



UNIVERSITY OF TORONTO
FACULTY OF LAW

2022
POST-GRADUATION
DEBT REPAYMENT
ASSISTANCE PROGRAM

POLICY BOOKLET

Updated March 2022, v2.0

Financial Aid Office
78 Queen's Park
Toronto, ON M5S 2C5

Phone: 416-978-3716
financialaid.law@utoronto.ca
law.utoronto.ca/financialaid

TABLE OF CONTENTS

PROGRAM GOALS AND OVERVIEW – SHORT SUMMARY	3
GLOSSARY	4
ELIGIBILITY.....	6
EMPLOYMENT.....	6
INCOME.....	6
CREDIT RATING	6
ELIGIBLE LOANS	7
TERMINATION OF BENEFITS AND DISQUALIFICATION FROM THE PROGRAM	7
CALCULATING ANNUAL PDRAP BENEFITS	8
1. DETERMINING BASIC INCOME LEVEL OR ADJUSTED BASIC INCOME LEVEL.....	8
2. DETERMINING ANNUAL LOAN REPAYMENT OBLIGATIONS	9
3. DETERMINING A PARTICIPANT’S ANNUAL CONTRIBUTION	10
4. PDRAP FORGIVENESS SCHEDULE	10
REPAYMENT OF PDRAP LOANS	11
REPAYMENT OF PDRAP OVERPAYMENTS	11
PAYMENT SCHEDULE	12
ALLOCATION OF PDRAP FUNDS	12
APPLICATION PROCEDURE	13
APPLICATION DEADLINE	13
REQUIRED DOCUMENTS.....	13
PARTICIPANT INFORMATION	14
REQUEST FOR RECONSIDERATION.....	14
INDIVIDUAL FACTORS	14
FINANCIAL AID OFFICE CONTACT INFORMATION.....	15
APPENDIX A.....	16
2021 PDRAP STATISTICS.....	16
APPENDIX B.....	17
SAMPLE CALCULATIONS OF PDRAP BENEFITS.....	17
EXAMPLE 1.....	17
EXAMPLE 2.....	18
EXAMPLE 3.....	19
EXAMPLE 4.....	20
APPENDIX C.....	22
UNDERSTANDING LOAN REPAYMENT	22
APPENDIX D.....	23
PDRAP CALCULATION EXAMPLE.....	23-24

UNIVERSITY OF TORONTO FACULTY OF LAW

POST-GRADUATION DEBT REPAYMENT ASSISTANCE PROGRAM (PDRAP)

PROGRAM GOALS AND OVERVIEW – SHORT SUMMARY

- ◆ **The Post-Graduation Debt Repayment Assistance Program (PDRAP) is the first and only program of its kind in Canada.** It is a low income assistance program for graduates who have lower incomes following graduation. The goal is to ensure that the Faculty of Law's graduates can make career choices based on their interests rather than debt-induced financial pressure.
- ◆ **PDRAP loans assist graduates with the repayment of eligible academic student debt after graduation. The assistance provided to the participant is in the form of loans from the Faculty of Law.** The PDRAP loan covers the annual amount that the participant is required to pay on their law school debt (e.g. the monthly minimum payment for government student loans and Faculty of Law interest-free loans).
- ◆ **A participant can enter, leave, and re-enter the program any time within 10 years of their graduation.** Graduates may be eligible on the basis of the nature of their employment, health or disability-related issues, staying at home to care for dependents, and/or because they are continuing as full-time students after law school.
- ◆ **At the end of the first year, a certain percentage of the loan is forgiven.** For each subsequent year that the student qualifies, the Faculty of Law will continue to provide a loan and forgive a higher percentage of the cumulative loan. PDRAP's loan forgiveness schedule is designed to provide the most forgiveness to those participants who remain in lower-paying careers for the longest period of time. If a student stays in the program for 10 years, the loan will be forgiven in its entirety.
- ◆ **The Basic Income Level (BIL) for 2022 has been set at \$65,300 per year.** If a participant's income does not exceed the Basic Income Level, the Faculty of Law will loan the participant their entire annual eligible debt repayment obligation.
- ◆ **A participant with a higher income may still qualify for a PDRAP loan.** If the participant's income exceeds the Basic Income Level, the participant will be expected to contribute 30% of the excess income per annum to reduce their loan obligation. If the participant's expected contribution is higher than their annual debt repayment obligation, the participant will be ineligible for PDRAP assistance.
- ◆ **If the participant is no longer eligible to participate in PDRAP due to an increase in income, they will be required to start paying back the remaining balance of their PDRAP loan** (i.e. amount that was not forgiven). The loan is non-interest bearing and must be paid back by the end of the participant's 10 year eligibility period.

GLOSSARY

Adjusted Basic Income Level (ABIL)

An exemption amount per year that may be added to the basic income level, such as pre-law educational loans or eligible dependents.

Amortization Period

The fixed period during which a borrower is required to pay back a debt.

Annual Percentage Rate

The total cost of borrowing money expressed as an annual rate.

Basic Income Level (BIL)

The income that a participant earns from all sources. If a participant is married and their spouse is earning more than them, the basic income level will be the average of their incomes as determined by Line 15000 of the income tax Notice of Assessment.

Consolidation

Combining two or more educational loans into a new loan with a new payment schedule and interest rate.

Credit Score

The score used by lenders to measure a borrower's creditworthiness. It is based on previous borrowing and payment history.

Dependent

A parent or child (under the age of 18 years) whom the PDRAP participant supports financially.

Eligible Pre-law Debt

Educational loans taken during undergraduate and graduate studies before commencing the J.D. Program. In the large majority of cases, this will be government loans.

Forgivable Loan

A loan that a borrower does not have to pay back in full, so long as they meet conditions attached to the loan. For a portion of the loan to be forgiven, the borrower must fulfill certain responsibilities and adhere to certain restrictions.

Grace Period

A period of time before the borrower enters a repayment period. It begins when the borrower graduates and ends when the first loan payment is due.

Interest

The monthly cost of borrowing money. Interest is charged as a percentage of the amount that a borrower has borrowed.

Interest-Free loan

The amount of eligible loan taken from your Line of Credit; the Faculty approved and paid the interest on this loan while you were in Law school as part of the Faculty's JD Financial Aid Program.

Line of Credit

A loan arrangement which allows a borrower to borrow up to a fixed amount of money. Lines of credit generally have lower interest rates than other forms of debt, such as credit cards.

National Student Loans Service Centre (NSLSC)

Graduates can check their federal student loan balance(s) at this site. Ontario, British Columbia and Newfoundland and Labrador have integrated student loans under NSLSC, which means students can see both their federal government loan and provincial government loan in the same place.

Parental Leave

An approved leave from employment.

Participant Contribution

The amount, based on income from all sources, that the participant is expected to pay towards their loan payments before receiving any PDRAP assistance. If PDRAP participants earn less than the Basic Income Level specified by the program, this amount is \$0.

Prime Interest Rate

The interest rate used by banks to determine the cost of borrowing. It is used as an index rate for other interest rates. The rate of interest on lines of credit with the law school's preferred lenders (Scotiabank and TD Bank) is prime. The prime rate of interest can change over time.

Principal

The total amount borrowed.

Repayment Assistance Plan (RAP)

A federal government program that helps graduates who are having difficulty making payments toward their government student loan. Some participants will not need to make any monthly payments, while others may need to make modest monthly payments based on their family size and income.

Spouse

A person of the same or opposite sex to whom the participant is married, or with whom the participant has cohabited in a conjugal relationship for a period of three or more years, or who is reported to the government by the participant as a common-law partner.

ELIGIBILITY

PDRAP is open to all University of Toronto, Faculty of Law J.D. graduates within 10 years of their graduation date. Graduates may be eligible on the basis of the nature of their employment, health or disability-related issues, staying at home to care for dependents, and/or because they are continuing as full-time students after law school.

Graduates are eligible to apply for PDRAP any time within ten years of graduation, as long as they meet the Program's requirements. For graduates who do not enter the Program immediately after graduation, the eligibility period will be ten years less the number of years since graduation from the Faculty of Law.

EMPLOYMENT

Participants must be working full-time. Participants who are not working full-time must confirm that they are actively seeking full-time work or demonstrate that there are extenuating circumstances preventing them from doing so (e.g. health or disability-related issues, staying at home to care for dependents, and/or because they are continuing as full-time students after law school). Supporting documentation may be required.

INCOME

For the purpose of determining a participant's PDRAP eligibility, annual gross income will be calculated as follows:

Canadian Income Tax Return	Line 15000	(Gross income)
Add	Line 12700	(taxable capital gains)
Deduct	Line 21200	(Union and Professional Dues)
Deduct	Line 21400	(Child Care Expenses)*

Participants are required to report the total cumulative value of gifts, inheritances, or other financial windfalls received by their household which, taken together, total over \$10,000 in value in a calendar year. The cumulative amount over \$10,000 will be added to the participant's or spouse's income for the year.

*Child Care Expenses: PDRAP recognizes professional child care expenses in accordance with the CRA rules. This means that eligible child care expenses will be deducted from the participant's or the participant's spouse's income, depending on who has the lower income in the household. Payments do not qualify as child care expenses if they are made to the parent or guardian of the child.

CREDIT SCORE

Participants must have an acceptable credit rating as determined by a recognized credit bureau at the time of their application to PDRAP. Continuing eligibility for PDRAP is contingent upon participants maintaining an acceptable credit rating. Currently, the minimum acceptable score is around 600.

ELIGIBLE LOANS

The following types of loans are eligible to be covered by PDRAP:

- Federal and provincial student loans taken while at the Faculty of Law
- Faculty of Law interest-free loans as determined by the Faculty of Law's front-end Financial Aid Program, and actually borrowed from Scotiabank or another financial institution

The repayment obligations of pre-law educational loans are not eligible for coverage by PDRAP. Instead, pre-law debt may be used to adjust the participant's Basic Income Level (BIL). (See page 6).

Graduates who only have pre-law educational loans (e.g. OSAP loans taken out during undergraduate years) and/or non-eligible law-related loans (e.g. amounts taken from the Scotiabank line-of-credit that were not approved as part of the Faculty of Law's interest-free loan program) do not qualify to participate in the PDRAP.

PDRAP only considers eligible debts that are currently in repayment. Loan repayments that have been suspended are not eligible (e.g. repayment on government loans is suspended when a student returns to full-time studies).

TERMINATION OF BENEFITS AND DISQUALIFICATION FROM THE PROGRAM

All PDRAP participants must be up-to-date on their loan repayment as required by the government and/or the bank. Default or delinquency on loan repayments will disqualify a participant from PDRAP.

PDRAP participants must not have outstanding balances owing to the University of Toronto or the Faculty of Law.

Misrepresentation of any information provided to the Faculty of Law will result in termination of eligibility under the Program. Outstanding amounts must be paid back immediately upon termination or disqualification.

CALCULATING ANNUAL PDRAP BENEFITS

To calculate a participant's annual PDRAP benefit, the program determines the participant's Basic Income Level, annual debt repayment obligations, and any expected annual contributions.

1. DETERMINING BASIC INCOME LEVEL OR ADJUSTED BASIC INCOME LEVEL

Basic Income Level (BIL)

For 2022, the Basic Income Level has been set at \$65,302. This amount is adjusted annually for inflation based on the Consumer Price Index.

PDRAP asks participants to estimate their income for the year that they are applying for PDRAP benefits. In the following year they will be asked to provide their previous year's income tax notice of assessment. If their total income as shown on the income tax notice of assessment is different from what they estimated in their previous year's PDRAP application, their benefit will be recalculated based on the new information. Any overpayment must be repaid immediately or it can be deducted from the participant's PDRAP benefit in the following year. See "Repayment of PDRAP Overpayment" on page 11.

For a participant who has a spouse, the participant's income will be deemed as the greater of:

- Participant's income, or
- Half of the combined income of the participant and their spouse.

If the spouse has eligible annual educational loan payments, they will be deducted from their annual income.

In cases in which the participant and their spouse are both graduates of the Faculty of Law and are both eligible for the PDRAP in the same year:

- the income for each will be calculated as half of the couple's combined income, and
- no annual educational loan payments will be deducted from either spouse's income (as each spouse is subject to assistance under the PDRAP).

Adjusted Basic Income Level (ABIL)

The BIL can be adjusted if a participant has pre-law educational debt (such as government student loans taken during undergraduate years), has eligible dependents, and/or has bar admission expenses that were not reimbursed or covered by an employer. Supporting documentation is required.

- Annual loan payments (principal and interest) relating to pre-law educational debt will be added to the participant's BIL. The lesser of either the actual annual repayment obligation or \$4,000 per year may be claimed.
- An allowance of \$5,000 will be added to the participant's BIL for each eligible dependent.
- Bar admission expenses that were not reimbursed or covered by an employer will be added to the participant's BIL.

For examples of Adjusted Basic Income Levels, please see page 11.

2. DETERMINING ANNUAL LOAN REPAYMENT OBLIGATIONS

For basic information about debt repayment principles, please see Appendix C: “Understanding Loan Repayment”.

The Faculty of Law loans PDRAP participants the amount that they are required to pay toward their annual law school debt repayment. The Financial Aid Office determines a participant’s annual loan repayment obligations based on the information provided in their PDRAP application.

- **Government student loans:** The monthly repayment is listed on the consolidated student loan and repayment form agreement. If government student loans include pre-law loans, the Financial Aid Office will calculate the monthly re-payment for the law-related loans only.
- **Interest-free loans:** The monthly repayment is calculated based on the total interest-free loan amount that was approved by the Faculty of Law and that the participant actually borrowed during their J.D. program, the annual interest rate, and a 10-year amortization.
- **First-time participants right after graduation:** PDRAP benefits will be calculated based on the assumption that the interest-free law loan entered an interest-only repayment period immediately following graduation. The interest-only repayment will continue during the articling period and for 24 months after the articling period is finished. The government loans will enter principal and interest repayment six months immediately following graduation.

	For latest government loan rates, consult NSLSC for more details
Canada	Interest-free for 6 months after leaving school, interest rate of Prime
Ontario	Interest accrues <u>immediately</u> after leaving school at a rate of Prime + 1%

PDRAP benefits are calculated assuming a 10-year amortization. Participants who are paying more than the minimum monthly payments (and therefore less than a 10-year amortization schedule) in order to pay down their debts faster will not receive more than the 10-year amortization amount from PDRAP.

Participants are required to use the amount received from the Program to pay their loans. Participants must provide proof of payment of their loans for the current academic year during which the benefit was awarded. PDRAP will not cover loan payments beyond 10 years after graduation.

Repayment Assistance Program (RAP)

RAP is a government program to assist participants who are having difficulty or are unable to make payments toward their government loans. RAP participants typically have reduced government loan payment obligations, or no repayment obligations, for a temporary period of time.

For RAP participants, their PDRAP benefits will be assessed based on the actual amount of government debt repayment that they are required to pay during their participation in RAP. Participants are responsible to inform the Faculty of Law when their RAP repayment assistance period ends so that their PDRAP benefits can be reassessed and maximized.

3. DETERMINING A PARTICIPANT'S ANNUAL CONTRIBUTION

If a participant's income does not exceed the Basic Income Level (BIL) or Adjusted Basic Income Level (ABIL), the Faculty of Law will contribute the participant's entire annual debt repayment obligation. If the participant's income exceeds the BIL or ABIL, the participant will be expected to contribute 30% of the excess income per annum to reduce their loan obligations.

Examples (assuming the 2022 BIL of \$65,302):

Participant #1 is single and does not have pre-law educational debt. The participant's actual annual income is \$55,000 which is lower than BIL of \$65,302, therefore they qualify and are not expected to contribute to their debt.

Participant #2 is single, has pre-law educational debt of \$23,557 which has an annual repayment of \$3,323. The participant's Adjusted BIL is \$68,625 (\$65,302 + \$3,323). This participant's actual annual income is \$72,000, which exceeds the ABIL and the participant is expected to contribute 30% of \$3,375 (72,000-68,625), which is \$1,012.50 towards their debt

Participant #3 is single, has pre-law educational debt of \$23,557 which has an annual repayment of \$3,323 and one dependent. The participant has an actual annual income of \$100,000, and therefore has an Adjusted Basic Income Level of \$73,625 (\$65,302 + \$3,323 + \$5,000). This participant is expected to contribute 30% or \$7,912.50 (100,000-\$73,625) towards their debt. If the debt amount is higher, the participant remains in the program until such time as when their 30% contribution can cover their annual debt obligation. If the debt amount is lower than \$7,912.50, the participant is able to pay that amount themselves and has graduated from the program. The participant will need to begin repaying unforgiven portion of their loan from the Faculty.

4. PDRAP FORGIVENESS SCHEDULE

PDRAP's forgiveness schedule is designed to provide the most forgiveness to those participants who remain in lower-paying career streams for the longest period of time. At the end of 10 years in PDRAP, the entire PDRAP loan will be forgiven by the Faculty of Law.

As the participant continues to be eligible, the loan portion that is not forgiven for the year will be carried forward to the following year. This carry-forward loan amount will be added to the participant's new PDRAP loan for that following year. The amount that will be forgiven for that year will be determined based on the cumulative, multi-year loan amount.

While a participant can enter the program any time within 10 years of their graduation, the loan forgiveness will be calculated based on the actual number of years in the program.

Years of participation in the PDRAP	Percentage of PDRAP loan to be forgiven at the end of the year	Percentage of PDRAP loan to be repaid before exiting the Program
1	10%	90%
2	20%	80%
3	30%	70%
4	40%	60%
5	50%	50%
6	60%	40%
7	70%	30%
8	80%	20%
9	90%	10%
10	100%	0%

REPAYMENT OF PDRAP LOANS

PDRAP loans provided to participants do not require repayment so long as participants continue to be eligible. By the time the participant's 10-year term of eligibility in the program is over, no money will be owed to the Faculty because the loan will have either been repaid or forgiven, or a combination of both.

Participants who cease to be eligible because they start earning a higher income or have repaid all eligible loans will be required to start paying back the remaining balance of their PDRAP loan immediately. The amount to be repaid is basically the PDRAP loan amount minus the forgiven amount.

The maximum repayment term is a participant's remaining eligibility period in the PDRAP. For example, if a participant stays in the program for 4 years, they will have the 6 years to repay the remaining loan. The loan is non-interest bearing and the minimum monthly payment cannot be less than \$100.

REPAYMENT OF PDRAP OVERPAYMENTS

A returning participant will be asked to provide their (their spouse's, if applicable) income tax notice of assessment from previous year. The total income (line 15000 on Canadian income tax notice of assessment) on this assessment will be compared with the participant's estimated income on the previous year's PDRAP application.

If the participant's total income is greater than the estimated income, the participant's previous year's PDRAP benefits will be recalculated. If the recalculated PDRAP benefit is lower than the actual PDRAP benefit disbursed, the participant will be asked to repay the overpayment. The overpayment can be repaid immediately, or it can be deducted from the participant's PDRAP benefit in the following year, if the participant submits an application for that year and remains eligible for PDRAP benefit. If the recalculated PDRAP benefit is higher than the actual PDRAP benefit disbursed, the participant will receive the additional benefit.

A participant's (and their spouse's, if applicable) midyear employment salary information will also be used to confirm if they are still eligible for their original PDRAP benefit calculation. If their salary has changed, their PDRP benefit will be re-calculated accordingly. Participants who are eligible for increased PDRAP benefits will receive bigger second payments. Participants who are eligible for lower PDRAP benefits will receive smaller second payments. Participants who are no longer eligible for PDRAP benefits as a result

of increased employment salaries will be asked to repay their first payment, as well as any unforgiven PDRAP benefits/loans from previous years.

PAYMENT SCHEDULE

PDRAP benefits are distributed twice a year. The first payment will be for the first six-month period (January to June). The second payment will be for the remaining six-month period (July to December). In order to be eligible to receive the second payment, the Financial Aid Office must be provided with updated employment information for both the participant and spouse, an updated copy of the government loans details, and a recent copy of the participant's Scotiabank or TD Bank Line of Credit statement **no later than October 31, 2022.**

Delay in submitting supplementary information will result in participants forfeiting their benefits. Participants will also be asked to repay the first payment of PDRAP benefit that they received, as well as the unforgiven portion of the PDRAP loans they received in previous years.

The first payment will be provided directly to participants once the Faculty of Law has received their signed loan agreement form. Participants are required to use their entire PDRAP benefit to pay their government student and interest-free loans for the current calendar year for which the benefit has been awarded. Proof of loan repayments will be required.

ALLOCATION OF PDRAP FUNDS

The Financial Aid Office will allocate PDRAP funds among eligible participants for each application year. Eligible participants will receive PDRAP benefits that are prorated based on the number of participants receiving assistance and funds available for disbursement in any given year. This means that a participant's benefit that was calculated using the formula may not be available in a given year.

APPLICATION PROCEDURE

Applications are online at the Faculty of Law website at law.utoronto.ca/financialaid/pdrap

APPLICATION DEADLINE

March 31st

This does not apply to current third year students because they apply the year after they graduate.

The deadline for submitting an application for PDRAP is March 31st of the calendar year for which assistance is requested. PDRAP applications are assessed based on a participant's financial situation in a calendar year. An application must be made each calendar year for which assistance is sought. Late applications should be accompanied by a letter explaining any extenuating circumstances for the lateness. If the late application is accepted, PDRAP benefits will be *prorated* based on the lateness of the application. No applications will be accepted after May 31st of the calendar year for which benefits are requested.

Barring extraordinary circumstances, to be considered for PDRAP benefits, the Financial Aid Office must receive the completed application and all supporting documents by the deadline. Decisions on complete PDRAP applications will be communicated to participants by letter in May of each year.

REQUIRED DOCUMENTS

The disbursement of PDRAP benefits is contingent on the participant signing a Loan Agreement and returning it to the Financial Aid Office within the required timeline. Email applications are accepted.

Document	Applicant	Spouse (if applicable)
Copy of Income Tax Assessment for 2020	X	X
Copy of Employment T-4 form/s for 2021 or 2021 Tax assessment	X	X
Proof of employment and confirmation of annual salary (i.e. letter from employer or contract agreement)	X	X
Consolidated Student Loan and Repayment form agreement(s) for all pre-law and law school loans showing current loan balance, payment terms, interest rate and monthly payment amount – <i>must be included for first-time participants.</i>	X	X
Repayment Assistance program (RAP) documentation (if any)	X	X
Itemized annual loan statement(s) for all pre-law and law school loans showing the current loan balance, monthly payment amount and proof of payment.	X	X
Proof of payment of PDRAP benefit towards government and Scotiabank loans for continuing participants.	X	
Child care documentation (i.e. a bill or a signed letter from the child care provider with child's name on it)	X	
2021 union and professional dues proof of payment	X	X
Bar admission expenses proof of payment (for newly admitted lawyers only if not covered/reimbursed by employer)	X	X (if spouse is also a lawyer)

Other documentation may be required at the discretion of the Financial Aid Office.

PARTICIPANT INFORMATION

Participants are responsible for promptly notifying the Financial Aid Office in writing within 30 days of any changes in their income, marital status, deferment of loan repayment or other relevant information that may impact the participant's eligibility.

It is the participant's responsibility to update their mailing and email addresses on ACORN.

REQUEST FOR RECONSIDERATION

A participant may request that their application for PDRAP benefits be reconsidered by the Financial Aid Committee within four weeks of the date of the PDRAP notification letter. To request a reconsideration, please send a letter to outlining the relief sought to the Financial Aid Committee c/o the Financial Aid Office, University of Toronto, Faculty of Law, Jackman Law Building, 78 Queen's Park, Toronto, ON M5S 2C5 along with any supporting documentation. Participants can also email the financial aid office at financialaid.law@utoronto.ca

All decisions by the Financial Aid Committee are final.

INDIVIDUAL FACTORS

In administering the PDRAP, individual factors and special needs may be considered. Special circumstances will be treated on a case-by-case basis.

FINANCIAL AID OFFICE CONTACT INFORMATION

For any inquiries or for further information, please contact:

Irene Aiello, Manager, Financial Aid J.D. Program

Phone: 416-978-5842

Email: financialaid.law@utoronto.ca

Erica Varga, Student Services Assistant

Phone: 416-978-3716

Email: financialaid.law@utoronto.ca

APPENDIX A

2021 PDRAP Statistics

Number of applicants	31
Number of applicants receiving PDRAP benefits	26
Average no. of years of participation	5
Average PDRAP loan benefit	\$3,686
Average total eligible debt load (law government loans and interest-free loans)	\$53,212
Average participant salary	\$47357
Highest participant salary	\$103,000
Maximum PDRAP benefit	\$8,148
Minimum PDRAP benefit	\$109

APPENDIX B

SAMPLE CALCULATIONS OF PDRAP BENEFITS

The following examples provide various possibilities under the PDRAP.

All PDRAP benefits calculated pursuant to the rules set out in this booklet are subject to being reduced proportionately based on the number of participants receiving assistance and funds available in any given year.

Example 1

Single participant and first year in PDRAP

- Class of 2021
- Total annual income \$55,000 after graduation (therefore deemed to have BIL \$65,302)
- Total eligible government law school debt \$25,000 with a monthly principal and interest payment of \$275 at 4.95%. Government loans entered repayment on November 2021
- Total eligible Faculty of Law interest-free loan \$25,000 with a monthly principal and interest payment of \$235 at 2.45%
- Annual eligible law loan obligation first year immediately after graduation (\$8,080 = \$3,850 + \$4,230):
 - Government loans (14 months x \$275) = \$3,850
 - Scotiabank interest-free loan (18 months x \$235) = \$4,230
- No eligible pre-law educational debt

This participant's basic income is not adjusted because they have no dependents and no eligible pre-law educational debt.

Participant's income minus participant's Basic Income Level	\$55,000 - \$62,111 = \$0
Participant's expected contribution 30% of Excess Income	\$0 x 30% = \$0
Faculty of Law's contribution/PDRAP benefit Annual eligible loan obligations minus participant's expected contribution	\$8,080 - \$0 = \$8,080

The Faculty of Law will provide this participant with a loan in the amount of \$8,080. This amount should be used by the participant to pay their monthly payment obligations on eligible law educational loans for the 2022 calendar year.

At the end of the first year, 10% of the \$8,080 PDRAP loan (\$808) will be forgiven. If after the first year this participant is no longer eligible to participate in the PDRAP, they will be required to start re-paying the remaining \$7,272 (\$8,080 - \$808) loan.

Example 2

Single participant with eligible pre-law educational debt and first year in PDRAP

- Class of 2021
- Total annual income \$70,000 after graduation (exceeds BIL of \$65,302)
- Total eligible government law school debt \$25,000 with a monthly principal and interest payment of \$275 at 4.95%. Government loans entered repayment on November 2021
- Total eligible Faculty of Law interest-free loan \$25,000 with a monthly principal and interest payment of \$235 at 2.45%.
- Annual eligible law loan obligation first year immediately after graduation ($\$8,080 = \$3,850 + \$4,230$):
 - Government loans (14 months x \$275) = \$3,850
 - Faculty of Law interest-free loan (18 months x \$235) = \$4,230
- Total eligible pre-law educational debt of \$20,000 with an annual loan payment of \$3,178 at 4.95%.
- Participants' adjusted Basic Income Level = \$68,480 (\$65,302 + \$3,178)

This participant's basic income is adjusted because of pre-law educational debt.

Excess income Participant's Income minus participant's adjusted Basic Income Level	$\$70,000 - \$68,480 = \$1,520$
Participant's expected contribution 30% of Excess Income	$\$1,520 \times 30\% = \456
Faculty of Law's contribution/PDRAP benefit Annual eligible loan obligations minus Participant's expected contribution	$\$8,080 - \$456 = \$7,624$

The Faculty of Law will provide this participant with a loan in the amount of \$7,624. This amount should be used by the participant to pay her monthly payment obligations on eligible law educational loans for the 2022 calendar year.

At the end of the first year, 10% of the \$7,624 PDRAP loan (\$762) will be forgiven. If after the first year this participant is no longer eligible to participate in the PDRAP, they will be required to start repaying the remaining \$6,862 (\$7,624 - \$762) loan.

Example 3

Married participant and first year in PDRAP

- Class of 2021
- Participant's total annual income = \$65,000
- Spouse's total annual income = \$30,000
- Total family annual income after graduation the greater of:
 - Participant's income \$65,000 or
 - ½ of combined income = \$47,500 ($\$65,000 + \$30,000$)/2
- Total eligible government law school debt \$25,000 with a monthly principal and interest payment of \$275 at 4.95%. Government loans entered repayment on November 2021.
- Total eligible Faculty of Law interest-free loan \$25,000 with a monthly principal and interest payment of \$235 at 2.45%
- Annual eligible law loan obligation first year immediately after graduation ($\$8,080 = \$3,850 + \$4,230$):
 - Government loans (14 months x \$275) = \$3,850
 - Interest-free loan (18 months x \$235) = \$4,230
- No eligible pre-law educational debt
- Participant's Basic Income Level = \$65,302

This participant's basic income is not adjusted because they have no dependents and no pre-law educational debt.

Excess income Participant's Income minus participant's adjusted Basic Income Level	$\$65,000 - \$65,302 = \$0$
Participant's expected contribution 30% of Excess Income	\$0
Faculty of Law's contribution/PDRAP benefit Annual eligible loan obligations minus Participant's expected contribution	$\$8,080 - \$0 = \$8,080$

The Faculty of Law will provide this participant with a loan in the amount of \$8,080. This amount should be used by the participant to pay their monthly payment obligations on eligible law educational loans for the 2022 calendar year.

At the end of the first year, 10% of the \$8,080 PDRAP loan (\$808) will be forgiven. If after the first year this participant is no longer eligible to participate in the PDRAP, they will be required to start re-paying the remaining \$7,272 (\$8,080– \$808) loan.

Example 4

Married participant with a child, eligible pre-law educational debt over the course of four years in the PDRAP

- Class of 2018
- Total annual income of \$55,000 per year for three years immediately following graduation
- Participant's income of \$100,000 in 4th year
- Spouse's income of \$30,000 per year for 4 years and spouse has no student loans
- Participant has one dependent under 18 (\$5,000 will be added to the BIL)
- Total eligible government law school debt \$25,000 with a monthly principal and interest payment of \$275 at 4.95%. (repayment period 114 months) Government loans entered repayment on November 2018
- Total eligible Faculty of Law interest-free loan \$25,000 with a monthly principal and interest payment of \$235 at 2.45% (repayment period 120 months)
- Total eligible pre-law educational debt of \$35,000 with monthly principal and interest payment of \$385 at 4.95% (repayment period 114 months)
 - Eligible annual pre-law educational loan repayment = \$5,390 (\$385 x 14 months). Only \$4,000 of this annual obligation will be added to the basic income level, per the pre-law educational loan policy explained on page 13.
- 2022 Basic Income Level = \$65,302
- Participant's adjusted Basic Level = \$74,302 (\$65,302 + \$5,000 + \$4,000)

This participant's basic income is adjusted because they have one dependent and eligible pre-law educational debt.

Year	Annual loan obligation	Participant's income above adjusted Basic Income Level	Participant's expected contribution	Faculty Contribution to Participant's annual loan obligation	Annual PDRAP forgiven amount	Outstanding PDRAP loan
1 (2018)	\$8,080*	\$0	\$0	\$8,080	\$808	\$7,272
2 (2019)	\$6,120**	\$0	\$0	\$6,120	\$2,678 ⁺	\$10,714
3 (2020)	\$6,120**	\$0	\$0	\$6,120	\$5,050	\$11,784
4 (2021)	\$6,120**	\$25,698***	\$7,709 <i>30% of \$25,698</i>	\$0****	\$0	\$11,784
Total	\$26,440	n/a	n/a	\$20,320	\$8,536	\$11,784

*Combination of annual loan obligation for both government student loans (\$275 x 14 months = \$3,850) and interest-free loans (\$235 x 18 months = \$4,230) for first year as PDRAP participant (3,850 + 4,230 = 8,080).

** Combination of annual loan obligation for both government student loans ($\$275 \times 12 \text{ months} = \$3,300$) and interest-free loans ($\$235 \times 12 \text{ months} = \$2,820$) for second and subsequent years as PDRAP participant ($3,300 + 2,820 = 6,120$)

*** In the fourth year, this participant's income of \$100,000 is \$25,698 more than the adjusted basic income level of \$74,302 (basic income level of \$65,302 + annual pre-law education loan repayment maximum of \$4,000 + allowance of \$5,000 for a dependent child).

**** Participant is not eligible for PDRAP benefits in the fourth year in the program as their expected contribution is higher than their annual loan obligation ($\$6,120 - \$7,709 = -\$1,589$). The applicant is now responsible for their total loan repayment of \$6,120. In addition, the participant will be expected to start repaying the remainder of \$11,784 PDRAP loan. They benefited by receiving \$20,320 from the Faculty of Law of which \$8,536 will be forgiven and will not have to be paid back.

+ Explanation of forgiveness amount:

The participant was eligible for \$8,080 in PDRAP benefit in their first year in the program.

At the end of the first year, \$808 (10% of \$8,080) were forgiven, while the remaining \$7,272 (90% of \$8,080) were carried forward to Year 2.

In Year 2, the applicant is eligible for a \$6,120 PDRAP benefit. The \$7,272 carry-forward amount will be added to \$6,120 (for a total of \$13,392); the forgiven amount for Year 2 will be determined from this aggregate. \$2,678 (20% of \$13,392) will be the forgiven amount for Year 2. The remaining \$10,714 ($\$13,392 - \$2,678$) will be carried forward to Year 3.

In Year 3, the applicant is eligible for yet another \$6,120 PDRAP benefit. The \$10,714 carry-forward amount will be added to \$6,120 (for a total of \$16,834); the forgiveness amount for year 3 will be determined from this aggregate. \$5,050 (30% of \$16,834) will be forgiven amount for year 3. The remaining \$11,784 ($\$16,834 - \$5,050$) will be carried forward to year 4.

Since the participant is not eligible for any PDRAP benefit for year 4, as a result of high salary, they will be required to start paying back the remaining \$11,784 balance of the PDRAP loan.

APPENDIX C

UNDERSTANDING LOAN REPAYMENT

This section provides a basic framework for understanding how loan repayment works.

All lenders will expect borrowers to begin repaying their loans within a certain time after graduation. The terms and conditions for each loan are different, even for educational loans. PDRAP participants or potential applicants are advised to either review the documentation they signed when they assumed their loans or speak to their lender(s).

Each loan has an interest rate attached to it. For example, current Canada Student Loans have an interest rate of prime. This means the cost of borrowing will fluctuate with the Bank of Canada's prime rate.

All lenders impose an amortization period, which is a limited time within which borrowers must pay back their loans. Some lenders may use a longer amortization period; for such cases, a borrower's monthly payment will be lower but there will be more interest paid overall.

Typically, lenders will tell borrowers the monthly minimum payment that they are required to pay. Borrowers who have taken out several loans will need to add up each monthly minimum payment required to determine their total monthly minimum payments to cover all loans.

Government lenders amortize loans over 114 months since during the first 6 months the students incur interest which is added to the principle but they don't pay it. The banks amortize loans over a variable period of time, but the law school assumes an amortization period of 120 months, or 10 years.

Applicants are encouraged to reach out to the Financial Aid office to discuss how their loan payment amounts are calculated for the purposes of the PDRAP program.

APPENDIX D

PDRAP CALCULATION EXAMPLE

Student Graduated in 2021

Post-Graduation Year & Count	Annual Debt Payment Graduate owes lenders (\$) (Amortized Payment)	UofT loan to Graduate to pay current year's Debt Payment (\$)	Total UofT Loans (PDRAP Benefit) given to Graduate to pay Debt Payments owed to lenders (\$)
2022 1st	10,000	10,000	After 1 yr : 10,000 = 10,000
2023 2nd	10,000	10,000	After 2 yrs : 10,000 + 10,000 = 20,000
2024 3rd	10,000	10,000	After 3 yrs : 10,000 + 20,000 = 30,000
2025 4th	10,000	10,000	After 4 yrs : 10,000 + 30,000 = 40,000
2026 5th	10,000	10,000	After 5 yrs : 10,000 + 40,000 = 50,000
2027 6th	10,000	10,000	After 6 yrs : 10,000 + 50,000 = 60,000
2028 7th	10,000	10,000	After 7 yrs : 10,000 + 60,000 = 70,000
2029 8th	10,000	10,000	After 8 yrs : 10,000 + 70,000 = 80,000
2030 9th	10,000	10,000	After 9 yrs : 10,000 + 80,000 = 90,000
2031 10th	10,000	10,000	After 10 yrs : 10,000 + 80,000 = 100,000
TOTAL	100,000	100,000	100,000

UofT Loan (PDRAP Benefit) given to Graduate for paying Annual Debt Payment to lenders (\$)

Post-Graduation Year & Count	UofT Loan for Annual Payment	UofT Loan owing from last year	Should now be owing to UofT	Portion that should now be owing to UofT that is forgiven by UofT	Actual UofT Loan amount that will be owing to UofT after forgiveness
2022 1st	10,000.00 +	0.00 =	10,000.00	10% of 10,000.00 = 1,000.00	10,000.00 - 1,000.00 = 9,000.00
2023 2nd	10,000.00 +	9,000.00 =	19,000.00	20% of 19,000.00 = 3,800.00	19,000.00 - 3,800.00 = 15,200.00
2024 3rd	10,000.00 +	15,200.00 =	25,200.00	30% of 25,200.00 = 7,560.00	25,200.00 - 7,560.00 = 17,640.00
2025 4th	10,000.00 +	17,640.00 =	27,640.00	40% of 27,640.00 = 11,056.00	27,640.00 - 11,056.00 = 16,584.00
2026 5th	10,000.00 +	16,584.00 =	26,584.00	50% of 26,584.00 = 13,292.00	26,584.00 - 13,292.00 = 13,292.00
2027 6th	10,000.00 +	13,292.00 =	23,292.00	60% of 23,292.00 = 13,975.20	23,292.00 - 13,975.20 = 9,316.80
2028 7th	10,000.00 +	9,316.80 =	19,316.80	70% of 19,316.80 = 13,521.76	19,316.80 - 13,521.76 = 5,795.04
2029 8th	10,000.00 +	5,795.04 =	15,795.04	80% of 15,795.04 = 12,636.03	15,795.04 - 12,636.03 = 3,159.01
2030 9th	10,000.00 +	3,159.01 =	13,159.01	90% of 13,159.01 = 11,843.11	13,159.01 - 11,843.11 = 1,315.90
2031 10th	10,000.00 +	1,315.90 =	11,315.90	100% of 11,315.90 = 11,315.90	11,315.90 - 11,315.90 = 0.00