether they previously received a grant or other benefit designed specifically for students with permanent disabilities.

This benefit reduces the outstanding loan, both principal and interest, to zero. Borrowers with Guaranteed and/or Risk Shared loans that are administered by Canada Revenue Agency are, if the above criteria are met, eligible to receive the Severe Permanent Disability Benefit. Eligibility was extended to Guaranteed / Risk-Shared borrowers in 2011, but is retro-active to any borrower that applied from implementation of the benefit (August 1, 2009). Borrowers at CRA with judgments against them are also eligible to apply for PDB.

Eligibility for the Severe Permanent Disability Benefit is consistent for all loan types.

Application process

Severe Permanent Disability Benefit kits are provided by the contact centre for CSLP Client Relations. Applications are completed by the borrower and returned directly to CSLP.

CSLP informs the borrower and the lender or service provider or CRA of the decision to accept or reject the application for the Severe Permanent Disability Benefit.

The applicant may apply for reassessment of a denial of benefit, if their circumstances change or if they have new information.

Restrictions from further loan disbursements

Recipients of the Severe Permanent Disability Benefit are no longer eligible to receive financial assistance from CSLP.

5.16 Death of a Borrower

In the event that a borrower dies, all repayment obligations are terminated regardless of loan regime.

5.17 Appendix to Chapter 5

This Appendix contains the following:

5.1 Calculating the Required Payment
5.2 Affordable Payment Formula for the Repayment Assistance Plan
5.3 Affordable Payment Formula for the Repayment Assistance Plan for Students with Permanent Disabilities (RAP-PD)
5.4 Monthly Thresholds and Increments Table

5.1 Calculating the Required Payment

A borrower's required payment is calculated using the following formula:

$$PMT = \frac{(PVLoan)i\ (1+i\ )^{n}}{(1+i\ )^{n}\ -1}$$

Where:
PMT = Student's monthly payment
PVLoan = Present Value of loan (outstanding loan balance)
i = Monthly interest rate (equivalent to the annual rate divided by 12)
n = Number of months in the amortization period (e.g., 114 for a standard 9.5 year amortization period).

The required payment is determined by amortizing the borrower's outstanding principal at time of application over a specified period of years according, to the stage or type of RAP that they are currently eligible to receive.

For Stage 1 RAP:
120 months - months in repayment since latest PSED + months of IR/RAP used since latest PSED

For RAP-PD:
120 months - months in repayment since latest PSED

For Stage 2 RAP:
180 months - months in repayment since latest PSED

The number of months the borrower has been in repayment is subtracted from this amortization period. The number of months the borrower has been on Interest Relief and/or on RAP is not included in the number of months in repayment for Stage 2 and RAP-PD (to ensure that the maximum repayment period is 15 years and 10 years for RAP and RAP-PD, respectively), but will be included in calculating for Stage 1.

The interest rate is either a fixed interest rate of the prime rate + 5% or a floating rate of is the prime rate +2.5%. The current prime rate at the application signature date is used.

5.2 Calculating the Affordable Payment for the Repayment Assistance Plan

A borrower’s monthly affordable payment is equal to:

1) Zero ($0) if the borrower’s monthly family income is less than or equal to the monthly income threshold for their family size according to the Table 5.4; or

2) Their monthly family income multiplied by the lesser of:

   a. 20% * A; or

   b. $$1.5 * \left[\frac{(X - Y)}{100Z} + 1\%\right] * A$$

Where:
A = The proportion of the total government student loan debt of the applicant (federal and provincial) to the total government student loan debt of the family (including that of the spouse or common-law partner)
X = Monthly family income
Y = Monthly threshold amount for their family size (see Table 5.4)
Z = Increment value for their family size (see Table 5.4)

The affordable payment formula ensures no borrowers pay more than 20% of their gross income towards their student loan debt, and borrowers with low incomes (below the threshold for their family size) are not required to make payments.

- Borrowers’ monthly gross family income (X) is compared to threshold values (Y) based on family size (Table in 5.4).
- If monthly income is below the threshold value the affordable payment calculation is zero.
- If monthly income is above the threshold value the Affordable Payment is calculated as a percentage of income which increases with respect to income until it reaches a maximum of 20%.
  - The formula determines this by comparing the income that exceeds the threshold against the increment found in Table 5.4, which represents the amount of monthly income needed to increase the

affordable payment by 1%. Affordable payments start at 1% of income.

- The percentage is multiplied by 1.5 to account for provincial debt, is also adjusted to account for the government student loan debt of the borrower's spouse (if applicable).
- The monthly affordable payment is then divided proportionally between the federal and provincial shares of debt as applicable.

EXAMPLE: A family of 2 with gross monthly income of $3,000:

$$\text{AP\%} = 1.5\left(\frac{(3000-2631)}{(100)(350)} + 0.01\right) = 3.08\%$$

Multiplying this by gross monthly income, we obtain the monthly affordable payment for this family:

Monthly affordable payment = $3,000 X 3.08% = $92.40.

The monthly affordable payment is then divided proportionally between the federal and provincial shares of debt as applicable.

5.3 Calculating Affordable Payment for the Repayment Assistance Plan for Students with Permanent Disabilities (RAP-PD)

A borrower's monthly affordable payment is equal to:

3) Zero ($0) if the borrower's monthly family income is less than or equal to the monthly income threshold for their family size according to the Table 5.4; or

4) Their monthly family income multiplied by the lesser of:

   a. 20% * A; or

   b.
   $$1.5 * \left[\frac{[(X-E)-Y]}{100Z} + 1\%\right] * A$$

Where:

A = The proportion of the total government student loan debt of the applicant (federal and provincial) to the total government student loan debt of the family (including that of the spouse or common-law partner)
X = Monthly family income
Y = Monthly threshold amount for their family size (see Table 5.4)
Z = Increment value for their family size (see Table 5.4)
E = Monthly disability-related expenses

The affordable payment formula for RAP-PD is similar the RAP affordable payment formula however includes disability related expenses (E) which are deducted from monthly gross income thus lowering calculated monthly affordable payments.

EXAMPLE: A family of 2 with gross monthly income of $3,000 and monthly disability-related expenses of $200:

$$\text{AP\%} = 1.5\left(\frac{((3000-200)-2631)}{(100)(350)} + 0.01\right) = 2.22\%$$

Multiplying this by gross monthly income, we obtain the monthly affordable payment for this family:

Monthly affordable payment = $3,000 X 2.22% = $66.60

The monthly affordable payment is then divided proportionally between the federal and provincial shares of debt as applicable.

5.4 Monthly Thresholds and Increments Table

Monthly Thresholds and Increments					
Family Size	1	2	3	4	5
Threshold	$1,684	$2,631	$3,399	$4,009	$4,569
Increment	$250	$350	$425	$500	$575

Chapter

6

Chapter 6: Bankruptcy

6.1 Purpose

This chapter describes the Canada Student Loans policy on borrowers who have experienced a **bankruptcy-related event** (including bankruptcy, consumer proposals, and orderly payment of debts). Borrowers who declare bankruptcy are subject to the *Bankruptcy and Insolvency Act* (BIA). This chapter deals specifically with how their bankruptcy impacts their student loans and eligibility for further assistance.

The policy describes changes to the student loan discharge provisions as a result of amendments to the BIA that came into effect on July 7, 2008. Where requirements are specifically addressed in the BIA it is noted.

This chapter also discusses repayment assistance benefits available to borrowers who have experienced a bankruptcy related event.

Nothing in this section should be interpreted in a way that contravenes the BIA.

6.2 Discharge of Student Loans through Bankruptcy (Bankruptcy and Insolvency Act)

Debtors are usually discharged from their debts after the Stay of Proceedings period that follows declaration of bankruptcy and released from their obligation to repay the debts. However, student loan debts are only only eligible to be discharged with other debts if a borrower has been out of studies for more than seven years as of the date of filing the bankruptcy (prior to July 2008 the period was 10 years). However, In cases of hardship, a bankrupt borrower can make a request to the court to be discharged after five years have passed from their last PSED. When a student loan is discharged, the borrower is no longer obligated to make any more payments.

Stay of proceedings

The Stay of Proceedings begins when a borrower is declared bankrupt. During this period a trustee will act on behalf of the

(Bankruptcy and Insolvency Act)

borrower to ensure that both the creditors' and the borrower's interests are maintained in accordance with the bankruptcy laws. Trustees are responsible for payments to creditors, made from the proceeds of the sale of non-exempt assets and from surplus income. Interest payments made on student loans are considered a non-discretionary payment and are excluded from surplus income. Interest payments should therefore be made whenever possible (examples of other non-discretionary payments include child support and fines).

If eligible, the debtor may receive assistance under the Repayment Assistance Plan. A debtor may also choose to make a payment against the principal value of their student loan if authorized by the trustee.

To make full monthly payments of principal and interest, borrowers must request trustee authorization. There is a trustee authorization form that can be provided by the NSLSC or a borrower's financial institution.

The Stay of Proceedings ends upon Trustee Discharge.

Eligibility for discharge (Bankruptcy and Insolvency Act)

The seven-year student loan discharge provisions apply to both full-time and part-time borrowers who became bankrupt on or after July 7, 2008.

Borrowers who filed bankruptcy prior to July 7, 2008, that were not discharged as of July 7, 2008, are also eligible to qualify under the seven-year student loan discharge provision.

These changes are not retroactive. Any previous loan payments will not be reimbursed to the borrower.

Eligibility for exceptional financial hardship

(Bankruptcy and Insolvency Act)

The five-year hardship period applies to all bankrupts, including those who have previously been discharged from bankruptcy.

To qualify for exceptional financial hardship, a person must demonstrate to the Court that they have acted in good faith and that they will continue to experience financial difficulties.

6.3 Bankruptcy While In-study: Benefits for Full-time Students

Borrowers who have a bankruptcy-related event while in-study or during their non-repayment period are able to receive the following benefits **for up to three years** following the date of the event:

- interest-free status, while in-study, on full-time student loans
- new student loans and grants

The Canada Student Loans Program extends these benefits to borrowers who have a bankruptcy-related event while in-study to give them an opportunity to complete their program successfully, making it more likely that they will find gainful employment and repay their loans.

Eligibility for interest-free status and loans

Borrowers must meet the following requirements:

- Borrowers must be in full-time study, defined as 60% of a full course load or 40% of a full course load for students with permanent disabilities. Part-time students who have a bankruptcy-related event while in-study are not eligible for these benefits. They will automatically enter into repayment on their current loans and will not be eligible for new loans.
- Borrowers must remain in the same program of study in which they were enrolled on the date of the bankruptcy-related event.
- Borrowers must pursue studies on a continuous basis, that is, consecutive study periods (excluding regularly scheduled breaks, such as summer break).

If a student changes educational institutions after a bankruptcy-related event…
They are still eligible for interest-free status and new loans / grants, providing:

- They remain in the same program of study **and**
- The program of study does not take longer to complete at the new educational institution.

Required documentation

Borrowers must provide Confirmation of Enrollment to indicate their intention to remain in-study.

Maximum period of assistance

Borrowers will only be eligible for interest-free status and new loans until the earlier of the following:

- the end of their program of study

- three years after the end date of the period of studies during which the bankruptcy-related event occurred (date of filing).

When one of these events occurs, the borrower enters into repayment. However, they may be eligible for the Repayment Assistance Plan. (See **Chapter 1.9, Other restrictions on eligibility**.)

Exception:
Borrowers who are still completing their program of study when three years have elapsed from the date of bankruptcy will be permitted to complete their current study period before going into repayment.

Repayment while in-study

Borrowers enter into repayment while in-study for three reasons:

1. They have reached the maximum period of assistance (see above).
2. They are no longer in full-time studies, defined as 60% of a full-course load or 40% for students with permanent disabilities.
3. They have changed programs of study.

6.4 Example of a Bankruptcy Case

The following example illustrates a typical borrower who has a bankruptcy-related event while in-study and the assistance offered through the CSLP bankruptcy policy.

Marc is a first-year student in a four-year degree program. He declared bankruptcy on February 20, 2012.

Marc is eligible for interest-free status on his current loans. He can apply for a new Canada Student Loan or Grant for three years following his bankruptcy-related event -- from 2012 to 2015.

Three years after the event, on February 20, 2015, Marc is in the following situation:

- Marc is in a confirmed study period. He will therefore be able to complete his study period, which ends in April, 2015. After the 6 month non-repayment period, he will go into repayment on his loans.
- Marc is now restricted from receiving new loans / grants and interest-free status while studying.
- He may, however, apply for debt-management measures such as RAP.

6.5 Bankruptcy While in Repayment

Borrowers who have a bankruptcy-related event while they are in repayment are not eligible for new loans, or in-study interest-free subsidy, unless they pay their loans in full or are released from their debts by Absolute Order of Discharge. In the latter case, three years must elapse from the date of the discharge for borrowers to be eligible for new funding. They may, however, be eligible for the Repayment Assistance Plan (see **Chapter 5.4** - **Repayment Assistance, Determining Eligibility**).

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TABLE 3: Student Living Allowances

Regional Distribution -> Actual Monthly Budget (Loan Year 2012-2013)

LIVING SITUATIONS	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	YT	NT	NU
SINGLE STUDENT AWAY FROM HOME													
· Shelter (2 bedroom apt. inc. utilities shared by two)	385	394	449	406	380	531	435	480	423	584	533	734	736
· Food (Purchased from Stores)	238	215	220	217	244	238	223	230	248	238	271	275	275
· Miscellaneous (Personal & health care, clothing, H/H cleaning, communications)	208	227	222	211	285	257	267	276	298	239	281	288	289
· Local Public Transportation*	62	61	62	63	42	75	77	60	64	79	63	63	63
Total Monthly Allowance	**893**	**897**	**953**	**897**	**951**	**1,101**	**1,002**	**1,046**	**1,033**	**1,140**	**1,148**	**1,360**	**1,363**
SINGLE PARENT (without dependent)													
· Shelter (1 bedroom apartment including utilities)	687	658	757	710	636	856	612	836	671	896	967	1,156	1,159
· Food (Purchased from Stores)	238	215	220	217	244	238	223	230	248	238	271	275	275
· Miscellaneous (Personal & health care, clothing, H/H cleaning, communications)	208	227	222	211	285	257	267	276	298	239	281	288	289
· Local Public Transportation*	62	61	62	63	42	75	77	60	64	79	63	63	63
Total Monthly Allowance	**1,195**	**1,161**	**1,261**	**1,201**	**1,207**	**1,426**	**1,179**	**1,402**	**1,281**	**1,452**	**1,582**	**1,782**	**1,786**
MARRIED STUDENT & SPOUSE (no dependent)													
· Shelter (2 bedroom apartment including utilities)	818	776	899	805	759	1,059	794	961	845	1,167	1,063	1,465	1,469
· Food (Purchased from Stores)	425	430	440	434	433	435	404	417	449	422	542	439	440
· Miscellaneous (Personal & health care, clothing, H/H cleaning, communications)	415	454	444	422	453	466	510	525	566	507	560	471	472
· Local Public Transportation*	124	123	123	126	84	149	155	134	130	160	126	127	127
Total Monthly Allowance	**1,782**	**1,783**	**1,906**	**1,787**	**1,729**	**2,109**	**1,863**	**2,037**	**1,990**	**2,256**	**2,291**	**2,502**	**2,508**

LIVING SITUATIONS	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	YT	NT	NU
EACH DEPENDENT PERSON													
· Shelter	89	161	186	150	138	227	169	124	150	231	161	316	317
· Food (Purchased from Stores)	170	175	178	176	202	186	172	178	192	189	222	219	220
· Miscellaneous (Personal & health care, clothing)	91	67	66	63	107	97	121	125	135	111	84	100	101
· Local Public Transportation*	62	61	62	63	42	75	77	60	64	79	63	63	63
Total Monthly Allowance	**412**	**464**	**492**	**452**	**489**	**585**	**539**	**487**	**541**	**610**	**530**	**698**	**701**
SINGLE STUDENT LIVING AT HOME													
· Shelter	0	0	0	0	0	0	0	0	0	0	0	0	0
· Food (Purchased from Stores)	170	214	220	217	202	186	172	178	192	189	271	219	220
· Miscellaneous (Personal & health care, clothing)	178	173	162	150	202	196	212	219	236	207	186	234	235
· Local Public Transportation*	62	61	62	63	42	75	77	60	64	79	63	63	63
Total Monthly Allowance	**410**	**448**	**444**	**430**	**446**	**457**	**461**	**457**	**492**	**475**	**520**	**516**	**518**

Based on shelter (average rent, heat and water amounts by CMHC and FAMEX for electricity), food (Agriculture Canada), miscellaneous (personal care including health care, clothing, household cleaning, communication, etc.) and local public transportation (costs of local bus pass in major cities in each province (for students, children and adults as appropriate).

Source: Shelter: CMHC 1998 rental rates indexed to 2012
Food, Miscellaneous: FAMEX 1996 indexed to 2012

TABLE 4: Monthly Ceiling for Child Care Expenses for 2012 - 2013 Loan Year

Province / Territory	Monthly Ceilings per Child
Newfoundland and Labrador	602
Prince Edward Island	429
Nova Scotia	476
New Brunswick	600
Quebec	391
Ontario	357
Manitoba	460
Saskatchewan	400
Alberta	724
British Columbia	778
Yukon	750
Northwest Territories	660
Nunavut	660

Note: Monthly ceilings are provincially determined.

TABLE 5: 2012 Provincial and Territorial Minimum Wages and Average Number of Weekly Work Hours

(for assessing student's contributions for the 2012-2013 loan year)

Item	NL (1)	PE (2)	NS (3)	NB (4)	QC (5)	ON (6)	MB (7)	SK(8)	AB (9)	BC (10)	YT (11)	NT (12)	NU (13)
Minimum Wages (as of July 1, 2012)	$10.00	$10.00	$10.00	$10.00	$9.90	$10.25	$10.00	$9.50	$9.40	$10.25	$9.00	$10.00	$11.00
# of Weekly Work Hours	31.6	29.3	30.0	30.8	29.5	29.6	28.9	28.7	29.8	28.3	28.5	28.7	27.8

Note: Minimum wage is determined by provinces
Effective Dates of Provincial Minimum Wage

(1) : 01-Jul-10; (2): 01-Apr-12; (3) : 01-Oct-11; (4) : 01-Apr-12; (5) : 01-May-12; (6) : 31-Mar-10; (7) : 01-Oct-11; (8) : 01-Sept-11; (9) : 01-Sept-11; (10) : 01-May-12; (11) : 01-Apr-11 On April of each year, the rate will increase by an amount corresponding to the annual increase for the preceding year in the Consumer Price Index for the City of Whitehorse (0.8% for 2010 increase); (12) : 01-Apr-11 (Applies to all employees in the Northwest Territories; (13) : 01-Jan-11 (Applies to all employees in Nunavut).

Source for Provincial Minimum Wages:
www.labour.gc.ca
http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt4.aspx?lang=eng
Note: As of Jan 26, 2012

The source of number of Weekly Work Hours is based on the Statistics Canada CANSIM Table 281-0033:
Average weekly hours for employees paid by the hour, unadjusted for seasonal variation, **excluding** overtime. Annual report for year 2010.
Note: Minimum wage is provincially determined and average number of weekly work hours is determined by Labour Statistics Division, Statistics Canada.

TABLE 6-A: Student's Pre-Study Period Income

AVERAGE TAX RATES [1)]

(for assessing student's and spousal contributions for the 2012-2013 loan year)

	Monthly Income Class *				
Items Covered	**$1 to $1,499**	**$1,500 to $2,999**	**$3,000 to $4,499**	**$4,500 to $5,999**	**$6,000 and over**
(Average Federal & Provincial Income Tax + CPP + EI) / Average Gross Income expressed as a percentage	6.77%	7.37%	9.63%	13.65%	16.55%

**** Monthly Income Class brackets are based on the assumption that pre-study period income was earned over a 4 month period. Use these tax rates if the student has only pre-study period income.***

NOTE:

Pre-study income is based upon minimum wages and weekly hours worked.

1. It is assumed that all income for the tax year is earned in the 4 month pre-study period.
For example, the pre-study period income @ 8 dollars/hour = 8 x 35 x 4.3 x 4 = $4,816

2. Only CPP (4.95%) and EI (1.73%) deductions would apply to total income under $9,600 per year, and income tax will not be payable due to personal exemption limit & other deductions.

Note: Based on CRA statistics + CPP contribution rate + EI premium rate.

TABLE 6-B: Student's Monthly Income during the Study Period

Items Covered	Monthly Income Class **					
	$1 to $749	**$750 to $1,499**	**$1,500 to $2,249**	**$2,250 to $2,999**	**$3,000 to $3,749**	**$3,750 and over**
(Average Federal & Provincial Income Tax + CPP + EI) / Average Gross Income expressed as a percentage	6.77%	7.37%	9.63%	13.65%	16.48%	19.15%

*****Monthly Income Class brackets are based on the assumption that study period income was earned over a 8 month period. Use these tax rates if the student has only study period income.***

NOTE:

The student's income during the study period is based on the student's monthly income over the study period (up to 8 months). Assuming an 8 month study period and a monthly income of $500, this would result in a study period income of $4,000 ($500 x 8 months) which would be subject to an average tax rate of 6.8%.

STUDENT'S TOTAL INCOME

The total income includes pre-study period income and study-period income. In our example, the student's total income would be $8,816 ($4,816 pre-study period income + $4,000 study-period income).
The Canadian average rate of income taxes + CPP + EI for the corresponding average monthly income of $735 is 7.4% (see table 6-C below)
Note: Based on CRA statistics + CPP contribution rate + EI premium Rate.

TABLE 6-C: Monthly Income of the Spouse (Not applying for CSL)

PROVINCE / TERRITORY	Monthly Income Class ***						
	$1 to $499	$500 to $999	$1,000 to $1,.499	$1,500 to $1,999	$2,000 to $2,499	$2,500 to $3,999	$4,000 and over
Newfoundland	6.78%	7.88%	10.92%	16.47%	19.55%	22.93%	30.99%
Prince Edward Island	6.74%	7.72%	10.84%	16.39%	19.59%	22.24%	28.55%
Nova Scotia	6.78%	7.63%	10.29%	15.45%	18.60%	22.12%	29.70%
New Brunswick	6.77%	7.49%	10.27%	15.73%	19.00%	22.11%	29.35%
Quebec 2)	6.74%	7.18%	9.08%	12.48%	14.43%	15.93%	20.51%
Ontario	6.78%	7.29%	9.63%	13.74%	16.91%	19.98%	29.35%
Manitoba	6.79%	7.53%	10.33%	15.57%	19.04%	22.34%	29.66%
Saskatchewan	6.75%	7.46%	9.85%	14.80%	18.32%	21.58%	27.89%
Alberta	6.79%	7.40%	9.52%	13.10%	16.58%	19.84%	27.82%
British Columbia	6.79%	7.46%	9.99%	13.95%	16.59%	19.29%	27.09%
Yukon	6.74%	7.24%	9.24%	12.73%	15.69%	18.08%	23.66%
Northwest Territories	6.74%	7.29%	9.18%	12.77%	15.71%	18.57%	25.83%
Nunavut	6.68%	7.12%	8.88%	11.64%	14.03%	16.56%	23.55%
Canada	6.77%	7.37%	9.63%	13.65%	16.48%	19.15%	27.16%

****** Monthly Income Class brackets are based on the assumption that the income is earned by the spouse over a 12 month period.***

1) Includes EI and CPP employee contributions

2) Quebec rates based on Federal income tax only

Source: CRA, Corporate Strategies and Business Development Branch, Statistics and Information Management Directorate, Statistics Division, T1 Datamart
The 2012 EI premium rate is $1.83 per $100 of insurable earnings. The maximum insurable earnings for 2012 is $45,900.
The 2012 CPP employee contribution rate is $4.95 per $100 of insurable earnings.
The maximum pensionable earnings for 2012 is $50,100 and the basic exemption is $3,500.

Note: Based on CRA statistics + CPP contribution rate + EI premium rate.

TABLE 7: Student Contributions for 2012 - 2013 Loan Year

Minimum Monthly Contribution PRE-STUDY PERIOD

Student Categories	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	YT	NT	NU
Single Living Away from Home (Dependent or Independent)	374	278	250	338	220	115	157	47	90	23	0	0	0
Single Parent with child(ren)	72	14	0	34	0	0	0	0	0	0	0	0	0
Married Student with Family Size													
2 (Student and Spouse)	695	515	454	636	584	286	410	113	223	30	0	0	0
3 (Student, Spouse & 1 Dependent)	283	51	0	184	95	0	0	0	0	0	0	0	0
Single Student at Home (Dependent or Independent)	857	727	759	805	725	759	698	636	631	688	508	635	708

Minimum Monthly Married Student Contribution (MMSC) STUDY PERIOD

Category	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	YT	NT	NU
Spouse of the Married Student (Not Applying for CSL)	1,210	1,123	1,157	1,188	1,142	1,179	1,114	1,057	1,090	1,123	1,001	1,121	1,19 8

Note: Formulas are based on tables 3, 5 and 6 of the Need Assessment Tables. Pre-study period and study period disposable income are calculated using provincial and territorial minimum wages and average number of weekly hours worked on Table 5, minus the average tax rates on Table 6. The student living allowances from Table 3 are then deducted to come up with the pre-study period minimum monthly contribution.

TABLE 8: Moderate Standard of Living Estimates (for after-tax income) by Family Size for 2012 - 2013 Loan Year

(for parental contribution calculation)

Family Size	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	YT	NT	NU
2	34,182	35,459	39,096	34,980	39,540	45,019	38,492	38,740	49,029	43,150	47,048	47,203	47,442
3	42,706	45,079	48,649	43,409	49,974	55,891	48,207	48,522	58,766	56,057	55,298	55,480	55,760
4	49,358	51,907	55,423	49,389	57,370	63,605	55,099	55,458	65,671	65,211	61,151	61,352	61,663
5	54,516	57,200	60,679	54,028	63,116	69,592	60,449	60,840	71,032	72,311	65,692	65,908	66,241
6	58,733	61,526	64,976	57,817	67,803	74,476	64,820	65,240	75,407	78,114	69,406	69,635	69,987
7	62,296	65,182	68,606	61,023	71,769	78,614	68,514	68,957	79,109	83,022	72,540	72,779	73,148
8	65,386	68,349	71,755	63,798	75,205	82,190	71,713	72,176	82,318	87,274	75,260	75,508	75,890
9	68,109	71,146	74,528	66,246	78,235	85,348	74,536	75,016	85,144	91,021	77,655	77,912	78,305
10	70,545	73,642	77,011	68,432	80,945	88,177	77,058	77,558	87,679	94,372	79,800	80,062	80,468

Note: Moderate standard of living (MSOL) is a measure of the costs of living for the parents of dependent students. The MSOL includes the costs for various family sizes for shelter, food, contribution to RRSPs, household operation, child care, furnishings and equipment, clothing, transportation, health and personal care, reading material, health and life insurance premiums, pension contributions, charitable donations and other miscellaneous expenses. (After tax income is used).

TABLE 9: Weekly Parental Contributions for 2012 - 2013 Loan Year

Discretionary Income ($)	Weekly Contribution ($)		Discretionary Income ($)	Weekly Contribution ($)
0.01 - 500.00	1		12,500.01 - 13,000.00	43
500.01 - 1,000.00	3		13,000.01 - 13,500.00	45
1,000.01 - 1,500.00	4		13,500.01 - 14,000.00	47
1,500.01 - 2,000.00	6		14,000.01 - 14,500.00	51
2,000.01 - 2,500.00	7		14,500.01 - 15,000.00	55
2,500.01 - 3,000.00	9		15,000.01 - 15,500.00	59
3,000.01 - 3,500.00	10		15,500.01 - 16,000.00	63
3,500.01 - 4,000.00	12		16,000.01 - 16,500.00	66
4,000.01 - 4,500.00	13		16,500.01 - 17,000.00	70
4,500.01 - 5,000.00	14		17,000.01 - 17,500.00	74
5,000.01 - 5,500.00	16		17,500.01 - 18,000.00	78
5,500.01 - 6,000.00	17		18,000.01 - 18,500.00	82
6,000.01 - 6,500.00	19		18,500.01 - 19,000.00	86
6,500.01 - 7,000.00	20		19,000.01 - 19,500.00	89
7,000.01 - 7,500.00	22		19,500.01 - 20,000.00	93
7,500.01 - 8,000.00	24		20,000.01 - 20,500.00	97
8,000.01 - 8,500.00	26		20,500.01 - 21,000.00	101
8,500.01 - 9,000.00	28		21,000.01 - 21,500.00	105
9,000.01 - 9,500.00	30		21,500.01 - 22,000.00	109
9,500.01 - 10,000.00	32		22,000.01 - 22,500.00	113

10,000.01 - 10,500.00	34	22,500.01 - 23,000.00	116
10,500.01 - 11,000.00	36	23,000.01 - 23,500.00	120
11,000.01 - 11,500.00	38	23,500.01 - 24,000.00	124
11,500.01 - 12,000.00	39	24,000.01 - 24,500.00	128
12,000.01 - 12,500.00	41	24,500.01 - 25,000.00	132
		25,000.01 - 25,500.00	136

Weekly Parental Contribution Formula

If Annual Discretionary Income ($) equals	Weekly Parental Contribution equals
$0 - $7,000	(15.0% of DI)/52
$7,001 - $14,000	($1,050 + 20.0% of (DI - $7,000))/52
over $14,000	($2,450 + 40.0%*(DI- $14,000))/52

Note: DI= Discretionary Income

Table 10A: Low Income Thresholds for Determining Eligibility for Full-Time and Part-Time Low-Income Canada Student Grants (Loan Year 2012-13)

Base Year: 2011

Low Income Thresholds (for pre-tax incomes): $													
	Province										**Territory**		
Family Size	**AB**	**BC**	**MB**	**NB**	**NL**	**NS**	**ON**	**QC**	**PE**	**SK**	**YT**	**NT**	**NU**
1 person	23,293	23,293	23,293	20,061	20,061	20,061	23,293	23,293	19,937	20,061	23,293	23,293	23,293
2 persons	28,999	28,999	28,999	24,973	24,973	24,973	28,999	28,999	24,819	24,973	28,999	28,999	28,999
3 persons	35,651	35,651	35,651	30,701	30,701	30,701	35,651	35,651	30,512	30,701	35,651	35,651	35,651
4 persons	43,285	43,285	43,285	37,277	37,277	37,277	43,285	43,285	37,047	37,277	43,285	43,285	43,285
5 persons	49,094	49,094	49,094	42,277	42,277	42,277	49,094	49,094	42,017	42,277	49,094	49,094	49,094
6 persons	55,368	55,368	55,368	47,683	47,683	47,683	55,368	55,368	47,390	47,683	55,368	55,368	55,368
7 persons or more	61,644	61,644	61,644	53,087	53,087	53,087	61,644	61,644	52,761	53,087	61,644	61,644	61,644

Based on Statistics Canada publications on low income cut-offs (1992 base) before tax income.
Note: The low income table above is also to be used in determining eligibility for the part-time studies grant (CSG-PT).

Table 10B: Middle Income Thresholds for Determining Eligibility for Canada Student Grants and Part-Time Loans (Loan Year 2012-13)

Base Year: 2011

Middle Income Thresholds (for pre-tax incomes)													
	Province / Territory										Territory		
Family Size	**AB**	**BC**	**MB**	**NB**	**NL**	**NS**	**ON**	**QC**	**PE**	**SK**	**YT**	**NT**	**NU**
1 person	44,969	40,426	35,994	32,434	32,334	36,893	42,124	37,025	33,637	35,609	43,769	43,769	43,769
2 persons	62,957	56,598	50,391	45,409	45,269	51,650	58,974	51,836	47,092	49,852	61,277	61,277	61,277
3 persons	75,460	73,528	63,110	56,349	56,558	64,269	73,215	65,513	59,868	62,440	72,020	72,020	72,020
4 persons	84,324	85,535	72,133	64,114	65,369	73,217	83,319	75,211	68,936	71,365	79,644	79,644	79,644
5 persons	91,209	94,847	79,137	70,136	72,200	80,162	91,163	82,743	75,965	78,289	85,557	85,557	85,557
6 persons	96,828	102,459	84,860	75,054	77,785	85,837	97,561	88,888	81,711	83,952	90,396	90,396	90,396
7 persons or more	101,581	108,896	89,696	79,216	82,504	90,634	102,980	94,087	86,566	88,734	94,478	94,478	94,478

Based on the Moderate Standard of Living Estimates (MSOL) for pre-tax income
Note: The middle income table above is also to be used in determining part-time loans eligibility.