

STUDENT LOAN REPAYMENT HANDBOOK

12/13



IT PAYS TO THINK AHEAD!



Leaving school is a new chapter in your life, and change can present both new opportunities and challenges at the same time. It can help to have a good repayment plan in hand that works for you.

»» Now That I Have My Education - Do I Still Need A Spending Plan?

You've earned an education and now is a good time to draft a new monthly spending plan. If you find work right away, chances are you will be making more money than you did as a student and you will be able to make regular monthly payments on your student loans. The sooner you start planning for repayment, the more informed you will be about your options.

What do you expect your monthly income will be? First, do some research by talking to recent graduates, checking with professional associations or unions in your field, researching salary surveys such as Occupational Profiles on

ALIS at alis.alberta.ca/occinfo or taking a look at the career section of newspapers for similar advertised jobs. This will give you a good idea of average salaries for graduates in your field.

Next, try to figure out your new living expenses. Where will you live? What new expenses will you have when you start a new job? Will you have special expenses for clothing, equipment or tools? Factor in new expenses like student loan payments, business dress, transportation, and parking costs as well as the standards like rent, food and utilities.

»» How Does My Loan Fit?

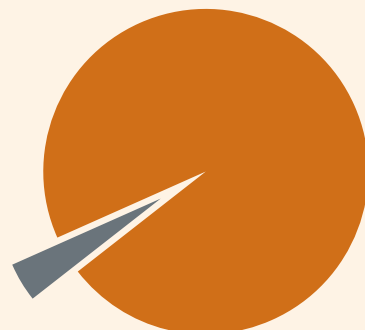
It's time to figure out how your student loan payments fit into your monthly spending plan. Your payment amount will depend on:

- the size of your loan
- the length of your repayment term
- the interest rate on your loan

Raffaella, Graphic Design Diploma, \$10,000 in loans

Raffaella just graduated and is opening a small graphic design firm. She knows there are a lot of costs involved in the first year of a new business, so she wants to minimize her student loan payments. She customized her loan repayment plan so that her payments are around \$70 a month (assuming a 3% interest rate) and a 10 year repayment term.

"When my business starts to take off, I'll revise my plan and pay the loan back faster. But for now, I need all my money for start-up costs."



Monthly income: variable \$1,000 - \$3,500
Student loan payments: \$70
Percentage of income: variable 2% - 7%

PAYMENT AND INTEREST FREE FOR SIX MONTHS



When you leave studies, your Alberta student loans will remain interest-free and payment-free for six months. These six months give you some breathing room to get on your feet before you start making loan payments. However, interest will start to accumulate on your Canada student loans as soon as you finish full-time studies.

Many people move after leaving school. Make sure the Student Aid Alberta Service Centre, EDULINX and the National Student Loans Service Centre have your current address. They'll be sending you important information to get you started on the path to repayment.

Spare change?

Putting some money towards your student loans in the six month grace period before repayment begins can help pay off your student loans faster!



Changes to your bank account?

Ensure your bank account information is up to date at EDULINX and the National Student Loans Service Centre. If your bank account information has changed let them know by completing a pre-authorized payment form downloadable from studentaid.alberta.ca and canlearn.ca

Curtis, Petroleum Engineering Degree, \$12,000 in loans

Curtis just finished a degree in petroleum engineering. He found a job at a drilling site north of Edmonton making \$90,000 a year. He has decided to pay back his loan as quickly as he can. By making payments of \$516 per month (assuming a 3% interest rate), he'll have paid off his loan in two years.

"I want to pay off my student loan as fast as I can because my next goal is to start saving up to buy a house."



Monthly income: \$7,500
Student loan payments: \$516
Percentage of income: variable 6.8%

CURTIS

MAKING YOUR PAYMENTS



Once your six month grace period ends, you will begin making payments. If you have Alberta and Canada student loans, you will need to make separate payments.

»» Alberta Student Loan

Alberta student loans are provided by the Government of Alberta, and you will make your loan payments to EDULINX.

You will be sent a repayment letter setting out your monthly repayment amount, term and interest rate. You can revise your terms at any time to ensure your payments work for you.

»» Canada Student Loan

Canada student loans are provided by the Government of Canada and you will make your loan payments to the National Student Loans Service Centre. If you have a Canada student loan that was issued before August 1, 2000, contact your bank for more information.

The Canada Student Loans Program will communicate with you about your monthly repayment amount, term and interest rate.



Stay informed. It's your loan.

Visit [Understanding Your Student Loan on studentaid.alberta.ca](http://UnderstandingYourStudentLoan.onstudentaid.alberta.ca) for more on your Alberta student loans, understanding repayment and the repayment assistance options available to you.



ONLINE SERVICES

» EDULINX online services for students

Edulinx.ca is a secure, self-serve website that allows you to manage your Alberta student loans online. If you haven't already registered, go online now to get started. You can:

- Update your personal contact information
- Review your current account statements, including your loan balance
- Customize payments that work for you (change your payment amount, payment term and/or payment date)
- Benefit from an enhanced personal messaging centre that reminds you about key dates during the span of your student loans
- Print off and mail in a Pre-Authorized Payment Form
- Make a one-time lump sum payment if you are participating in the pre-authorized payment plan
- Check other details about your Alberta student loans

If you have Canada student loans, visit canlearn.ca and check out the National Student Loans Service Centre: Online Services.



A PLAN THAT WORKS FOR ME



You can easily adjust the terms of your loans online with EDULINX and the National Student Loans Service Centre to make repayment work for you. Change your payment due date to match when you get paid, increase your loan payment to pay off your student loans earlier, or lower your monthly payments to help make ends meet. Develop a plan that works for you.



» Show Me The Numbers

Based on an interest rate of 3%, here are examples of what your loan payment and interest cost might be depending whether you choose a 5 year or a 10 year repayment period.

Student Loan Amount	Monthly Payment 5 Year Repayment Period	Total Interest Paid Over 5 Years	Monthly Payment 10 Year Repayment Period	Total Interest Paid Over 10 Years
\$10,000	\$180	\$781	\$97	\$1,587
\$15,000	\$270	\$1,172	\$145	\$2,381
\$20,000	\$359	\$1,562	\$193	\$3,174
\$25,000	\$449	\$1,953	\$241	\$3,968

Alberta Student Loans

EDULINX

- Visit edulinx.ca for EDULINX Online Services
- Call toll-free at 1-866-827-0310 Monday to Friday, 7:30 a.m. to 8:30 p.m., your local time

Canada Student Loans

National Student Loans Service Centre

- Visit canlearn.ca for National Student Loans Service Centre: Online Services
- Call toll-free at 1-888-815-4514 (within North America)



»» Interest Rates

There are two types of student loan interest rates – fixed and floating. Both are based on the prime rate. The prime rate is calculated monthly and is a reference point based on the variable rate of interest declared by the Canadian Imperial Bank of Commerce (CIBC). CIBC bases this rate on Canadian dollar consumer demand loans.

If you have a floating rate, your interest rate will change along with the prime rate. The floating rate for your Alberta student loan is prime. The floating rate for your Canada student loan is prime plus 2.5%. If you don't specify otherwise, you will be given the floating rate for your repayment period.

If you choose a fixed rate, your interest rate will be the same throughout your whole repayment period. The fixed rate for your Alberta student loan is prime plus 2%. The fixed rate for your Canada student loan is prime plus 5%. You can request the fixed interest rate on a one-time basis only.

»» Flexibility

You can revise the terms of your repayment (payment amount, payment term and/or payment date) to make your monthly payments work for you. And, you can always make lump sum payments on your loan. You can make these changes for your Alberta student loans at EDULINX Online Services at edulinx.ca, and for your Canada student loans at canlearn.ca.

Gordon and Medina

Gordon and Medina just graduated in the same class with degrees in nursing. They've both found jobs with similar salaries – just over \$60,000. Each of them has approximately \$16,000 in student loans, but they're managing their loan repayments in totally different ways.

Medina is planning to pay off the entire loan in four years, which means monthly payments of \$354. To fit these payments in her budget, she'll be sharing a small apartment with a roommate and waiting before making any big purchases, like a new car.

"Since I only have myself to worry about right now, I want to take the opportunity to get my loan paid off as quickly as possible. By doing it in four years, I'll pay way less in interest. Besides, I have the rest of my life to buy the other stuff I eventually want."

Gordon is in a different situation. He is married and has a two-year-old child. He and his spouse just bought a house. In addition to managing his student loan, he'll also be making mortgage payments. Gordon has chosen to spread his student loan repayment over eight years – his payments will be about \$188 a month.

"I know I'll pay more interest, but it's worth it to me. My family made a lot of sacrifices while I was in school."

HELP DURING REPAYMENT



We're here to help

If you need help making your loan payments, there are repayment assistance options available to you. The key is keeping in touch with EDULINX, the National Student Loans Service Centre and/or your banks, so they understand your situation.

» Repayment Assistance Plan

The Repayment Assistance Plan (RAP), available for both Alberta and Canada student loans, makes sure your monthly payment is in sync with your income and family size. You can apply anytime during your repayment term.

If you qualify, a reduced monthly payment will be set for six months, based on your income. Depending on your situation, you may not need to make a payment during this time.

Completing one RAP application will ensure you are considered for benefits on both your Canada and Alberta student loans. If you meet the program criteria and would like to apply, contact EDULINX to get started, or access the [Repayment Assistance Plan Application](#).

You could be eligible for RAP if:

- You are currently repaying an Alberta or Canada student loan
- Your monthly payment amount is not in sync with your income or family size. Use the [Repayment Assistance Plan Estimator](#) at canlearn.ca to see if you might be eligible
- Your student loans are in good standing
- For Canada student loans, you must also be living in Canada

Bring your loans into good standing:

If you are behind on your payments, you can ask for a reduced payment to be back dated for up to six months. You can also ask to capitalize your interest charges by three months.

How do I apply for RAP?

You can apply for RAP at any time during your repayment term. Here's how it works:

- If you have both Alberta and Canada student loans, you will submit only one application to the National Student Loans Centre (NSLSC). The NSLSC processes the application for RAP on your Canada student loans and then forwards the application to EDULINX who processes the application for RAP on your Alberta student loans
- If you have only Alberta student loans, you will submit your application only to EDULINX
- RAP is approved for a six month period. If you want to continue to receive RAP, you must submit a new application every six months

Repayment Assistance Plan information for borrowers with a permanent disability

If you have a permanent disability, you will be considered for RAP-PD (Repayment Assistance Plan for Borrowers with a Permanent Disability). Under RAP-PD:

- You must meet the basic eligibility requirements
- If you received disability grants as a student, you are automatically considered for RAP-PD
- If you did not receive disability grants as a student, you will have to provide proof of your permanent disability by providing appropriate documentation from your medical practitioner and proof of income
- Your additional living costs due to your permanent disability may be considered in your application

» Revision of Terms

If you're having trouble making your Alberta and/or Canada student loan payments, you can revise the terms of your loan so that you can make smaller monthly payments over a longer period of time.

If you decide to change your payment amount, payment term, or payment date of your Alberta student loan, go online to edulinx.ca or talk to EDULINX. If you decide to change the repayment terms of your Canada student loan, go online to canlearn.ca or call the National Student Loans Service Centre. If your loans are with a bank, contact them directly.

Tax Tips

Good news for student loan borrowers is that you get a tax credit on the interest payments on your student loans. If you finished school this year, don't forget that you still get a tuition tax credit too. Tax rules change all the time. Contact the Canada Revenue Agency at 1-800-959-8281, or visit cra-arc.gc.ca.



Start out right

Keeping up with your student loan payments is important. It gives you good credit standing with banks, and has a positive impact on your credit rating overall.

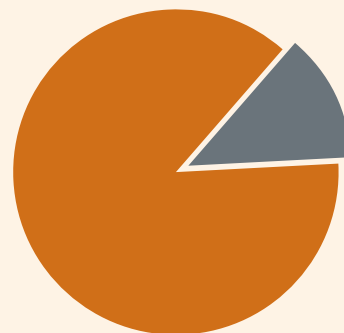
If you miss payments (default) on your loan:

- your credit rating will be negatively affected
- your loan will be sent to a collection agency
- any GST or income tax refund that you will be eligible to receive will be redirected to repay your defaulted loan
- the provincial and/or federal governments may take legal action against you
- you may not be eligible for further financial aid should you decide to return to school

Sasha, Education Degree, \$17,500 in loans

Sasha just finished an education degree and was hired as a substitute teacher with the local Board of Education. Six months after graduation, Sasha wasn't making enough money to start making payments on her student loans, so she applied for the Repayment Assistance Plan. If Sasha is eligible, she can make a reduced payment, or she may not have to make a payment at all for six months.

"I'll probably be hired as a teacher full-time next fall; then I can return to my regular payment plan for my student loans."




Monthly income: \$1,300

Regular student loan payment: \$169

Percentage of income: 13%

RAP reduced payment \$0 for six months



FREQUENTLY ASKED QUESTIONS

»» What is EDULINX?

EDULINX is the service provider for your Alberta student loans, on behalf of the Government of Alberta. This means that EDULINX administers your loan payments, correspondence and repayment relating to your Alberta student loans.

»» What is the National Student Loans Service Centre?

The National Student Loans Service Centre (NSLSC) is the service provider for your Canada student loans, on behalf of the federal government. This means that the NSLSC administers your loan payments, correspondence and repayment relating to your Canada student loans.

»» What is prime rate?

The prime rate is calculated monthly and is a reference point based on the variable rate of interest declared by the Canadian Imperial Bank of Commerce (CIBC). CIBC bases this rate on Canadian dollar consumer demand loans.

»» What does repayment term mean?

The repayment term is the projected period of time (in months) required to fully repay a loan based on monthly payments being paid on time.

»» When do I have to start repaying my loan?

You will begin repaying your Alberta student loan six months after you leave either full or part-time studies. For your Canada student loan, you will begin repayment six months after you leave full-time studies.

»» When is interest charged?

Your Alberta student loan is interest free for six months after you leave studies, including when you decide to shift from full-time studies to part-time. Your Canada student loan begins to accrue interest soon after you leave full-time studies even though you will not have to make payments for six months.

»» Do I have to repay all of the money?

Yes, your student loans must be repaid in full.

»» What if I am unable to make payments?

Contact EDULINX, the National Student Loans Service Centre, and/or your banks, to discuss repayment assistance options.

»» What is the Repayment Assistance Plan?

The Repayment Assistance Plan, available for both Alberta and Canada student loans, makes sure your monthly payment is in sync with your income and family size.

»» What is a loan default?

A default occurs when you do not make the required monthly payments on your loan(s). To avoid defaulting on your payments, talk to EDULINX, the National Student Loans Service Centre and/or your banks. There are repayment assistance options available to help you keep your loans in good standing.

»» What happens if I default on my loan?

Your loan will be sent to a collection agency. You must then contact the collection agency directly to make arrangements to set up a repayment plan.

Defaulting on your student loan will seriously affect your credit rating. You will:

- incur additional interest charges
- lose eligibility for future student aid
- have to deal with a collection agency
- establish a bad credit rating
- lose future income tax and GST refunds
- possibly face legal action
- lose eligibility for the Repayment Assistance Plan

»» What happens to my student loans if I declare bankruptcy?

If you declare bankruptcy, you are still expected to repay your student loans. You must continue to make monthly payments until the debt is repaid. However, you may request a court-ordered discharge once seven years have passed since you left school.

»» WE'RE HERE TO HELP

Stay in Touch!

»» Contact Us

EDULINX

- Toll-free within North America: 1-866-827-0310, Monday to Friday, 7:30 a.m. to 8:30 p.m. your local time
- Toll-free outside North America: + 800-2-529-9242 plus appropriate country code
- TTY: 866-587-1853
- Visit edulinx.ca

National Student Loans Service Centre

- Toll-free within North America: 1-888-815-4514
- Toll-free outside North America: dial international access code + 800-2-225-2501
- Countries outside of North America without an international access code: call the Canadian operator at 800-0800-096-0634, then call collect 905-306-2950
- TTY: 1-888-815-4556
- Visit canlearn.ca

Student Aid Alberta

- Visit studentaid.alberta.ca

»» For more information on Student Aid Alberta,
Visit studentaid.alberta.ca

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