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# Most students expect to graduate more than \$20,000 in debt

By DIANNE NICE

*Majority are either just getting by or can't pay their bills, survey finds.*

By the time Hardik Jadeja graduates from the MBA program at the University of Toronto's Rotman School of Management next year, he expects to be more than \$100,000 in debt.

The 28-year-old has already borrowed \$35,000 from his family and has \$47,000 in student loans. Tuition, books, rent and other living expenses add up to about \$70,000 a year, he said.

Mr. Jadeja said it will take him about 10 years to pay off such a sizable debt, adding most of his classmates are in the same situation.

"Some people do find jobs at the end of graduation, but not in the field of their interest," he said. "Because of the pressure of repaying student loans on time, lots of people either end up in jobs that do not interest them at all or they go back to what they were doing before joining the MBA."

Like Mr. Jadeja, most Canadian students expect to graduate in debt. In a survey of 1,018 post-secondary students to be released Friday by Bank of Montreal, 58 per cent of students said they expect to graduate with upwards of \$20,000 in debt, and 21 per cent estimate they will owe more than \$40,000. Asked whether they thought they could pay off their debt within five years of graduation, only 44 per cent agreed.

Students in Atlantic Canada expected to fare the worst, with 25 per cent saying they would owe more than \$40,000 upon graduation, and only 30 per cent expecting to pay off their debts within five years.

The average undergraduate tuition in Canada is \$5,366 a year, according to Statistics Canada. That does not include books, rent, transportation, food or other costs. For students completing a four-year degree away from home, the expenses can add up to \$60,000, government data show.

**Such a debt load can be debilitating for young Canadians trying to earn their independence, says Rona Birenbaum, an independent financial planner at Caring for Clients in Toronto.**

Most lenders require loan repayments to begin within 12 months of graduation, and the sizable monthly payments can come as a shock. With the job market still tough to crack, many graduates end up accepting any position they can get just to meet their debt obligations. Many students end up living at home longer as a result, which can put pressure on families.

**"It limits the ability for that graduating student to do other things with the money that has to go toward student loans," said Ms. Birenbaum. This can include getting a car loan, saving for a house or starting a family. "All those big-ticket items can get delayed."**

The annual BMO survey, conducted by Pollara, found 27 per cent of students are very stressed about paying for school this year. One-third said they would have significant trouble paying their bills while at school, and 27 per cent said they would have just enough money to cover their expenses.

According to Canada Student Loan Program data, most students take nearly 10 years to pay their loans. The average student debt upon graduation, according to the Canadian Federation of Students, is \$27,000. In 2005, the figure was \$18,800.

"The real answer is dealing with this issue and planning before the barn door shuts," Ms. Birenbaum said. "Parents must sit down with their children, starting at age 15 or 16, and develop a funding plan."

Students need to know how much financial help is available from family, and what they should expect to pay for themselves. If there is a big shortfall, the family needs to plan early on how to cover it, she said.

"A little planning can make a big difference."

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