

Ontario Student Assistance Program (OSAP)

WHAT IS OSAP?

The Ontario Student Assistance Program (OSAP) is designed to provide funding for post-secondary education to students who demonstrate financial need.

HOW DOES OSAP WORK?

OSAP is calculated by the following formula:

- ◆ Allowable education costs & allowances **MINUS** Expected financial contribution **EQUALS** calculated financial need.

“Allowable educational costs & allowances” include tuition and fees, supplies, laptop, living expenses and transportation. The “expected financial contribution” is income received by the student, parental or spousal income, as well as student assets and spousal assets.

OSAP funding is divided into two parts – a loan portion and a grant portion. The grant portion consists of funding that does not have to be paid back – think of it like free money. There are many grants that are available through an OSAP application such as the indigenous student bursary and the first generation bursary. The loan portion is broken down into a federal portion and a provincial portion.

Applying for OSAP is easier than most think. The application can all be completed online. It will consist of questions about the student’s program, their personal and financial information, and their parents’ personal and financial information.

The maximum aid amount for a student is based on a weekly maximum. Full time students at an approved college or university could receive up to \$395/week

OSAP Changes

Beginning in the 2017/2018 school year, students who apply for OSAP and meeting the following criteria could receive free tuition*

- ◆ Parents combined income in \$50,000 or less per year
- ◆ Student is enrolled in a full time program at an accepted college/university
- ◆ Students meet eligibility requirements for OSAP

This new initiative is made possible by eliminating these current student financial assistance programs:

- ◆ The federal education and textbook tax credits
- ◆ The 30% off tuition grant

These changes we’re made to help reduce the amount of debt students take on and to relieve the financial burden of post-secondary education for whom it weighs the heaviest.

*OSAP will provide the student with enough grants to cover the average cost of tuition

When should you Apply?

The sooner a student applies for OSAP the better! The application becomes available in early spring and it is recommended that students should apply by the end of June.

OSAP funding is released in two installments: when the student begins their study period and halfway through their study period. With that being said, the longer the student waits to complete their OSAP application, they take the risk of delaying their first OSAP installment until further into the semester. This can be an issue for students if they were relying on their first OSAP installment to cover a school expense in their first few weeks of class such as textbooks and supplies.

REPAYING OSAP

Once the student graduates, they have a 6 month grace period – meaning they do not have to make any payments to their student loan for the first 6 months after graduation. During that grace period, interest is not being charged on the provincial portion of the loan, but it IS being charged on the federal portion.

On the provincial portion the interest rate charged is prime+1% and on the federal portion the interest rate charged is prime+2.5%.

When a student applies for OSAP, they are automatically considered for the Ontario Student Opportunity Grant. This grant limits the amount a student has to repay once they graduate. For a two-term academic year (September-April) the max a student would have to pay back is \$7,400.

There are a few requirements in order to receive this debt relief grant:

- ◆ student must have completed the academic year.
- ◆ filed their income tax return.
- ◆ student's parents must have filed their income tax.

A student may also not qualify for the debt relief if they received more funding that they were not actually eligible for. To eliminate the risk of that happening, students must make sure their OSAP applications are as accurate as possible.

There are payment assistance programs available to students if they are having difficulty paying back their loan after graduation. The student must submit an application to receive payment assistance, and if they qualify, their monthly payments could be reduced or their payments could be put on hold for a period of time.

Consult your accountant, financial planner, or investment manager to determine what strategies are best for you.

FOR MORE INFORMATION ON HOW TO PRESERVE YOUR WEALTH & SUCCESSFULLY PLAN FOR YOUR FUTURE CONTACT:



Clarity. Direction. Results.

P.O. Box 69, 135 Main Street East

Listowel, ON N4W 3H2

Tel: (519) 291-4803 Fax: (519) 291-5892

Email: WealthManagement@w-u.on.ca

www.wardanduptigrove.com