



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. If you identify inaccuracies or have additional suggestions, kindly email financialaid.law@utoronto.ca.

GLOSSARY

Amortization Period

Fixed period during which debt must be paid back.

Credit Rating

A score used by lenders to determine creditworthiness. It is based on previous borrowing history. For more info: <http://www.cbc.ca/news/canada/how-to-check-your-credit-report-1.1185975>

Interest Rate

Cost of borrowing money. Interest is charged as a percentage of the amount borrowed, calculated and charged on a monthly basis.

Line of Credit

A loan arrangement which allows student 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)

Student loan balance and repayment information can be found here.

Ontario Student Assistance Program (OSAP)

Ontario government's financial aid program which consists of grants and interest free loans while studying.

Prime Interest Rate

Interest rate used by banks to determine the cost of borrowing. The rate of interest on lines of credit with the law school's preferred lenders (Scotiabank and TD Bank) is prime, which is currently 2.45%. The most up-to-date rate is posted here: <http://www.bankofcanada.ca/rates/daily-digest/>

FREQUENTLY ASKED QUESTIONS

MANAGING MY MONEY

How should I budget for law school and beyond?

- Make a budget and break down realistic spending categories (i.e., Tuition, Rent, Food, Medical, Transportation, etc.)
- Develop a detailed spending plan allocating expenses and resources, keeping in mind the fact that the timing of loans and other funding options may not coincide with projected expenses
- Track how much you are spending each month on each category of expenses, check out the tracking apps below.
- Revisit your budget and compare what you have spent with the budgeted amounts. Adjust accordingly for the next time period.

Budgeting apps

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

- <http://thefinancialdiet.com/>
- <https://www.canada.ca/en/financial-consumer-agency/services/financial-toolkit/credit/credit-6/2.html>

BORROWING TO PAY FOR LAW SCHOOL

How does 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.
- Students are expected to access all income sources available to them to fund their law school education, i.e., personal assets and summer savings, parental and spousal contributions, government student loans, grants and external scholarships. The [Financial Aid calculator](#) can provide an estimate of financial aid available to JD students.
- The following will impact your funding eligibility

- Not obtaining government student loans for law school
- Having substantial assets i.e., home equity, RRSPs
- Parents or partners who are high earners
- We recognize that each student's situation is different, and some parents may no longer be supporting students through law school. However, our formula gives priority to students who don't have access to alternative sources of funding through partners/parents/assets.
- Through our negotiated terms, students will have access to a maximum of \$160,000 at [Scotiabank](#) or \$180,000 at [TD bank](#) at prime interest rates, by the time of graduation. Students who are not applying for financial assistance from the Faculty or government loans, WILL still have access to these special lines of credit from our preferred lenders.

What effect does my credit history have on my ability to obtain funding?

An acceptable credit rating is necessary to access certain forms of financial assistance, such as a line of credit from one of our preferred lenders or a government loan. The individual lenders (bank and government) set the credit criteria according to their policies. Therefore, it is important to maintain a good credit rating prior to and during law school.

Students who are applying for financial assistance should verify their credit rating through [Credit Karma](#) or with one of the following bureaus:

[Equifax Canada Inc.](#)

[TransUnion](#)

Prospective students who do not have a positive credit history are encouraged to take the steps necessary to establish or to rehabilitate their credit histories well in advance of seeking financing for educational expenses. For more information about credit histories and credit scores, please visit <http://tinyurl.com/aboutcredit>

Students who do not yet have a positive credit history are encouraged to get in touch with the [Financial Aid Office](#) at the earliest possible opportunity. The Financial Aid Office will advocate on behalf of students with preferred lenders regarding credit history issues.

In exceptional cases, short-term emergency loan assistance can be arranged with the law school for students who are in the process of establishing positive credit histories in order to be able to access third-party financing.

Will I be eligible for government financial aid?

The formula used by individual provinces to determine financial need is different from the formula used by the Faculty of Law thus obtaining government loan does not guarantee financing from the Law school.

Students should apply through the province or territory they are a resident of (generally the province of birth or the province student spent 12 continuous months in while not attending post-secondary education).

For more information, please visit your [respective province/territory's financial aid website](#)

Does OSAP consider my line of credit? Do they have access to this information?

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

Tax credits for tuition can be claimed in the same year in which tuition was paid. The unused amount of the tax credits can be carried forward to future years or transferred to a third party. Students may not need to use the entire tax credit in a particular year if they don't owe taxes and instead transfer up to \$5,000 in tax credits to a partner, parent, or grandparent to help reduce their taxes.

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

Additional Resources:

- The University of Toronto Students' Union has a [free tax clinic](#)
- The [Canada Revenue Agency \(CRA\)](#) has also compiled a resource of tax considerations for students
- [Calculator](#) to determine income tax rate at various levels of income

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 ability to borrow will cease 24 months after the articling period has finished as the balance will become a loan and will need to be repaid.*

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

Faculty's preferred lenders (Scotiabank and TD) will not require students to make payments until 24 months after articling, though interest will accrue during the 24-month period.

Government Loans

Government loans will require students to start making payments 6 months after the end of the study period. Interest will start accruing immediately after graduation. For example, if you graduate in April, 2022 your first payment will be due in November, 2022.

Government student loans have a monthly repayment obligation that will be indicated in the Consolidated Student Loan and Repayment form sent by the National Student Loans Services Centre (NSLSC) around mid-end of October.

Some students choose to consolidate their debt by paying off a government student loan that often has a higher interest rate with a lower interest rate line of credit.

DEBT REPAYMENT

How much money should I allocate to repayment of debt?

Consult your lenders, financial planners or resources below to help set up a structured payment program to 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. Setting up automatic withdrawals with your bank will facilitate debt repayment.

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

- <https://www.thebalance.com/free-debt-reduction-spreadsheets-1294284>
- <https://www.creditkarma.com/calculators/debtrepayment>

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 students whose income may not be sufficient to meet their debt obligations after 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.

[Repayment Assistance Program \(RAP\)](#)

The government RAP can only be used for government loans and not private loans. It is based on student's monthly income. Please consult [Repayment Assistance Estimator](#) to see whether you qualify.