



Bulletin

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CANADIAN STUDENT LOANS

The national Canada Student Loans Plan was established in 1964 to provide assistance to full-time students enrolled in courses at the post-secondary level at certain educational institutions. Under this arrangement, loans may be made by chartered banks and designated credit unions on the basis of certificates of eligibility issued by provinces participating in the Plan. The Federal Government guarantees the repayment of such loans and pays interest on them while the borrowers continue as full-time students and for six months after their studies are completed. The largest amount that may be borrowed by a student in any one academic year is \$1,000, and the aggregate sum a student may borrow during his full course of study is \$5,000. Before the end of their final six-month, interest-free period, borrowers are required to consolidate their loans and to enter into a repayment arrangement with their banks. Depending on the amount outstanding and probable ability to repay, loans may be paid off over a period of up to nine-and-a-half years. During that period, interest on the outstanding amounts is payable by the borrowers themselves. On loans taken out on or before August 15, 1968, the rate of interest has been and continues to be 5¼ per cent. For loans made after that date, however, a different rate applies, subject to a maximum rate prescribed for each loan year. This maximum is related to the cost of borrowing to the Government over a six-month period prior to the commencement of the loan year. When a borrower consolidates loans borrowed after August 15, 1968, he will have to negotiate a rate of interest with his bank, but that rate may not be higher than the prescribed maximum then in effect. (Where students have loans made both before and after August 15, 1968, the rate of interest

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will be a composite based on the amount of their loans bearing interest at 5¾ per cent and the amount subject to the maximum rate to be applicable at the time they consolidate.)

ELIGIBILITY

To be able to borrow, students must meet certain criteria of eligibility, including residence in a participating province, and they must establish to the satisfaction of that province that they need a loan to continue their course of study. It follows that a student is required to give sufficient information in his application for a certificate of eligibility to enable the provincial authority to assess his financial need. The principal premise underlying needs assessment is that the primary responsibility for meeting the individual costs of post-secondary education lies with the student and/or his family. Loans are provided to supplement family-student resources, and funds available through other institutions, when financial aid is needed to insure that all qualified students have the opportunity to reach their educational potential.

The province of Quebec does not participate in the Plan but operates its own extensive student-assistance program for provincial residents. Quebec students are, therefore, not covered by the provisions of the Plan, but may apply for financial assistance through the Quebec Department of Education.