

## Students

Credit Counsellors often meet very intelligent students who are completely overwhelmed with their financial situation. With easy credit combined with the high cost of education students are graduating with very high debt loads. When this is combined with uncertainty in the job market it doesn't take long before a number of them to fall behind with their payments.

Even though there is plenty of information for students to access, students are telling us the bureaucracy is tricky to navigate, and when there is more than one debt they are unsure which one to prioritize. Here are some tips for students:

- Keep your address up-to-date with all creditors.
- Set up a budget and stick to it.
- Many banks have Student Bank Accounts with No Fees.
- If you have a Student Credit Card, pay it in full every month. If you can't pay it in full – STOP – using it until the balance is paid in full.
- If you can't afford the payment on your government student loan, contact your provincial/territorial student assistance office to ask about the repayment assistance program.
- There is no interest on government student loans while in school, however, typically interest is charged monthly on Student Lines of Credit (LOC).
- You can claim the interest paid on your government student loan as a tax credit on your income tax return.
- Interest paid on Student LOC does not qualify.
- Student LOC are typically co-signed, often by parent's, because many students do not qualify on their own. It is important to note that the co-signer is responsible if the student defaults. And from a parent's perspective their financial exposure may be multiplied by the number of children they have. So parents may want to consider limiting the amount they co-sign for. I suggest canceling the limit on the Student LOC when the student graduates, to ensure the debt will be paid down from this point forward. The co-signor can also request this.
- I suggest that students first apply for the maximum government student loans, bursaries and scholarships, and then apply for a Student LOC.
- Student Loans are an interest rate risk.
- If your student loan is already in arrears and you feel overwhelmed, contact a non-profit credit counselling organization. We will assess your total financial situation and can give you guidance to help navigate the red tape.