

As announced in Budget 2007, \$14.4 million has been approved to reduce interest rates charged on provincial student loans from prime plus 2.5 per cent to prime, and to provide up to \$70 a week in the form of an up-front grant to students in need of financial assistance. These measures will reduce significantly the amount students will repay effective August 1, 2007.

Government recognizes the value of post-secondary education to students, their communities, and the economy of the province. Approximately 7,900 students annually are expected to receive up-front grant assistance to help them access a good post-secondary education.

The new up-front provincial grant will come into effect on August 1, 2007. The overall level of provincial assistance remains the same, however the provincial weekly loan limit has been decreased from \$140 to \$70.

Students who have assessed need greater than \$175 per week of study will be eligible for the up-front provincial grant.

The new up-front provincial grant cheque will be available six weeks after the start of the semester, provided students have submitted a completed income confirmation form.

There is no separate application required and the grant does not constitute taxable income

A further 46,000 students, in the process of repaying their provincial student loans, will benefit from the reduced interest rate. This reduction will be completed directly by the institution holding the loan (eg., CIBC or the National Student Loan Service Centre). It will be completed automatically and you will not have to contact the financial institution yourself.

### **Benefits to students as a result of the new up-front, needs-based grants**

The average provincial student borrowing for a typical academic year will be reduced by 38 per cent, from the current \$3,514 to \$2,193, as demonstrated in the following table:

<b>Institution Type</b>	<b>Average Provincial Borrowing - Current</b>	<b>Average Provincial Borrowing – Effective August 1, 2007</b>	<b>% Decrease</b>
Memorial	\$3,348	\$2,166	35%
Public College	\$2,998	\$2,119	29%
Private College	\$4,179	\$2,313	45%
Out-of-Province	\$4,073	\$2,262	45%
<b>Totals</b>	<b>\$3,514</b>	<b>\$2,193</b>	<b>38%</b>

**More detailed examples include:**

A student at the College of the North Atlantic or a private college, completing a two-year program and borrowing the maximum amount each semester, will benefit by having:

- His/her net provincial borrowing reduced from \$10,080 to \$5,040. With the exception of graduates of the Early Childhood Education Program, this is the first time students enrolled in one and two-year programs have been eligible for a grant.

A student at College of the North Atlantic or a private college, completing a two year program and borrowing less than the maximum at different levels each semester, could have, for example:

- His/her net provincial borrowing reduced from \$6,408 to \$4,932. With the exception of graduates of the Early Childhood Education Program, this is the first time students enrolled in one and two-year programs have been eligible for a grant.

A student at Memorial University completing a five-year program, who is currently eligible for a debt-reduction grant and who is borrowing the maximum amount each semester, will benefit by having:

- His/her net provincial borrowing reduced from \$23,800 to \$11,900. This borrowing will be further reduced by \$6,545 from the existing debt reduction grant.

A student at Memorial University completing a five-year program, who is currently eligible for a debt-reduction grant and who is borrowing at different levels each semester, could have, for example:

- His/her net provincial borrowing reduced from \$15,096 to \$10,948. This borrowing could be further reduced by \$3,613 from the existing debt reduction grant.

**Benefits to students as a result of the new reduction in interest rates**

A student attending College of the North Atlantic receiving the maximum provincial student loan for a two-year program will save \$1,478 in interest payments over the life of the loan.

A student attending Memorial University receiving the maximum provincial student loan for a five-year program will save \$3,491 in interest payments over the life of the loan.

**General Information about the Student Loan Program**

A loan program for post-secondary students was implemented in August 1994. Prior to this, provincial assistance was provided as a grant to supplement the federal loans issued from the Canada Student Loans Program (CSLP).

The amount of assistance students may receive from both programs is based on assessed need as determined by the information provided on a single application form. As of August 1, 2007, the maximum borrowing is \$280 a week, which represents \$210 in federal loans and \$70 in provincial loans.

Students are not required to make payments on their student loans, nor does interest accrue, as long as they remain in full-time study at a designated educational institution. Also, students are not required to make payments on their loans during the six months immediately following the completion of their studies, generally referred to as the grace period. However, interest does accrue during this period for which students are responsible.

Students have a number of debt management options available to them to assist in debt repayment including interest relief periods, and revision of their loan terms. Students can contact the National Student Loan Service Centre to find out more on programs that may be available.