



## **Repaying Your Government Student Loan: Five Things You Need to Know**

### ***1.) What is the Non-Repayment Period?***

The **Non-Repayment Period** is the six month period after you leave full time studies (this six month period of time is also referred to as the “Grace Period”).

**Interest will accumulate** during this period, unless you are a full-time student currently enrolled in courses.

During this period you can make payments, but if you are returning to school full-time in September it is best not to make payments during this time.

No interest is charged if you return to full-time studies before your Non-Repayment Period ends, and notify the National Student Loans Service Centre (NSLSC).

### ***2.) What is a Consolidation Letter?***

**Consolidation means** that the government student loans you have taken out each year are gathered together into one amount for you to pay back.

A month before your loan consolidates you will receive a **Consolidation Letter** which outlines the details of your student loan. This is different for each province, but for Ontario you will receive one letter from the National Student Loan Service Centre (NSLSC).

Your Consolidation Letter summarizes your repayment terms and presents you with a number of options. You can choose:

- To pay off the interest that accumulated during your non-repayment period, or add it to your loan balance,
- A floating or fixed interest rate,
- How long you will take to repay your loan; and
- How you wish to submit monthly payments.

If you have any questions, or would like to discuss your options, please contact Student Central via telephone at 807.343.85000, or via email at [studentcentral@lakeheadu.ca](mailto:studentcentral@lakeheadu.ca). You should also contact the National Student Loans Service Centre (NSLSC) at 1.888.815.4514.

### 3.) *How can you save money?*

To save money in interest charges, borrowers can repay their loan before the end of their repayment term *without penalty* by:

- Making payments while in school,
- Making payments during the non-repayment period (this is not recommended if you are returning to school full-time within six months),
- Paying an amount larger than the minimum monthly payment calculated for their term,
- Making weekly or bi-weekly payments; and
- Making lump sum payments (in addition to the required monthly payment).

### 4.) *How can you avoid repayment difficulties?*

Missing a loan payment has serious consequences:

- Your credit rating could be affected, making it more difficult to obtain a loan, a mortgage, or purchase a car,
- You could have difficulty getting more loans or grants for future studies; and
- Your loan could be transferred to the Canada Revenue Agency for collection.
- Your tax return refunds could be used to put towards your student debt.

#### **The Repayment Assistance Plan**

If you have a Canada Student Loan, the Repayment Assistance Plan may be an option if you find yourself having difficulty making your loan repayments. If you qualify, you will not be required to make a student loan payment above an affordable level.

An affordable payment is calculated based on your income and family size. As a result, your payment amount could be lowered or put on hold until you can afford it. You must **apply** for the Repayment Assistance Plan through the NSLSC every six months; enrolment is not automatic.

Speak with Student Central, or visit the CanLearn.ca website to learn more about the Repayment Assistance Program.

**Before you miss a payment,** the best thing you can do is contact the NSLSC, who can provide you with advice and options. Contact the NSLSC by telephone at 1.888.815.4514.

### 5.) *How can you maintain your student loan?*

To keep your loans in good status make sure that you:

- Create your online account at CanLearn.ca and check your loan balances regularly,
- Review your Consolidation Letter,
- Keep your contact information current with the Service Provider,
- Let the NSLSC know if you are having difficulty making your loan payments,
- Keep all the documents that you receive by mail in one place; and
- If you return to school, notify the NSLSC. This ensures that your loan returns to interest-free status while in school full-time.