Paying for School
STUDENT LOANS 101

- IT'S A -
MONEY
THING®

4 THINGS TO KNOW BEFORE TAKING OUT STUDENT LOANS

Paying for university with student loans is a popular way to finance education. Consider these things before signing on the dotted line.

1 Your loans will either be government-issued or private

In general, student loans come in one of two forms—government-issued (federal or provincial) or private (from individual lenders like credit unions or banks). Government-issued student loans tend to come with incentives like fixed interest rates and the ability to restructure payments based on income; however, with a little research, you may be able to find a private loan with lower interest rates.

2 Short equals less, long equals more

When it comes to repaying your loans, the faster you agree to pay off your debt, the more you'll likely pay per month, but you'll be spending less in interest over the life of your loan. Conversely, if you decide to make smaller payments towards your debt over a longer period of time, you may end up paying significantly more interest over time.

3 Loan repayment assistance may help in times of need

The National Student Loans Service Centre (NSLSC) has some different programs in place in order to provide assistance to individuals struggling with repayment. Even if you are paying off a provincial student loan, you should still familiarize yourself with the national loan program, as all provincial student loans are integrated with the NSLSC. The repayment assistance options available through the NSLSC are term revision and a two-stage repayment assistance plan. Check with your lender to see if these options are available to you, and what the circumstances must be to qualify.

4 There's a difference between refinancing and consolidation

Two options to help you get debt-free faster are consolidation and refinancing. Consolidation is the act of combining all of your loans into one payment with an interest rate that will likely be an average of your existing loans. Consolidation simplifies your payment process, but doesn't necessarily reduce your debt burden. Refinancing uses a new loan (hopefully with a lower interest rate) to pay off your existing debts. You'll then make a single payment per month towards your new loan. The lower interest rate can help you dig out of debt faster. You'll need to do a little research to determine which is best for your particular situation.

Is taking out a student loan worth it?

It's not an easy question to ask yourself, but it's one worth considering:

Will the amount of money you're likely to make at your job be enough to pay off your student loan debt?

For example, some lower-paying jobs may not actually end up being worth the price you'll pay in the end.

Before you sign on to any loan, do the math to determine how long it will take you to pay back that loan at the average salary you will likely earn from your job, and determine whether or not you're willing to be in debt for that amount of time.

BROUGHT TO YOU BY

Luminus™ FINANCIAL