

Canada Student Loan Interest Rate Changes FREQUENTLY ASKED QUESTIONS

Q. *When will these changes take effect?*

A. These changes will take effect November 1, 2019.

Q. *What is the difference between the Canada Student Loan portion and the New Brunswick Student Loan portion of my loan?*

A. The Canada Student Loan portion is provided by the federal government and the New Brunswick Student Loan portion is provided by the provincial government. They are essentially two loans that are managed as a single Canada-N.B. Integrated Student Loan at the National Student Loans Service Centre (NSLSC).

Q. *Do I have to make two separate payments, one for the Canada Student Loan portion and one for the New Brunswick Student Loan portion?*

A. No – as long as your loan is in good standing at the National Student Loan Service Centre, you will be required to make one payment toward your Canada-New Brunswick Integrated Student Loan. A percentage of the payment will be applied towards the federal portion of your loan and a percentage will be applied towards the provincial portion.

Q. *When do I need to start repaying my student loan?*

A. You will need to begin repaying your student loan six months after you have left full-time study, whether you have graduated, transferred to part-time studies, withdrawn, or you are taking time off from your studies.

Q. *What is the non-repayment or grace period?*

A. The non-repayment (grace) period is the six-month period after you graduate or leave studies during which you are not required to make loan payments. Interest starts to accumulate on your New Brunswick student loan portion during your grace period. Effective November 1, 2019, interest will not start accumulating on the Canada student loan portion until the end of this period.

Q. *Can I still make payments on my student loan during the non-repayment period?*

A. Yes – payments can still be made any time towards your student loan without penalty, even while you are still in study.

Q. *What is interest?*

A. Interest is the amount paid by a borrower to a lender for the use of money. The interest charge is typically expressed as an annual percentage. Interest on your student loan accrues daily and is calculated monthly.



Q. Do I still need to pay the interest that accumulates on my New Brunswick student loan portion during the non-repayment period?

A. Yes – you are still responsible for paying this interest. You can choose to pay off the non-repayment period interest by making a lump sum payment before you enter repayment. Any unpaid non-repayment period interest will automatically be capitalized and included in your principal balance upon entering repayment.

Q. What happens when the interest accumulated during the non-repayment period is capitalized?

A. When interest is capitalized it is added to your loan principal. When you capitalize interest, you will have a larger loan balance which means you will pay more interest over the life of your loan.

Q. What is the difference between a fixed interest rate and a floating (variable) interest rate?

A. A fixed interest rate means that the interest rate on a loan remains the same for the entire repayment period. A floating or variable interest rate is one that changes when the prime interest rate changes. Interest on both your New Brunswick student loan and Canada student loan portions is automatically set at the floating rate unless a fixed rate is requested.

Q. How will the lower interest rate on the federal portion of my student loan affect my current monthly payment amount?

A. If you are currently repaying your student loan, your monthly payment will remain the same. The lower interest rate on your federal loan will allow more of each payment to go towards the principal which will in turn allow you to pay the federal portion of your student loan in less time.

Q. How will the lower interest rate affect the total amount of interest I will pay over the lifetime of my loan?

A. For a borrower with a Canada Student Loan balance of \$15,000, repaying over the standard 9.5-year repayment period, the total interest paid will be reduced by approximately \$2,200.

Q. Will the Government of New Brunswick be lowering the interest rates on New Brunswick Student Loans?

A. At this time, the interest rates for New Brunswick Student Loans will remain the same; however, the Government of New Brunswick continuously evaluates the New Brunswick Student Financial Assistance Program to determine how we can best deliver programs and services for the people of New Brunswick.