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British Columbia Student Loan Debt Reduction in Repayment Program

Application and Instructions



PROGRAM DESCRIPTION

The purpose of the B.C. Debt Reduction in Repayment (DRR) program is to ensure students are able to meet their repayment obligations without unnecessary financial hardship. The program recognizes a student's inability to make the required monthly payment on their outstanding British Columbia Student Loan, due to a limited monthly income.

Students who have exhausted their eligibility under the B.C. Interest Relief program and who have also been out of full-time post-secondary studies for at least five years may qualify for B.C. Debt Reduction in Repayment. The DRR program is designed to reduce the B.C. Student Loan principal balance to a more affordable repayment level.

ELIGIBILITY CRITERIA

The following are criteria required to receive B.C. Debt Reduction in Repayment. Please verify with your lender the following:

1. You have exhausted all available B.C. interest relief.
2. You have a repayment period of at least 14.5 years (174 months).
3. Five years (60 months) must have passed since your most recent period of study end date (PSED).
4. Your British Columbia Student Loan (BCSL) must be in good standing.**

****Note:** Students who declare bankruptcy after May 11, 2004, may apply for and receive B.C. DRR provided they meet all other eligibility criteria.

The Student Services Branch will not process a B.C. Debt Reduction in Repayment application if there is an outstanding audit on a student loan application. You will be required to respond to the audit letter sent by the verification unit of the Student Services Branch. Once the audit has been concluded, your B.C. Debt Reduction in Repayment application will be processed.

Any federal or provincial student loan overawards will not be eligible for B.C. Debt Reduction consideration.

INSTRUCTIONS AND INFORMATION

Incomplete applications will not be considered. Student Services Branch staff will contact the applicant to request the additional required documentation or information.

1. Read this instructions and information section carefully.
2. Complete your personal information in section 1 of the application in ink.
3. Forward your application to the lender or service provider holding your guaranteed and risk sharing B.C. and Canada Student Loans for completion of the financial information in sections 2 & 3. Lender addresses are available in this application package.
Important: Place a cover note on the DRR application to ensure your lender/service provider returns the application to you after they have completed their sections of the form.
Note: Direct lend BCSL and CSL information will be obtained on your behalf.
4. Once the application has been returned to you by your guaranteed and/or risk sharing lender read and complete the declaration in section 4 by signing and dating the application in ink.
5. Attach documentation confirming your yearly family income. This includes your spouse's income (if applicable). Documents should be proof of gross income for the entire preceding year from the month you dated the application. For example, if you complete your application for B.C. DRR in September 2005, you must provide supporting documentation for income received for the months of September 2004 to August 2005. The worksheet included with the application will help you with this step.

Gross monthly family income includes all taxable and non-taxable income from all sources including: employment, child and spousal support, alimony/maintenance, monetary gifts, income from investments and government benefits such as Employment Insurance, Workers' Compensation Board and B.C. Benefits, but **does not include** Child Tax Benefits payments, income tax refunds, Goods and Services Tax (GST) rebate and B.C. Family Benefit payments.

Proof of gross family income includes pay stubs, employment insurance payment statements, social assistance payment statements, letter(s) from employer(s) for yourself and your spouse or partner, letter(s) from a person from whom you received a monetary gift. A monetary gift also includes any ongoing monthly support you may receive from a relative. Photocopies are acceptable.

If you or your spouse are self-employed, please provide a notarized financial statement for the months applicable and, where applicable, your previous year's tax assessment.

If you have indicated \$0 as your gross income for particular months, please provide a copy of your previous year's tax assessment and a written explanation as to how your living expenses were covered. Attach a letter from a third party representative supporting your statement. The third party letter **must not** be from a relative. The letter must include an original signature, their printed first and last name, their contact phone number and their relationship to you.

6. Send the completed, signed application with attachments to the Student Services Branch (address on application).
7. The minimum DRR payout amount is \$50 if a payout is applicable.

British Columbia Student Loan Debt Reduction in Repayment

Section 1 – Personal Information – To be completed by the Applicant *Please complete in ink*

01 LAST NAME						03 SIN										
02 FIRST NAME						INITIALS	04 DATE OF BIRTH		Y	Y	Y	Y	M	M	D	D
05 MAILING ADDRESS (Apartment Number, Street Address, or Post Office Box Number)																
06 CITY / TOWN				07 PROV		08 POSTAL CODE				09 TELEPHONE NUMBER						
10 FAMILY SIZE (mark box with an X) (1 = applicant only)																
1	2	3	4	5	6	7	8	9	11 STATUS (MARK ONE BOX ONLY)							
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> SINGLE	<input type="checkbox"/> SINGLE PARENT	<input type="checkbox"/> MARRIED/ COMMON-LAW	<input type="checkbox"/> SEPARATED/ DIVORCED/WIDOWED				
12 ANNUAL GROSS FAMILY INCOME												Please use the worksheet on the last page of this application for assistance.				
\$																

Have you ever declared bankruptcy?	<input type="checkbox"/> No <input type="checkbox"/> Yes	If yes, please enter the date you entered into bankruptcy	Y	Y	Y	Y	M	M	D	D
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ELIGIBILITY CRITERIA

The following criteria must be met to receive Debt Reduction in Repayment:

1. You have exhausted all available B.C. interest relief.
2. You have a repayment period of at least 14.5 years (174 months).
3. Five years (sixty months) must have passed since your most recent Period Study End Date (PSED).
4. Your British Columbia Student Loan (BCSL) must be in good standing.**

****Note:** Students who declare bankruptcy after May 11, 2004, may apply for and receive B.C. DRR provided they meet all other eligibility criteria.

The Student Services Branch will not process a B.C. Debt Reduction in Repayment application if there is an outstanding audit on a student loan application. You will be required to respond to the audit letter sent by the Verification Unit of the Student Services Branch. Once the audit has been concluded, your B.C. Debt Reduction in Repayment application will be processed. Any student loan overawards will not be eligible for B.C. Debt Reduction in Repayment consideration.

For Ministry Use Only				Date Received by Student Services Branch			
Entered by		Date Entered (YYYY/MM/DD)					
DRR Award		Recommended					
Approval		Date (YYYY/MM/DD)					
Interest		Payment Date (YYYY/MM/DD)					

Continued on the reverse →

Section 4 – Declaration – To be completed by the Applicant*Please complete in ink*

I understand that by signing below it means:

I wish to be considered for the Debt Reduction In Repayment Program of the British Columbia Student Assistance Program (BCSAP) and my signature signifies that all of the information provided in this application is complete, correct and accurate in every detail.

I understand that withholding relevant data or providing false or misleading data in this application or otherwise in support of this application, shall be grounds for the Government of British Columbia to revoke my eligibility for this program. The Government of British Columbia may in that case request immediate payment in full of the B.C. Student Loan principal and accrued interest and if necessary proceed to legal enforcement of payment

I understand that all information provided in this application is subject to audit and verification. If my file is under audit, it may delay or prevent processing of the application.

If I have entered into any Agreements under the BCSAP, or signed any promissory notes while I was a minor, I hereby ratify those Agreement and notes.

For the purpose of verifying and/or investigating information pertaining to this application, related documents and the eventual repayment of my loan awards, whether defaulted or not, and any other money repayable, I consent to the exchange of information between the Ministry of Advanced Education (or its agent) and following agencies: Canada Revenue Agency; Land Title Office; Registrar of Companies; Citizenship and Immigration Canada; Motor Vehicle Branch; Insurance Corporation of B.C.; B.C. Assessment Authority; Human Resources Skills Development Canada; financial institutions; educational institutions and their financial aid offices; credit agencies; Workers' Compensation Board; Superintendent of Bankruptcy; B.C. Student Loan Service Bureau; National Student Loan Service Centre; Canada Millennium Scholarship Foundation; native bands; crown corporations; federal, provincial and municipal ministries/ departments & agencies.

Signature of Applicant	Print Name	Date Signed Y Y Y Y M M D D
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Debt Reduction in Repayment Checklist

Before submitting your B.C. Debt Reduction in Repayment Program Application, please ensure you have:

- Answered all questions neatly and in ink.
- Checked that your Social Insurance Number is correct
- Attached proof of income documentation for each of the previous years 12 months (pay stubs, employment insurance payment statements, etc.)
- Attached any supporting third party letters (relating to months where you have claimed \$0 income)
- Read and signed the Declaration above

Note: Incomplete applications will not be considered for B.C. Debt Reduction in Repayment

Mailing Address	Courier Address
Ministry of Advanced Education Student Services Branch PO Box 9173 Stn Prov Govt Victoria, BC V8W 9H7	Debt Management Unit Student Services Branch 1 st Floor, 835 Humboldt Street Victoria, BC V8W 9H2

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Worksheet for Proof of Income Documentation

This worksheet is to help you coordinate income information and supporting documentation for each of the 12 months prior to the month you are submitting this application.

If you have indicated income for either you or your spouse for a particular month and are unable to provide proof of income, you must provide a written explanation why you cannot provide the requested documentation.

Month/ Year	Gross Family Income for Month		Documentation Included? (Yes) (No = state reasons)	
	Self	Spouse		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	\$	\$		
	Self Total	\$ _____	Spouse Total	\$ _____
		\$ _____	← Enter this total into Box 12 in Section 1	
		Family Income Total (Self + Spouse Total)		



CONTACT INFORMATION

To receive B.C. Debt Reduction in Repayment, you must obtain financial information from the lending institution that holds your guaranteed or risk sharing B.C. and Canada student loans. This information cannot be obtained through your local branch. You must send the B.C. Debt Reduction in Repayment application to one of the addresses below. Direct lend BCSL information will be requested by Student Services Branch staff on your behalf.

CIBC

National Student Loan Centre
PO Box 5055
Burlington, ON L7R 4P3

Phone: 1-800-563-2422

Royal Bank / RBC

Western Student Loan Centre
PO Box 4700 Stn D
Toronto, ON M9A 4x5

Phone: 1-800-363-3822

ScotiaBank

Government Student Loan
Administration Centre
PO Box 9 Stn U
Etobicoke, ON M8Z 5M4

Phone: 1-888-284-3044

Direct complete B.C. Debt Reduction in Repayment applications to:

Mailing Address:

Debt Management Unit
Student Services Branch
Ministry of Advanced Education
PO Box 9173 Stn Prov Govt
Victoria BC V8W 9H7

Courier Address:

Debt Management Unit
Student Services Branch
1st Floor, 835 Humboldt St.
Victoria BC V8W 9H2

Phone:

387-6100 in Victoria
604-660-2610 in Lower Mainland
1-800-561-1818 toll free in Canada

DEBT REDUCTION CALCULATION

Debt Reduction Formula: $A * [1 - (B/C)]$ where:

- A** is the combined outstanding principal amount of the British Columbia Student Loan (BCSL) and the Canada Student Loan (CSL)
- B** is the affordable payment amount calculated using your gross family income, monthly payments, family size and percentage of provincial debt compared with your overall student loan debt
- C** is the monthly payment due on the B.C. student loan with a repayment period of at least 174 months

Affordable Payment Amount

- a) 8% of the borrower's monthly gross income, if it does not exceed the borrower's family size threshold, and
- b) in any other case, 8% of the borrower's family size threshold amount plus 20% of the borrower's monthly gross family income that exceeds the borrower's family size threshold amount

Family Size	Gross Monthly Family Income
Borrower Only	\$1,500
Borrower + 1	\$1,569
Borrower + 2	\$1,663
Borrower + 3	\$1,685
Borrower + 4	\$1,735
Borrower + 5	\$1,781
Borrower + 6	\$1,821
Borrower + 7	\$1,856
Borrower + 8	\$1,885
Borrower + 9 or more	\$1,908

DEBT REDUCTION CALCULATION EXAMPLE

Example of DRR Assessment

Single applicant, gross family yearly income of \$20,000, \$15,000 combined (\$9,000 CSL and \$6,000 BCSL) principal outstanding at application date (66 months from consolidated agreement date)

Repayment left in the 15-year amortization period from PSED is $174 - 66 = 108$ months or 9 years

Interest rate = 9%

$$A = \$15,000$$

$$B = (\$1,500 * 8\%) + [(\$20,000/12) - \$1,500] * 20\% = (120) + (33) = \$153$$
$$\$153 * 40\% = \$61.20$$

C = \$203 (based on 9% interest for the 108 months remaining in repayment period)

$$\begin{aligned} DR &= A * [1 - (B/C)] \\ &= \$15,000 * [1 - (\$61.20 / \$203)] \\ &= \$15,000 * [1 - (.30)] \\ &= \$15,000 * (.70) \\ &= \$10,500 \end{aligned}$$

Debt reduction award for this student will be \$6,000.

Note: The debt reduction amount calculated will be paid by the provincial government towards your outstanding British Columbia Student Loan(s). You remain responsible for all other outstanding student loan debts.



Revision Date: November 2006