FSD 66 — Death Abroad of Employee or Dependant

FSD 66 covers special provisions to assist the survivors in the event of the ultimate crisis. In general terms, this means the employer will authorize payment of essential costs in excess of those costs that would normally have been incurred had death occurred in Ottawa. (For detailed information, see the section on Death Abroad in Chapter 5.)

2.11 Posting Loans

Moving abroad can involve considerable cash outlays for various items you and your family will need during the course of your posting. FSD 10 recognizes this by making provisions for you to obtain a loan at a preferred rate of interest. Remember that the loan is not insured and in the event of death it is payable in full.

Maximum Amount of Loan

Under the 1993 Directives, the maximum amount you may borrow during any one posting is set at the time your loan is granted, and may not exceed the lessor of 50 per cent of your gross annual salary at that time or the maximum amount of a loan published in the monthly *Schedules to Foreign Service Directives and Meal Rates* which are adjusted on April 1 of each year. Where a posting loan has been granted for less than the maximum, you have the option, on one occasion only, of increasing the original amount of the loan by at least $500 to the maximum allowable at the time the loan was originally granted (i.e. "topping up"). This option is not available if you have already repaid your original loan in full.

Calculation of Interest

At the beginning of every quarter in the Fiscal Year (the first day of April, July, October and January), the interest rate is prescribed by the Department of Finance to reflect the average interest rate on 90-Day Treasury Bills during the first month of the preceding quarter. It is generally preferential compared to rates charged by commercial banks and lending institutions, often as much as 4 per cent lower than their rates for unsecured loans. In fact, this rate is the lowest that can be offered without creating a taxable benefit for the borrower.

The interest rate on posting loans is published in the monthly *Schedules to Foreign Service Directives and Meal Rates*, the rate for each new quarter generally being announced in the Schedules of the last month of the previous quarter.

The interest rate on a loan remains fixed for the duration of the repayment period unless the loan is renegotiated. The interest rate then in effect is applied to the total amount, for example, the additional amount being borrowed plus the outstanding balance of the original amount. You may have the option, once during the repayment period (except during the last 12 months), of having the outstanding balance of your posting loan recalculated to take advantage of a lower interest rate.

Another feature is that interest is not charged until the first day of the month in which recovery begins. **To get the most from this benefit, try to arrange for your loan to be issued as early in the month as possible.**

> **Did you know that...** Where a posting loan has been renegotiated to increase the principal or to lower the interest, the new interest rate is applied from the first day of the month following the renegotiation.

Repayment

Your posting loan is recovered through automatic deductions from your pay cheque, starting with the first day of the fourth month following the month your loan was granted or the first day of the month following your arrival at post as indicated on your Posting Confirmation Form, whichever is earlier. You are, of course, free to repay the principal amount in full, without interest, before recovery commences. You may also repay the outstanding balance in full at any time during the repayment period. You have another option, once during the repayment period, of making a partial lump-sum