

# 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. The government has outlined that they expected financial contribution for educational costs for 2022-2023 is \$3,600.

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 a middle income family grant 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 OSAP loan a single student can receive is \$410/week.**

- Source: OSAP 2022.

OSAP for Full-Time Students (2022-2023) based on a single status with no dependents attending a public college or university in Ontario.

## 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 and on the federal portion the interest rate charged is prime+1%.

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, the first stage or repayment assistance is interest relief. This stage is available for up to 60 months, or until you are out of school for 10 years, whichever comes first.

During this stage, the following occurs:

- your monthly payment first go towards paying down your loan principal
- if you make a large enough payment, the remainder will go toward monthly interest
- the federal and provincial government cover all monthly interest that is not covered by your payment

The second stage is debt reduction which occurs after you received interest relief. During this stage:

- you make either no payments or a monthly affordable payment which is based on your income and family size
- your monthly affordable payment goes towards paying down your loan principal
- if you make a large enough payment, the remainder will go toward monthly interest
- the federal and provincial government will cover all monthly interest and principal amounts not covered by your payment. Their payments ensure your debt is paid off within a maximum of 15 years out of school

## Questions?

Contact us at 905-632-6134 if you have any further questions regarding this or any other topic.

