

Funding your university education

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At a time when the average college and university student will accumulate a debt of more than \$20,000 (a recent survey by the Bank of Montreal found that one-fifth of students will accumulate more than \$40,000 in debt), it makes sense to carefully plan how you will finance your post-secondary education.

Graduating from university with a large debt may force you to take the first decent paying job that becomes available after graduation to pay off your loans and other debt. For example, Kendra at the age of twenty-three, graduated from an Honours Business Program with a major in Marketing.

With a \$28,000 dollar student loan, car payments and apartment rent, Kendra was forced to take a job working in a retail store in a mall during the day and an evening job

as a waitress in a restaurant to be able to pay off her debts. These were hardly the kind of jobs Kendra expected to be doing after four years in university, but her debts forced to work in whatever jobs she was able to get to meet her monthly payments.

Having counselled high school, college, and university students for more than two decades, I find that financial planning is generally one of those topics that rarely gets discussed at home. The information in this article can help you to find some effective ways on how to finance your education so that you can graduate with little or even no debt.



SOME TIPS TO HELP YOU OUT

TIP #1: PREPARE A SAMPLE BUDGET

One of the first and most important aspects of exploring how you will finance your university education is to accurately identify how much it will cost for each year of your university studies.

Most students are familiar with tuition costs (the fees that a university charges for actually studying your program) which tend to be approximately \$7,000 per year for most Canadian university undergraduate programs (although there are some first year programs that exceed \$10,000 in tuition fees).

What is sometimes forgotten are the added costs such as your room, meals, books, travel expenses, clothing, entertainment, etc. These additional costs can bring your cost for one year of university to between \$18,000 and \$20,000. Fortunately, most universities across Canada identify their costs quite clearly on their websites and often give you a budget breakdown of the costs

Graduating with as little debt as possible can give you the flexibility to start the next stage in your life without being bound financially. Take control of your future by striving to be debt-free.

to help you in your planning (and to share with your parents/guardians).

For example, at McMaster University in Hamilton (www.mcmaster.ca), you can actually estimate your costs using a "money estimator" on their website.

Using this free service, you would find that tuition for a Humanities program, the cost of a double room in residence with a regular meal plan, books, modest

entertainment and modest personal expenses totaled \$18,942. Similarly, using the "fee calculator" on the website of Dalhousie University (www.dal.ca) in Halifax, you would find that a similar program with similar expenses would be around \$19,000 per year, as well.

Going to a university website and calculating your costs gives you and your parents specific details about your costs for your university education. After talking to your parents about how they might be able to help financially, you will then know exactly how much money you need to raise yourself for your university education.

In these difficult economic times it is possible that your parents might not be able to assist you financially in your university education.

In such situations, this should not prevent you from attending university. The following tips provide some other practical strategies for financing your university education.

TIP #2: GET A SCHOLARSHIP

While there are a small number of university scholarships in Canada that will meet all your financial needs (and for these you will likely need at least 95 per cent, if not higher, and have an outstanding record of extra-curricular involvement in your school and/or community), there are nonetheless a multitude of other scholarships available that can assist you in your financial planning for university.

Scholarships are a gift of free money, often based solely on your marks. Resources such as the “Canadian University Scholarship Handbook” (www.canadianscholarships4u.com) provide information on thousands of scholarships that are available to high school students entering first year of a Canadian university, and the good news is that the majority of these scholarships do not require 95 per cent or higher averages.

Most universities offer “guaranteed scholarships,” based solely on entrance averages (from your high school marks). For example (at the time of writing this article), Concordia University in Alberta awarded \$4,000 (payable over 4 years) for entering students with a minimum 75 per cent average, or up to \$15,000 (payable over 4 years) for students with 95 per cent or better. Scholarships, like these are guaranteed! They are solely based on your marks.

Universities also offer bursaries for students who have financial difficulties. Like scholarships, bursary money does not have to be paid back.

If you need financial assistance, speak with a representative in the Financial Aid office of the school you would like to attend to identify which scholarships and bursaries might be best for you.



TIP #3: USE YOUR STUDENT LOAN WISELY

Every province and territory in Canada has some form of student loan program (www.canlearn.ca is often a good starting point). One of the basic features of these loans is that you don't begin to pay them back until you graduate from university.

In addition to government loan programs, there are often “grant” programs to assist students. Grants are a form of money given to you where you do not have to pay it back. Grant programs exist to help students whose parents have a low income, or students who are married, or have children, or who are disabled. These programs are detailed on provincial websites or in the “Canadian University Scholarship Handbook” (website given above).

A wise approach related to student loans is to take any money you have left over from the loan at the end of each year and invest it. A TFSA (Tax Free Savings Account) is often a good idea. Then, after you graduate from university, take whatever money you have saved and immediately use this money to make a lump sum payment on your student loan.

TIP #4: YOU DON'T HAVE TO STUDY FULL-TIME

You don't have to be a full-time student to get a university degree. Consider the following two examples of students who both graduated with no debt.

Jason couldn't afford to attend university full-time and he didn't want to graduate with a huge student debt, so he worked full-time and attended university one night a week. Over the course of a year, Jason completed three university courses (a full-time student would have completed five). Jason graduated from university in seven years (instead of four), but he had no debt. A bonus for Jason was that by the time he graduated, he was working for a company where there were bright prospects for his future.

Sanya attended university during first semester each year. During the second semester and summer, she worked full-time in various jobs. As well, during the spring and summer, she took two online university courses. Sanya graduated in five years, only one year longer than a full-time student. When Sanya graduated, she not only had zero debt, but she already had a full-time job that matched her educational interests.

SOME OTHER COST-CUTTING TIPS TO CONSIDER

Work Part-Time: More than 92% of Canadian university students will work part-time at some point during their university studies to help pay for their education. Focus on using this money to help pay for your studies, rather than paying for things you don't really need.

Live At Home: This could reduce your university costs by almost 50%. This is often the most significant way to reduce debt for students who are able to commute to a local university from home.

Live Off-Campus: Sharing a house with other students can significantly reduce your costs both in housing and providing you with an opportunity to save on meal costs by preparing your own food. Before doing this though, consider extra transportation costs and the possibility that your lease might be for 12 months instead of just the school year.

Car Pool: Find trustworthy people you can car pool with, whether it is for travelling to the university each day, or whether it is coming home for holidays.

Use Technology: For example, there are programs you can use on your computer to eliminate using your telephone for long distance calls. Also, do you really need a data plan for your cell phone if there is wireless internet throughout the university?

Leave Credit Cards At Home: This could lead to developing a habit of being financially prosperous instead of always being in debt.

Second-Hand Is Good: Whether buying books or clothing, you can save significant money by shopping for second-hand goods.