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Managing the costs

Study finds most students lack financial literacy and may be missing out on free money as a result

Article

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By **Jennifer Brown**
 YourHome
 Columnist

Joe Finkle always knew paying for his post-secondary education would leave him in debt.

“My parents are small-business owners and my grandmother lives with us. I also have three other siblings (all university age),” he explains. “My parents always told us there would be little money available to provide for our post-secondary education.”

Finkle works part-time to help cover costs and is a vice-president of the McMaster Students Union and a vice-president with the Ontario Undergraduate Student Alliance (OUSA). He makes use of the Ontario Student Assistance Program (OSAP), which helps students pay for tuition, books, transportation and living costs. OSAP funding can include a combination of grants, bursaries, loans and scholarships.

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At 23, he has finished his fourth year of a history degree, which has largely been financed through OSAP.

“I resigned myself to the fact I would be subjecting myself to OSAP,” says Finkle, who is taking a year off to work at the student union before he goes to grad school. He also took a year off between high school and university to work.

He has kept a close eye on his growing debt load — now about \$25,000 — and when he’ll have to start paying it back. He’s also made use of “free money” available by applying for bursaries from McMaster each year.

But it appears Finkle is in the minority when it comes to student financial literacy. A report released in June by the Canadian Alliance of Student Associations (CASA) revealed a large gap in financial knowledge among Canadian university students.

The study surveyed about 21,600 students from 17 universities on how well they understand the financial aid available to them, and the rules on paying it back.

More than 75 per cent of the respondents failed the test, including 54 per cent of upper-year students who already have loans.

Many didn’t know when they need to start repaying their loans, or that they might be eligible for interest-free grants.

This lack of knowledge means students are missing out on resources they need, says CASA. It also means they wind up with loans they don’t understand, interest they didn’t expect, and a poor grasp of what sort of alternate funding might be available



Business administration student Jonathan Delica and travel and tourism student Sandra Chan sit in the atrium of the Markham campus of Seneca College.

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According to Statistics Canada, the average tuition fee for undergraduates at Ontario universities is \$5,951 per year. College fees average \$2,100 per year for a diploma program, \$3,000 for a certificate program and \$4,500 for a degree program. Books and supplies are extra.

Finkle is part of a campaign being launched by student associations to educate post-secondary students about financial aid and to help them better understand the debt they are taking on.

“There needs to be more done at the high-school level to educate kids about this,” he says. “When I talk to students, it’s usually after they have applied for OSAP, and they have no idea how or when they will have to pay it back.”

For example, there is a six-month grace period after a student graduates or leaves school before they have to start repaying their loans, but few realize that the interest kicks in right away.

They also don’t know about free money available from bursaries and grants.

“Every year, I apply and get a bursary from McMaster worth about \$1,000. It helps pay for my books or a couple of months rent,” he says. “Not many students know about that option. A lot of bursaries are not awarded each year because students don’t know they are there.”

Alexi White, executive director of the OUSA, says about 40 per cent of students in Ontario receive OSAP. But he suggests many more may be missing out because they don’t think they would qualify.

“They assume their parents are making too much,” he says. But recent changes to the program have made it easier to qualify.

White also says high-school guidance counsellors need to do a better job of informing students about the thousands in unclaimed bursaries and grants available each year.

Start planning now

Now that you’ve been accepted to college or university, how will you pay for it all? Here’s some advice from Ryerson’s Ted Rogers School of Business Management:

- Figure out how much money you will need as soon as you can, so you know how much support you will need.
- Use free money first (parents, RESPs, scholarships, bursaries, etc.). If you need to borrow, use low- interest or no-interest options first, such as OSAP. If you need to borrow money on top of that, try to get a cheap student loan or line of credit. Stay away from credit cards.
- Check out the OSAP Access Window at osap.gov.on.ca. It helps students make informed decisions when planning their post-secondary education. It includes average costs by

institution, OSAP funding estimators and repayment tools.

- Explore the scholarships, awards and bursaries offered by your school, including program-specific or special-interest awards. Many have early deadlines and require applications.
- Consider a part-time job, but be mindful of the earning limitations under OSAP. If you're really pressed for cash, consider postponing your studies for a year to build up savings, or reduce your course load to free up more time for work.

More help online

studentawards.ca: A searchable database of Canadian scholarships, bursaries, grants and cash awards — more than \$1 million worth.

scholarshipscanada.com: Searchable by area of study, school, dollar amount or application deadline.

osca.ca: A list of scholarships and financial assistance from the Ontario School Counsellors' Association. Click on the "Students" tab, then scroll to the "scholarship and financial assistance" link.

canlearn.ca: A federal government website that provides information on loans, grants, scholarships and more, including apprenticeship grants and the new Canada Student grants for various income levels and part-time studies.

servicecanada.gc.ca/eng/audiences/youth/ education.shtml: Provides information on subjects such as awards and loans.

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