

Credit Counselling Society Presents

Planning for Post-Secondary

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Top Reasons We See for Financial Trouble

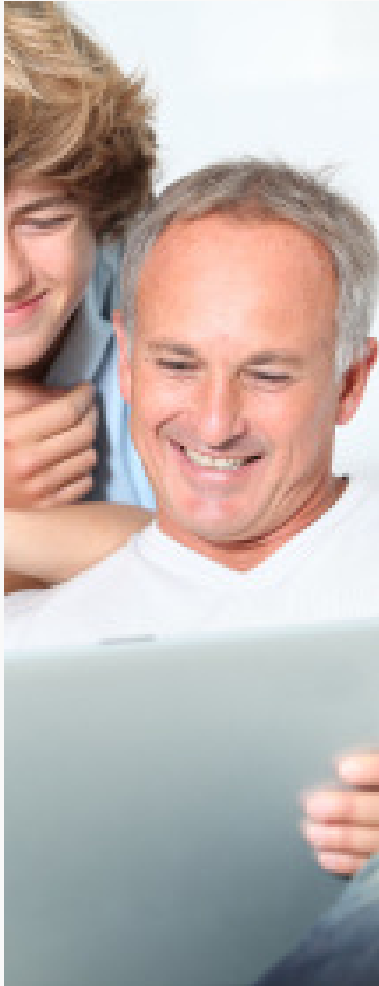
1. Unemployment / Underemployment
2. Excessive use of Credit or Using Credit for Living Expenses
3. Injury / Illness
4. No Budget / Lack of Financial Education
5. Separation / Divorce and Family Expenses
6. Failed Business/Used Credit for Business Expenses
7. High Housing Costs

Agenda



- Why talk about money?
- Tips for talking about money
- Know your costs
- Understand how to pay for school
- Understand the student loan system

Objectives



By the end of this session, you will be able to:

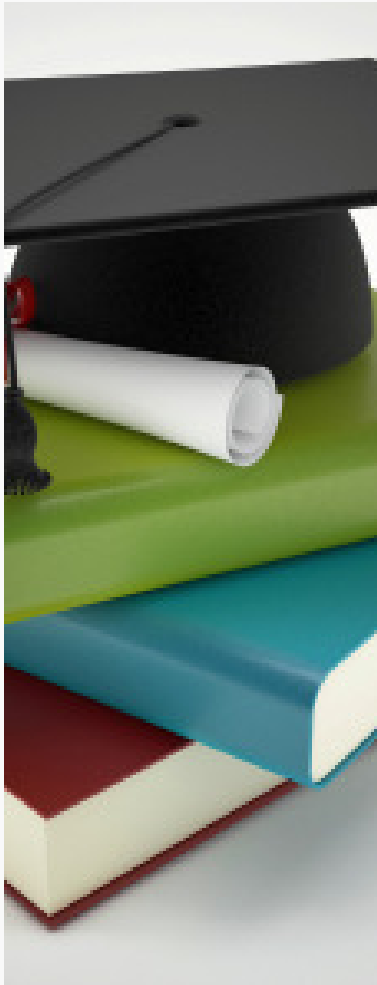
- Describe why it's important to talk with your children about money
- Identify the major costs for school
- Identify some ways to pay for school

Why Talk About Money?



- Finances are the second most commonly reported stressor among students (after academics).
- 1 of 3 students report that finances are very or tremendously stressful.
- Students who find finances to be stressful report that it negatively impacts academic success.

Tips for Talking



- Let them lead the conversation
- Frame the conversation in a positive light
- Talk about goals: Where do they see themselves in 5 or 10 years?
- Talk about the cost of things
- Acknowledge that not everyone, including you, has always made good decisions.

Tips for Talking



- Let your child take responsibility – they're learning to be an adult
- Encourage proactive behaviour
- Connect in with the Financial Aid Office

Know Your Costs!

**What else costs money
beyond tuition and books?**

Know Your Costs!



It's not just tuition! Don't forget :

- Non-instructional fees
- Textbooks, technology, supplies
- Living expenses (housing, food, etc.)
- Transportation

Know Your Resources!



- School advising
- RESP and savings
- Government Student Loans
- Scholarships, awards and bursaries
- Student Line of Credit
- Employment
- Family support

RESP



- Lifetime contribution limit of \$50k per beneficiary
- Funds contributed can be withdrawn tax free
 - Non-contributed funds are taxed (grants, capital gains, interest, etc.)
- Federal and provincial grant programs have great benefits

RESP



- RESPs are used as part of the calculations for government student loan funding
 - Splitting the RESP withdrawals may increase the amount of government funding available

Government Loans



- Federal and provincial loans available
- Must meet criteria to get it
 - Residency, housing, assets, others
- Interest not charged until out of school*
- Loan applications are automatically assessed for available federal and provincial grants

Government Loans



- Typical disbursement is 60%/40% per semester
- Ask the Financial Aid Office for help applying
 - Mistakes can lead to delays and incorrect assessments
- Visit www.canlearn.ca for more information

Government Loans



- No payments required in first six months after you've left school
 - Interest will **not** begin to accrue*
- You are responsible for selecting your repayment schedule
 - If you do not respond to the package they mail you, they will impose payment terms on you

Government Loans

Loan at graduation	\$34,000	\$34,000	\$34,000
Floating interest rate, prime plus 2.5%	7%	7%	7%
No. of monthly payments	120 (10 yrs) (+6 mths grace)	84 (6.5 yrs) (+6 mths grace)	72 (5.5 yrs) (+6 mths grace)
Monthly payment	\$412.51	\$529.93	\$596.13
Total interest paid	\$15,501.66	\$10,514.23	\$8,921.37
Total amount paid	\$49,501.66	\$44,514.23	\$42,921.37

Government Loans



- As of January 1, 2020: borrowers can rehabilitate Canada Student Loans and Canada Apprenticeship Loans in default.
- Borrowers can add their interest to the principal of their loan (capitalize the interest) and make two payments to rehabilitate their loan.

Mo' Money



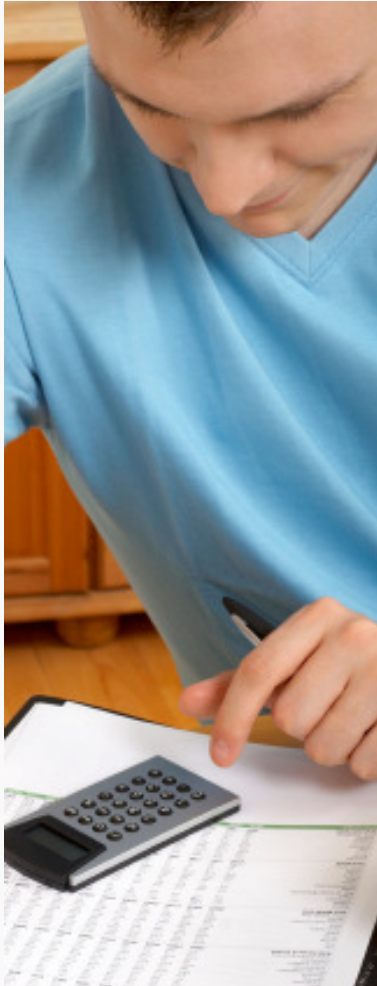
- Bursaries are based on need
- Scholarships are based on merit
- Grants are based on listed criteria
- Apply to everything you're eligible for!
 - www.yconic.com
 - www.scholarshipscanada.com

Student Line of Credit



- Unsecured line of credit
- Eligibility is based on a credit inquiry
 - May require a co-signer
- Funding limits based on program and full-time/part-time status

Student Line of Credit



- Typically responsible for paying only interest while in school
 - Familiarize yourself with the terms
- Most offer up to 12 months after you're out of school before principal payments are required
- Line of credit will be closed for use once out of school

Employment Income



- Part-time or full-time employment
- On-campus jobs
 - Work on something connected to studies
- Balance school workload with external responsibilities
- Offset some living costs to borrow less

Family Support



- Be honest about the level of monetary support you can provide
 - Students may assume that parents are going to pay
- How else can you support them?
 - Free room & board
 - Transportation
 - Care packages

Borrowing Comparison

Government Loan	Student Line of Credit
Issued by the government	Issued by a financial institution
Eligibility based on income	Eligibility based on credit history
Interest-free during full time study	Interest accumulates immediately
Governed by federal and provincial legislation	Governed by internal policies and federal lending legislation
Grants available	No grants available
Can deduct interest off income taxes	No income tax benefits

Be Your Own Boss



- Create a holding account system using multiple bank accounts
 - Pay yourself a monthly income based on a realistic budget
- Monthly income does not change
- Try not to use credit to supplement your budget

Holding Account

Income Deposited	Monthly Withdrawal	Holding Account Balance
<ul style="list-style-type: none">• Jan = \$2200• Feb = \$0• Mar = \$0	<ul style="list-style-type: none">• Jan = \$550• Feb = \$550• Mar = \$550	<ul style="list-style-type: none">• Jan = \$ 1650• Feb = \$ 1100• Mar = \$550

Example: \$5000 student loan for 1 semester

$\$5000 - \$2800 \text{ (tuition)} = \2200
(living)

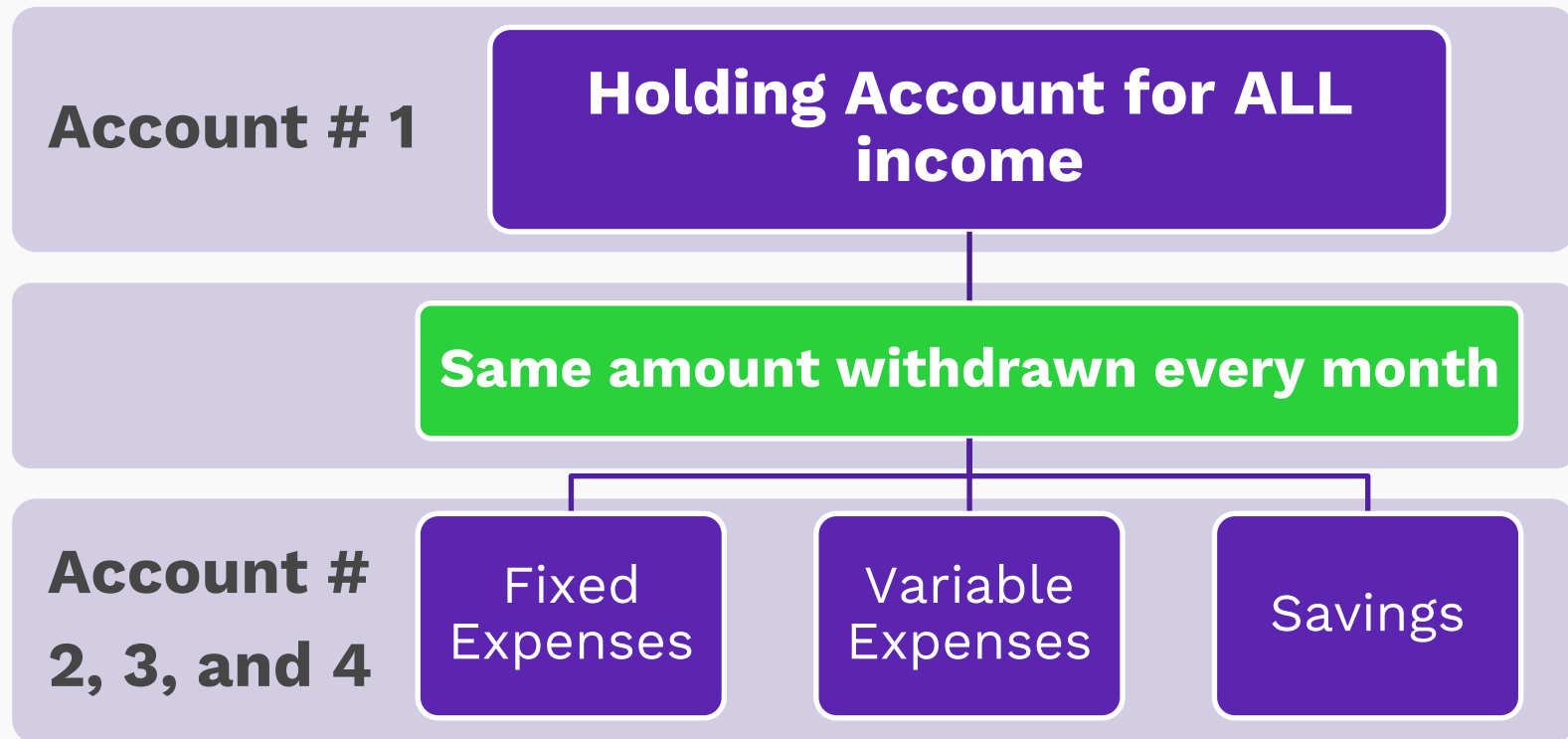
$\$2200 / 4 \text{ months} = \$ 550$

Organized Banking



- We all have 3 kinds of expenses:
- Fixed expenses
 - Same date & amount each month
- Variable expenses
 - Regular but amounts & dates change
- Savings expenses
 - Irregular, emergency, goal savings

Organized Banking



Tips



- Withdrawing from classes can impact loan, bursary and scholarship eligibility
- Convenience spending contributes to financial stress (e.g. lunch & coffee)
- Remember to plan for the end of the semester!
 - How will you pay for the first month of semester break before the first paycheque?

Final Thoughts



- Education is an investment
 - The return should be a higher paying career
- Manage the money now so they can repay the debt later

Next Steps



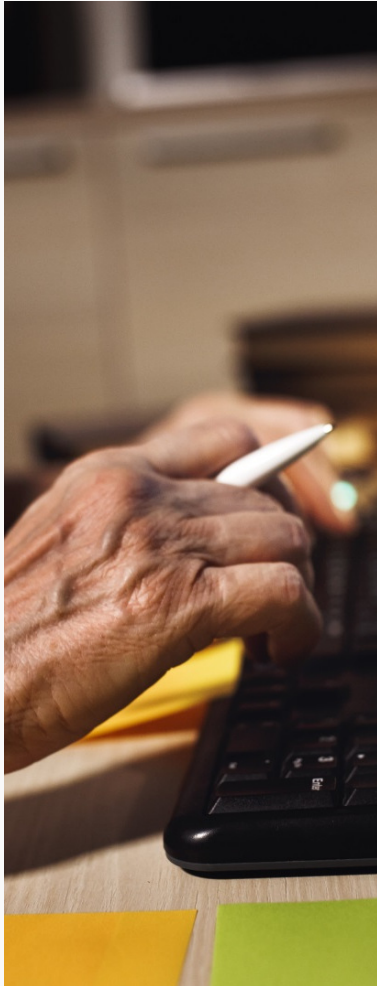
- Start doing research into schools, programs and costs
- Evaluate your ability to pay/save
- Draft a realistic budget
- Start talking!
- Free tools and resources available at: www.mymoneycoach.ca



ADDITIONAL RESOURCES

Some helpful
resources for
you to get
started

Learn More



#LearnWithCCS

 Facebook - @MyMoneyCoach.ca

 Twitter - @MyMoneyCoach_ca

 Instagram - @MyMoneyCoach

- Sign up for our monthly newsletter
- Check out our social media for daily tips/articles
- Subscribe to our blog
- Follow us on Social Media

How We Help



Book a free financial consultation with
one of our Credit Counsellors

1-888-527-8999

Message us through our online chat

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