



This document is the result of a collaborative effort of students, alumni and the financial aid office at the Faculty of Law.

The material is intended to be a starting point for students who are exploring how to manage the financial dimensions of a legal education and the early stages of a legal career.

While efforts have been taken to ensure the accuracy of this information, we do not assume any responsibility. It is provided at no charge and as-is. If you do identify inaccuracies, please report them to financialaid.law@utoronto.ca for correction.

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GLOSSARY

Amortization Period

The amortization period is the fixed period during which you pay back your debt.

Credit Rating

A credit rating is a score used by lenders to determine your creditworthiness. It is based on your previous borrowing history.

For more info: <http://www.cbc.ca/news/canada/how-to-check-your-credit-report-1.1185975>

Interest Rate

This is the cost of borrowing money. Interest is charged as a percentage of the amount you have borrowed and is charged monthly.

Line of Credit

A line of credit is a loan arrangement which allows you 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)

Once you graduate, this is where you can check your student loan balance and where you will repay your government loans, regardless of the province or territory they came from.

Ontario Student Assistance Program (OSAP)

This is the Ontario government's financial aid program which consists of grants and interest free loans while you are a student. Each province administers its own system. If you are a resident of BC for example, you would apply through Student Aid BC.

Prime Interest Rate

This is 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. The most up-to-date rate is posted here: <http://www.bankofcanada.ca/rates/daily-digest/>

FREQUENTLY ASKED QUESTIONS (FAQ)

MANAGING MY MONEY

How should I budget for law school?

Here are some basic tips:

- Make a budget and break down realistic spending categories by detailing what is expected to happen during the school year.
- Develop a detailed spending plan. Figure out how much you expect to spend on rent, utilities, food, entertainment, travel expenses and textbooks.
- Track how much you are spending each month on each category of expenses.
- Revisit your budget and compare what you have actually spent with the budgeted amounts.

How should I budget once I graduate and am earning an income?

Very simply, your monthly expenses should not exceed your monthly after-tax income. You should plan for your debt repayment and understand how increasing payments will speed up your overall debt repayment and reduce interest costs (discussed below).

Apps for tracking spending

- <http://www.tomsguide.com/us/pictures-story/548-best-budget-expense-apps.html#s6>
- <https://www.dailyworth.com/best-budgeting-apps-and-spending-trackers>

For budget templates

- <https://www.mint.com/budgeting-3/student-budget-template-simple-tips-for-students>
- <http://www.mymoneycoach.ca/budgeting/budgeting-calculators-tools/budgeting-spreadsheet>

Other resources to help manage your money

- <https://www.youtube.com/watch?v=3joPGr2gWBo&feature=youtu.be>
- <http://thefinancialdiet.com/>
- <http://www.theglobeandmail.com/globe-investor/personal-finance/genymoney/globe-student-money-hub/article20986147/>
- <https://www.cba.org/Publications-Resources/CBA-Practice-Link/Young-Lawyers/2016/debt>
- <https://www.canada.ca/en/financial-consumer-agency/services/financial-toolkit/credit/credit-6/2.html>
- <http://www.gailvazoxlade.com/articles.html>

BORROWING TO PAY FOR LAW SCHOOL

How does the law school's financial aid program work?

- The Faculty of Law's financial aid program is need-based and designed to ensure that the students with the most demonstrated financial need receive the highest level of financial support.
- You are expected to access all income sources available to you to fund your law school education, *e.g.* personal assets and summer savings, parental and spousal contributions, government student loans, grants and external scholarships. If there is a shortfall between your resources and the cost of attending law school, you should consider applying for financial aid. The financial aid program provides a combination of bursaries and interest-free loans.
- If your parents have a relatively high income, you may not be eligible for Faculty support regardless of whether or not they give you financial support. This is because, like many law schools, we use parental income as a proxy to help determine a student's need relative to their classmates in the financial aid program.
- You will have access to a maximum of \$160,000 at Scotiabank or \$180,000 at TD bank by the time of graduation. The law school negotiated an interest rate of prime for these lines of credit. Even if you are not applying for financial assistance from the Faculty or government loans, you still have access to these special lines of credit from our preferred lenders
- Link to financial aid program policy:
https://www.law.utoronto.ca/utfl_file/count/documents/financial_aid/jd_financial_aid_booklet_2020_2021_v1.0.pdf

Will I be eligible for government financial aid?

The formula used by individual provinces to determine financial need by is different from the formula used by the Faculty of Law. It is important to note that for government financial aid, you may be considered independent of your parents' financial resources if you have been out of high school for more than a few years (this is different from the Faculty of Law's policy). This means that students who do not qualify for financial aid through the Faculty should still consider applying for government financial aid.

You should apply through the province or territory you are a resident of (generally the province you were born in or the province you spent 12 continuous months in while not attending post-secondary education).

For more information, please visit your respective province/territory's financial aid website at <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/provincial-offices.html>

For an estimate of how much aid you would receive from OSAP see
<https://www.ontario.ca/page/osap-ontario-student-assistance-program>

Does OSAP consider my line of credit?

Do they have access to this information?

Lines of credit have no bearing on an OSAP assessment, since the government does not have access to your bank loan information. However, your outstanding OSAP debt may have an impact on your eligibility to access a student line of credit.

TAX CONSIDERATIONS

What tax deductions are available and when can I claim them?

Every student receives a tax credit based on the amount of tuition that they pay. The tax credit is equal to 20.05% of the amount of eligible tuition paid by a student.

You can claim tax credits for tuition in the same year in which you paid your tuition. The unused amount of the tax credits can be carried forward to future years or transferred to a third party.

If you are a low-income student, you may not need to use the entire tax credit in a particular year if you don't owe taxes. Instead, you can transfer up to \$5,000 in tax credits to a partner, parent, or grandparent to help reduce their taxes. Any amount that you cannot use and cannot transfer can be carried forward and used in a year during which you do have to pay taxes.

There are also tax credits for moving expenses, and professional licensing fees.

What are the tax implications of articling being split across years?

Taxes are based on income earned in a calendar year. Therefore, your articling period will be split into two tax years.

Resources regarding taxes:

- The University of Toronto Students' Union has a free tax clinic to assist you need to file your return at <https://www.utsu.ca/tax-clinic/>
- The Canada Revenue Agency (CRA) has also compiled a resource of tax considerations for students available at: <https://www.canada.ca/en/revenue-agency/services/tax/individuals/segments/students.html>
- To determine your rate of income tax at various levels of income use the following calculator at <http://www.ey.com/ca/en/services/tax/tax-calculators-2017-personal-tax>

BAR EXAMS AND ARTICLING

What happens if I run out of money after graduation before I start articling?

You can access your Scotiabank and TD bank lines of credit.

Will I still be able to access funds from my line of credit while I am articling?

Yes, if you have a line of credit from our preferred lenders Scotiabank and TD, you will still be able to borrow from your student line of credit while you are articling provided you have not yet reached the limit on your line of credit. Depending on your lender, they may also increase your borrowing limit while you are articling. However, you should note that 24 months after the articling period has finished you can no longer withdraw funds from your line of credit (the line of credit closes and becomes a loan in repayment), and you should plan accordingly.

Can I claim EI before or after articling?

If you are unemployed after articling, you may be eligible for employment insurance.

For more information, please consult with the government of Canada:

<https://www.canada.ca/en/services/benefits/ei.html>

Will I have to repay my student debt while I am articling?

Line of Credit

If you have a line of credit with one of the Faculty's preferred lenders (Scotiabank and TD), you will not be required to make payments until 24 months after you have finished articling, though interest will accrue during this 24 month period.

Even though you do not have to make payments on the principal during this period, if you are capable of doing so, you can reduce the length of time it will take to pay back your debt and the amount of interest you will have to pay.

Government Loans

For government loans, you will have 6 months after the end of your study period before you have to start making payments. Interest will start accruing immediately after graduation. For example, if you finish school in April 20, 2020 your first payment will be in November 2020.

Government student loans not repaid by your line of credit have a monthly repayment obligation that will be indicated in the Consolidated Student Loan and Repayment form sent to you by the National Student Loans Services Centre (NSLSC) after your graduation (around mid-end of October).

Debt Repayment Timeline

| Month | Event |
|----------|--|
| April | School ends. Interest starts accruing on government loans. |
| June | Bar exam. |
| August | Begin articling. |
| November | Begin making payments on government loans. |
| June | Finish articling. |

UNDERSTANDING MY DEBT

What do I need to know about debt, the “debt service ratio”, and interest rates?

Canadians carry a lot of consumer debt – that is money to buy houses, cars and other consumer goods. On average, Canadian families have \$1.76 of debt for every \$1.00 of after-tax income. As can be seen, this is up quite sharply in recent years and is now at a record high level, having just about doubled in the past 27 years. The ratio of consumer debt to income and the ratio of consumer debt to Gross Domestic Product is at an all-time high.

Consumer Debt in Canada



Prime Interest Rates in Canada

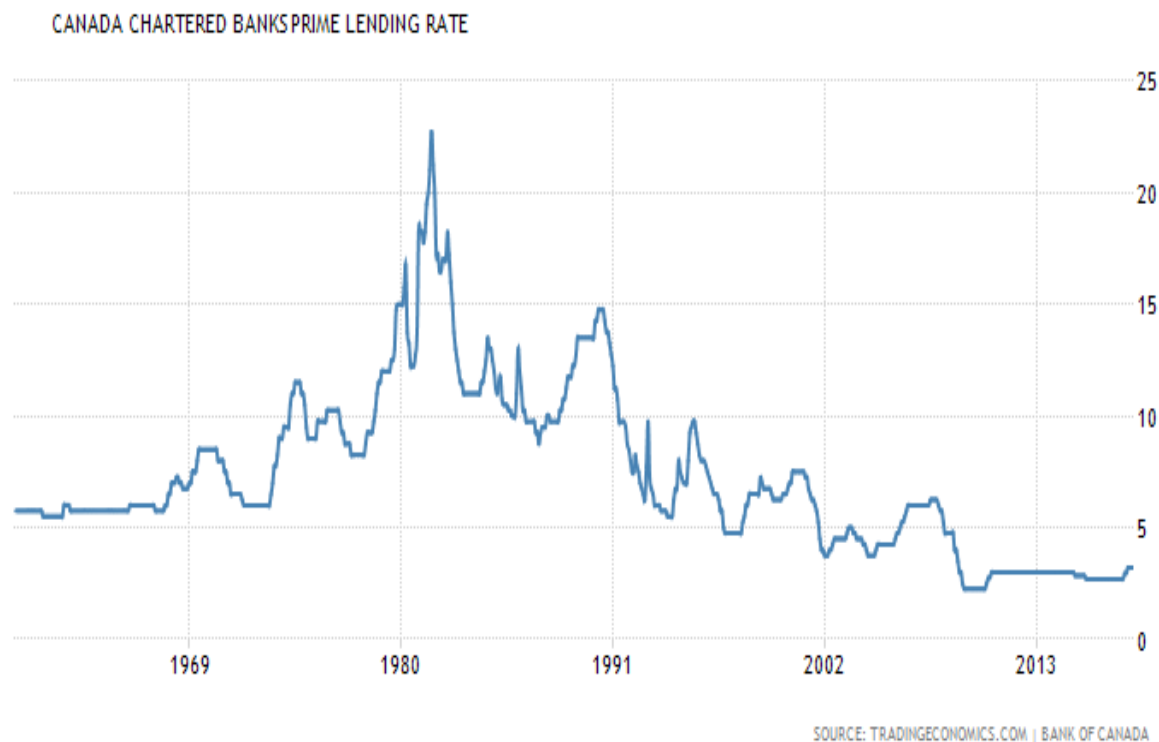
In spite of the recent rate increases by the Bank of Canada and the Federal Reserve Bank in the U.S., the prime bank lending rate (which U. of T. students enjoy on their line of credit) is close to an historically low level today. Prior to 2002, for over 50 years the prime rate had not been less than 5%. At the current rate of 2.45% it is less than 1% above the 70 year low. Only if the prime rate rises another 1% - 1.5% will it be in the average range of the last twenty years.

The ability to carry debt is directly related to the prevailing rate of interest. For a person with an income of \$60,000 and outstanding debt of \$100,000 (that is, debt equal to about 166% of income, around the Canadian average) the interest cost with a prime rate of 2.45% is \$2,450/yr or about 4% of income.

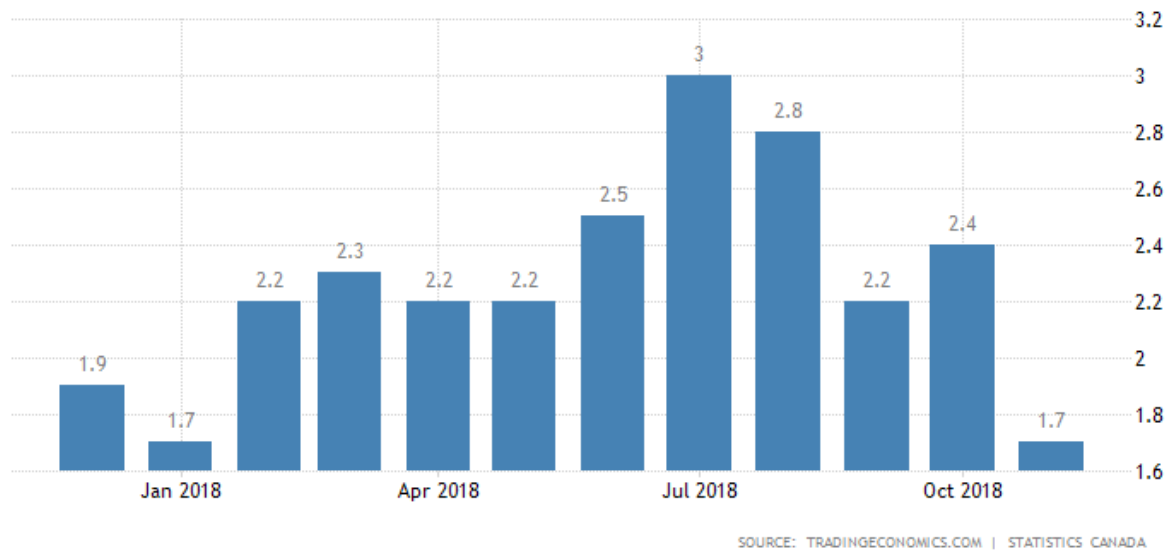
With a prime rate of 6% it becomes \$6,000 or 10% of income, and with a prime rate at 8%, \$8,000 or 13.3% of income. It is easy to see that as interest rates have come down, consumer debt has become much affordable, and debt loads have increased. But it is also evident that consumers with high debt loads are at risk from rising interest rates.

When and why do interest rates rise? Typically, central bankers raise interest rates to restrain inflation and cool off economies at risk of over-heating. By making it more difficult for consumers to borrow for current consumption, retail spending is curtailed. By making it more costly to buy homes, house prices are restrained. By making it more expensive for businesses to buy capital equipment to expand, business activity is slowed down.

During the late 1970s inflation in North America grew to around 13% per year. In reaction, central bankers raised rates rapidly and radically. The prime rate in Canada hit 22.5% in 1980. Currently there does not appear much sign of accelerating inflation, although the low unemployment rate has some economists convinced that rising wages will result in some increase in consumer prices.



Bank of Canada Interest Rates



What do I need to know about amortization rates? Aside from the level of interest rates, the other factor that determines the amount of debt that an individual or household can manage is the amortization rate of the debt. Amortization is simply the measure of how long it will take to repay the debt in full.

A 10 year flat rate amortization on \$100,000 of debt requires capital payments of \$10,000/yr in addition to interest (mortgage amortization is typically calculated on a declining balance basis, a subject for another day). Coupled with the current prime rate of interest (2.45%) total payments required on our \$100,000 loan are ($\$10,000 + 2,450 = \$12,450$). For our theoretical borrower with \$60,000 of income, this is equal to just over 21% of income.

What is the “debt service ratio (DSR)”? The ratio of debt payment obligations to income is called the debt service ratio or DSR. For banks and other lending institutions the DSR is, after past credit history, the most important determinant of credit worthiness.

When does the DSR become too high and unsustainable? The Canadian Mortgage and Housing Corporation (CMHC) insures mortgages where the mortgage DSR is no more than 32% of gross (that is, before tax) family income, and where total household DSR is less than 40% of gross family income. So, in our example, with a gross income of \$60,000, at the current prime rate, the DSR of 23% is comfortably below the level that the CMHC uses as a red-line. Note however, that rising interest rates can rapidly change the DSR. Here is the DSR at various interest rates for three different borrowing amounts, all with 10 Year amortization:

Debt to Service Ratio Scenarios

| Prime Rate | 4% | 6% | 8% |
|------------|-------|-------|-------|
| \$100,000 | 23% | 26.6% | 30.0% |
| \$130,000 | 30.3% | 34.7% | 39.0% |
| \$150,000 | 35.0% | 40.0% | 45.0% |

By this measure, the CMHC and most banks would consider \$150,000 at an interest rate of 6% to be just about the limit of debt service capacity for someone with a gross income of \$60,000.

Isn't the solution to a high DSR simply to extend the amortization rate? No. Many borrowers fall into the trap of believing that the solution to an overly high DSR is simply to extend the amortization period of the loan. If the capital payments on the \$100,000 loan are \$10,000/yr for 10 years, extending the amortization to 20 years would cut the capital payments in half, to \$5,000/yr, and would drop the DSR. This is true as far as it goes, but the total interest paid on the loan until it is retired in full would rise by an enormous amount, more than doubling. Here is the example of the \$100,000 loan at 5% amortized over 10 years, and amortized over 20 years:

| | 10 Years | 20 Years |
|---------------------------------------|----------|----------|
| Payment Amount Per Month | \$12,950 | \$ 8.025 |
| Total Interest Paid over Life of Loan | \$29,506 | \$60,475 |

So how long will it take me to repay my debt?

The standard amortization term for most debt repayment is 10 years. If you are able to make more than the minimum payments, your debt will be paid off sooner and you will incur less interest costs.

Debt Repayment Scenarios

Student A

Has \$100,000 in debt. Interest rate is constant at 2.45% for the life of the loan, and makes the minimum monthly payment of \$1,010.08 each month.

Student B

Has \$100,000 in debt. Interest rate is constant at 2.45% for the life of the loan, and makes the minimum monthly payment of \$1,010.08 each month, and makes an additional payment of \$200 each month

Student C

Has \$100,000 in debt. Interest rate is constant at 2.45% for the life of the loan, and makes the minimum monthly payment of \$1,010.08 each month, and makes an additional payment of \$500 each month

| Student | Time to Repay Debt | Total Interest Paid |
|---------|--------------------|---------------------|
| A | 10 years | \$13,000 |
| B | 8.2 years | \$11,949 |
| C | 6.3 years | \$8,804 |

Figures calculated with <http://www.youcandealwithit.com/borrowers/calculators-and-resources/calculators/debt-repayment-calculator.shtml>

Can I afford to pay back my loans?

Here are some more hypotheticals to help you get a sense of this:

| Income | | | |
|---------------------------------|-------------|-------------|--------------|
| Annual Pre-Tax Income | \$50,000.00 | \$75,000.00 | \$100,000.00 |
| Annual After-Tax Income – Total | \$41,689.00 | \$59,265.00 | \$75,069.00 |
| After-Tax Income – Monthly | \$3,474.08 | \$4,938.75 | \$6,255.75 |

| | | Annual Pre-Tax Income | | |
|-------------|-----------------|---|-------------|--------------|
| | | \$50,000.00 | \$75,000.00 | \$100,000.00 |
| Debt Load | Monthly Payment | Money left after debt repayment - monthly | | |
| \$30,000.00 | \$282.13 | \$1,966.86 | \$2,875.32 | \$3,692.20 |
| \$60,000.00 | \$564.26 | \$1,778.90 | \$2,687.37 | \$3,504.24 |
| \$90,000.00 | \$846.38 | \$1,590.96 | \$2,499.42 | \$3,316.30 |

Notes

These illustrations show how much money you would have left after paying taxes and your debt payments. These figures assume a 10 year amortization (pay-back) period and a 2.45% rate of interest.

Income tax calculated with

<http://www.ey.com/ca/en/services/tax/tax-calculators-2017-personal-tax>

Debt Repayment Calculators

- <https://www.discover.com/student-loans/calculators/repayment-calculator>
- <http://tools.canlearn.ca/cslgs-scpse/cln-cln/crp-lrc/af.nlindex-eng.do>

What is the impact of changing interest rates?

Can I do anything about this?

Student lines of credit with the Faculty's preferred lenders are charged interest at prime. This is a variable rate which means your cost of borrowing can fluctuate. Although there is nothing you can do about the changing interest rate, you should be prepared for your payments to increase in your monthly budget.

The following table shows the impact of rising interest rates and the equal impact of a shortened amortization period on the cost and timing of your debt repayment.

Scenario

Student graduates with \$50,000 of debt. Interest rate is constant at 2.45% for the life of the loan.

| Amortization Period | 5 years | 10 years | 15 years |
|----------------------------------|----------------|-----------------|-----------------|
| Payment Amount (per month) | \$886 | \$470 | \$332 |
| Total interest paid life of loan | \$3,195 | \$6,501 | \$9,970 |

THE IMPACT OF INCREASING INTEREST RATES

| Amortization Period | 5 years | 10 years | 15 years |
|----------------------------|----------------|-----------------|-----------------|
| Per month at 2.45% | \$886 | \$470 | \$332 |
| Per month at 3.95% | \$920 | \$505 | \$369 |
| Per month at 4.5% | \$932 | \$518 | \$383 |

TOTAL INTEREST PAID OVER LIFE OF LOAN

| Amortization Period | 5 years | 10 years | 15 years |
|----------------------------|----------------|-----------------|-----------------|
| Per month at 2.45% | \$3,195 | \$6,501 | \$9,970 |
| Per month at 3.95% | \$5,151 | \$10,482 | \$16,074 |
| Per month at 4.5% | \$6,480 | \$12,939 | \$20,455 |

TOTAL PAYMENT OF LIFE OF LOAN

| Amortization Period | 5 years | 10 years | 15 years |
|----------------------------|----------------|-----------------|-----------------|
| Per month at 2.45% | \$34,208 | \$37,514 | \$40,983 |
| Per month at 3.95% | \$55,151 | \$60,482 | \$66,074 |
| Per month at 4.5% | \$56,480 | \$62,939 | \$70,455 |

Should I repay my OSAP or my line of credit first?

Should I use my line of credit to pay back my OSAP?

Generally, the interest rate on your line of credit will be lower than the interest rate on your loan from the government (2.45% vs 4.95%)*.

If you have additional debt capacity, you may want to use your line of credit to pay back your government loans so that you can benefit from the lower interest rate.

** These rates reflect the amounts at the time this resource was posted. The rates will vary over time. Please check current interest rates with your lender.*

When will I lose access to my line of credit?

Once the interest-only period of your line of credit ends, it is converted into a loan.

This means that 24 months after the end of articling, you can no longer borrow from your line of credit.

When should I start repaying my debt?

How flexible is repayment of my line of credit?

Although you don't have to start repaying your line of credit until 24 months after you finish articling, if you are capable of doing so you may want to consider making payments as soon as possible.

The earlier you start paying back your debt the less interest you will pay, and you will pay off your debt sooner. You may also want to consider making lump sum payments if you have access to additional cash (such as a tax refund or bonus).

How much money should I allocate to repayment of debt?

A structured payment program can help control your debt. If your financial situation permits it, consider making more than the minimum payment as you will pay off your debt sooner and end up paying less interest. You can also set up automatic withdrawals with your bank.

There are many online resources available to help you plan your debt repayment:

- <http://my-alternate-life.com/my-debt-repayment-spreadsheet/>
- <https://www.thebalance.com/free-debt-reduction-spreadsheets-1294284>

How does government/private debt affect access to additional credit?

Your income and your debt load will determine the accessibility to additional credit. Your OSAP loan and the limit of your line of credit, whether you maxed it or not, will be considered as your debt load when you are applying for additional credit. Once your line of credit has converted to a loan, it is the carrying amount that will be considered when applying for additional credit.

What if I don't earn enough to repay my debt?

Post-Graduation Debt Relief Assistance Program (PDRAP)

The Faculty of Law provides assistance to those whose income may not be sufficient to meet their debt obligations. The Post Graduation Debt-Relief Assistance Program assists students in repaying eligible academic student debt once they have graduated. For more information:

<https://www.law.utoronto.ca/academic-programs/jd-program/financial-aid-and-fees/back-end-debt-relief-program>

Repayment Assistance Program (RAP)

The government RAP can only be used for government loans and not private loans. It is based on your monthly income. For example, as a single person household, your gross monthly income would have to be less than \$2,083 (approximately \$25,000 annually) in order to qualify.

For more information:

<https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/student-loans-repayment-assistance-plan.html>

Do I need to work a Bay Street job in order to be able to repay my debt?

Although many graduates practice corporate law after graduation, there are many other rewarding career paths that graduates pursue. Students should not assume they need to practice a specific area of law in order to pay back their debt. For example, the average salary at Legal Aid Ontario for new lawyers is approximately \$76,000. See **“Will I be able to afford to pay back my debt?”** above for different debt repayment scenarios at this income level.

Source: http://www.legalaid.on.ca/en/about/communityclinics_comparators.asp

SAVING MY MONEY

How do I save for retirement?

The Government of Canada would like you to save money. It recognizes, as do all economists and financial planners, that a middle class lifestyle cannot be maintained after retirement on the income paid out by the Canada Pension Plan and Old Age Security. Citizens are expected to supplement these programs through their own savings. The two most important government plans for savings are Registered Retirement Savings Plans and Tax Free Savings Accounts. Both are important, but they are quite different.

What is a Tax Free Savings Account (TFSA)?

Compound interest is the enemy of borrowers. It is why the interest paid on a loan amortized over 20 years is so much higher than the amount paid with a 10 year amortization. In contrast, and logically, for savers, compound interest is a best friend. A dollar saved today can grow to a startlingly high amount, given enough time.

Tax Free Savings Accounts or TFSAs allow any Canadian aged 18 or over to put up to \$6,000 (current amount) per year into an investment account. Any interest, dividends or capital gains earned in the account will never be taxed. Equally important, any amount may be removed from the account at any time without penalty. The relief from income tax makes a huge difference over time, particularly for those in higher tax brackets. Consider the following example:

\$6,000 deposited in 2020 with growth at 6% per year will become \$61,714 in 40 years if no tax is paid. If taxed annually at the top rate, the same \$6,000 will grow to \$18,108 over the same period.

TFSAs are accordingly great tools for long term savings, or even for temporary saving before, for example, purchase of a home. The discipline of putting even modest amounts into a TFSA on a regular basis can lead to a substantial amount given enough time. As discussed below, the interaction of TFSAs and Registered Retirement Savings Plans (RRSPs) and other pension plans can be complex.

What is a Registered Retirement Savings Plan (RRSP)?

Sixty or seventy years ago most Canadians had jobs that came with pension plans attached. Many of these pension plans provided a set amount of retirement benefit, and became known as defined benefit pension plans. As a result of the high inflation experienced in the 1970s, the diminution of labour union power, and the replacement of manufacturing and resource extraction employment by a service dominated economy, defined benefit pension plans are now common only in Government jobs and a few industries. About 1/3rd of Canadians have an employer-linked pension plan and about ¼ have an employer-linked defined benefit plan.

Registered Retirement Savings Plans or RRSPs are a form of defined contribution pension plan, whether provided by an employer or funded by an individual. The amount that goes into the plan every year is known, but the value the benefits the plan will provide post-retirement are unknown. That

value will depend on how well the retirement funds are invested over a long period of years. Unlike a defined benefit plan, a person starting employment cannot know what her or his retirement income will be in the future.

Canadians are allowed to make contributions to an RSP equal to 18% of earned income each year, up to a maximum amount that is currently about \$26,000 per year (requiring earned income of \$145,000 to reach the maximum). Unlike money put into a TFSA, contributions to an RSP are tax deductible. For someone in the top tax bracket, an RSP contribution of \$26,000 results in a tax refund of about \$13,500. However, also unlike a TFSA, money cannot come out of an RSP free of tax. Any amount removed is taxed in the hands of the recipient as if it was employment income.

RSPs are a great option for employed persons particularly as income rises towards the top marginal rate. Our firm has several clients with RSPs worth more than \$2 million, as a result of regular contributions and good investment returns over long periods of times. When employment income is lower, it is generally better to put savings first into a TFSA, or to use extra funds to reduce debt.

At the age of 72, RSPs must start making retirement payments their owners, and are converted to Registered Retirement Income Funds or RRIFFs. The amount that must be paid out each year starts at around 5.2% of the value of the plan and grows as percentage of value each year until age 90, at which time it is 20% of the value per year. As noted above, all payments out of the plan are taxed as income in the hands of the plan holder, with the proviso that spouses are entitled to split such income in any way they choose to reduce their combined taxes.

What is the difference between a defined benefit and defined contribution pension plan?

With a defined benefit pension, the employer contributes money on your behalf, and the amount you will be paid once you retire is set and guaranteed. The risk is held by the employer.

With a defined contribution pension, the employer contributes money on your behalf, but the amount you get paid when you retire depends on the value of the pension investments. The risk is held by the employee.

Should I be investing or paying back my debt once I start earning income?

There are different points of view on this question. Some suggest that it is always best to prioritize debt repayment. Others believe that if your after-tax return on investment is greater than your after-tax cost of debt you should invest once you have made your minimum payment. It is always best to consult a financial adviser when making these types of decisions (see question on financial advisors).

For some helpful discussions/illustrations of the above issue please see:

- https://www.thestar.com/business/personal_finance/2013/05/26/a_graduates_52000_student_loan_repayment_dilemma.html
- <http://www.theglobeandmail.com/globe-investor/personal-finance/genymoney/choosing-between-repaying-student-loans-and-saving-for-a-down-payment/article29618599/>

- <http://getsmarteraboutmoney.ca/en/managing-your-money/planning/managing-debt/Pages/video-Should-you-pay-back-your-student-loan-or-invest-with-Caitlin-Lloyd-and-Rob-Carrick.aspx#.WRRz7ldllsM>

Are there resources available to students for financial planning?

Consider speaking to a professional financial planner. You can call Scotiabank or TD and make an appointment with one of their representatives.

Additional resources

- [http://www.oba.org/JUST/Archives_List/2016/August-2016/Sample-\(3\)?utm_source=LYR&utm_medium=EM&utm_campaign=Just+Magazine&utm_content=Just+Magazine+Email+August2016+8/18/2016+12:14:24+PM](http://www.oba.org/JUST/Archives_List/2016/August-2016/Sample-(3)?utm_source=LYR&utm_medium=EM&utm_campaign=Just+Magazine&utm_content=Just+Magazine+Email+August2016+8/18/2016+12:14:24+PM)
- https://beta.theglobeandmail.com/globe-investor/personal-finance/taxes/student-debt-should-be-tied-to-earning-potential-after-graduation/article36082625/?ref=http://www.theglobeandmail.com&utm_source=Academica+Top+Ten&utm_campaign=c5782a9636-EMAIL_CAMPAIGN_2017_08_25&utm_medium=email&utm_term=0_b4928536cf-c5782a9636-51494897