

NEW BRUNSWICK STUDENT LOAN INTEREST RATE CHANGE

As part of the 2020-21 budget, the provincial government reduced the interest rates on New Brunswick Student Loans. The floating interest rate was lowered from prime plus 2.5% to prime and the fixed interest rate was lowered from prime plus 5% to prime plus 2%. Although the change was effective April 1, 2020, you will not be charged interest at the new rate until October 1, 2020 due to the 6-month pause on repayment and interest accrual on student loans for the COVID-19 pandemic.

This change means you will pay the same interest rate for both the provincial and federal portion of your Canada-New Brunswick integrated student loan. Interest starts to accrue on the New Brunswick student loan portion of your integrated loan as soon as you leave school; however, interest does not start to accumulate on the Canada student loan portion until six months after the end of your study period.

QUESTIONS AND ANSWERS

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

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

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

For a borrower with a New Brunswick 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.

