Funding Post-Secondary Education
Self-Study Course # 26
What Will the Advisor Learn by Taking this Course?

“Tuition fees on the rise, public funding on the wane.” This quote came from CBC News on March 16, 2015.

Paying for post-secondary education in Canada is currently a responsibility shared by students (and their families, if applicable), governments (federal and provincial), employers, and citizens covering the costs in many cases. Many Canadians have misconceptions about how much post-secondary education costs and are not fully informed about types of financial aid (including scholarships and loans). A completer and more accurate overview about how to finance post-secondary education can allow students to make better decisions and potentially end up with less debt and more savings at the end of their studies.

This course is focused primarily on the post-secondary education costs that students face while studying, and more importantly how the student can find money that can help them pay for a college, university or apprenticeship program after high school.

Financial advisors assess the financial needs of individuals and help them with their retirement investments (such as mutual funds, stocks and bonds), tax laws, and insurance decisions. They also help clients plan for short-term and long-term goals, such as post secondary education expenses. They recommend solutions to match the clients' goals.

This course is designed to provide the Advisor with the information and tools required to improve their knowledge in the funding of University and College tuition so that they can better advise their clients and prospects on how to fund any post-secondary education costs for their children.

This course covers:

- Trends in post-secondary education.
- Why post-secondary education costs are rising.
- The cost of a university or college education.
- An in-depth look at what the total tuition costs consist of.
- The questions to ask your clients and prospects about their child’s education.
- How to take control on one’s own finances and set the education savings goal in motion.
- Higher education planning process.
- The taxation of various educational funding methods.
- What the student’s costs will be and what costs should be considered.
- Risk returns and liquidity when investing in education plans.
- The use of Life Insurance as a funding vehicle.
• An in-depth look at RESP’s, CSEG’s, Canada Learning Bond and other Federal & Provincial funding vehicles.
• What happens if the beneficiary does not want to continue post-secondary education.
• A glossary of education funding terms.

SOME HISTORY ABOUT THE PROVINCIAL AND TERRITORIAL HIGHER EDUCATION SYSTEMS IN CANADA

In Canada, the constitutional responsibility for higher education rests with the provinces of Canada. The decision to assign responsibility for universities to the local legislatures, cemented in the British North America Act, 1867, which was renamed the Constitution Act in 1982, was contentious from its inception. The Act states that "in and for each Province, the Legislature may exclusively make laws in relation to Education". As a result of this constitutional arrangement, a distinctive system of education, including higher education, has evolved in each province.

However, as the constitutional responsibility for Aboriginal Peoples with Treaty Status rests with the federal government of Canada under the Constitution Act of 1982, it is the federal government that is largely responsible for funding higher education opportunities for Aboriginal learners, whether in traditional post-secondary institutions or in settings that promotes opportunities to pursue indigenous education.

Provincial Educational Systems

The higher education systems in Canada's ten provinces include their historical development, organization (e.g., structure, governance, and funding), and goals (e.g., participation, access, and mobility).

British Columbia

The provincial government administers a higher education system that includes twenty-five publicly funded institutions, fourteen private institutions, and numerous private career training institutions or career colleges. Public institutions include eleven universities, eleven colleges, and three institutes. Private institutions include three private universities, five private colleges, and six theological colleges.

Higher education institutions in British Columbia have particular mandates and serve specific community needs. They are able to decide how to achieve their mandate and deal with the various levels of administrative details with regard to operations, faculty, staff, and students.
Research universities such as the University of British Columbia (Vancouver and Okanagan), University of Victoria, Simon Fraser University, and the University of Northern British Columbia operate under a bicameral structure composed of a Board of Governors and a Senate.

Teaching intensive universities, such as Royal Roads University, colleges and institutes each have a Board of Governors, but instead of a Senate they have a council (e.g. Academic Council).

Private career and college institutions fall under the auspice of the Degree Authorization Act, but only if they provide degrees or call themselves "university." Institutions that offer only diploma or certificate programs are legislated by the Private Career Training Institutions Act.

They have to register with the Private Career Training Institutions Agency (PCTIA). This self-regulating agency is governed by a board of appointed industry representatives and the board’s responsibility is to provide information and consumer protection to the students of registered institutions and to establish standards of quality that must be met by its accredited institutions.

Alberta

Higher education in Alberta trains students in various academic and vocational specializations. Generally, youth attend school from kindergarten until grade twelve, at which time they have the option to continue into post-secondary study.

Students are required to meet the individual entrance requirements for programs offered at the institution of their choice. Once accepted, students are allowed greater educational opportunities through the province extensively developed articulation system.

The Alberta Council on Admissions and Transfer (ACAT) enables students transfer between programs at any of the twenty public post-secondary institutions, eight private colleges, and other Alberta based not for profit institutions.

To ensure a continued high standard for credentials awarded by post-secondary facilities, the Alberta Ministry of Advanced Education established the Campus Alberta Quality Council with membership in the International Network for Quality Assurance Agencies in Higher Education.
Saskatchewan

The post-secondary sector includes 2 public universities, Aboriginal-controlled institutions that are affiliated to either one of the public universities, 1 polytechnic, 4 federated colleges, career colleges, 8 regional colleges, and Campus Saskatchewan govern by the Ministry of Advanced Education, part of the provincial government of Saskatchewan. Campus Saskatchewan established in 2002 as a partnership with various post-secondary institutions to work together to use technology-enhanced learning to increase opportunities for the people in Saskatchewan to access high quality education and training at times and in places that best meet their needs.

Employment and Labour oversees a number of programs to assist current and potential students such as the Graduate Retention Program (GRP). In addition, the ministry also offers non-payable funding through scholarships, grants and bursaries to eligible students. The Saskatchewan Institute of Applied Sciences and Technology (SIAST) received authorization to its first degree, a Bachelor of Psychiatric Nursing, the first of its kind in the province on July 2013. The following year on November, SIAST was renamed Saskatchewan Polytechnic (SaskPolyTech).

Manitoba

In 1967, Manitoba’s public policy of a one-university system ended with the establishment of the University of Winnipeg (formerly United College) and Brandon University (formerly Brandon College) under the Universities Establishment Act. As colleges, these two institutions had been affiliated with the University of Manitoba until their incorporation as universities. The universities are currently governed by The University of Winnipeg Act and The Brandon University Act respectively.

The remaining colleges still affiliated with the University of Manitoba continued developing under the new concept of a "Community of Colleges". Arts and science teaching functions were taken over by the University of Manitoba, and the colleges lost control over eligibility requirements to teach and study. This solved the classical colleges’ financial concerns regarding the provision of more expensive science-oriented curricula and allowed them to concentrate on theological studies and an interdisciplinary collegial environment. At the same time, this concept allowed the University to respond to cultural diversity in the province yet honour long-standing historical relationships with the colleges.

Special arrangements were made with the Collège universitaire de Saint-Boniface due to its specific language and cultural mission. The Collège universitaire retained public funding and some administrative autonomy, including the appointment of faculty. It is answerable directly to the University of Manitoba Senate on academic matters.
Other special arrangements include those made with Ukrainian Orthodox St. Andrew's College, which jointly sponsors a Centre for Ukrainian Canadian Studies with the University, which, although not formally linked as an institution, is located on its campus. Approved Teaching Centres have also been created to teach specific courses, approved by the University, which are offered by other denominational colleges. These approved courses may be applied towards a bachelor's degree at the University of Manitoba.

**Ontario**

Higher education in Ontario includes postsecondary education and skills training regulated by the Ministry of Advanced Education and Skills Development and provided by universities, colleges of applied arts and technology, and private career colleges. The ministry administers laws covering public universities, public colleges (21 Colleges of Applied Arts and Technology (CAATs) and three Institutes of Technology and Advanced Learning (ITALs)), privately funded religious universities, and private career colleges. 18 of the top 50 research universities in Canada are in Ontario.

Ontario has a binary public post-secondary education structure consisting of parallel college and university systems. The public college system comprises 21 colleges of applied arts and technology and three institutes of technology and advanced learning. The public university system comprises twenty-two universities. Some universities have federated and/or affiliated colleges which are considered part of the public university system. In addition, there are seventeen private religious universities and over 500 private career colleges that are not classified as universities. Ontario's private career colleges provide specific skills training for employment and must be registered with the Ministry of Advanced Education and Skills Development. A program run by ServiceOntario enables students to search for career colleges providing vocational training in their field of interest.

**Quebec**

Higher education in Quebec differs from the education system of other provinces in Canada. Instead of entering university or college directly from high school, students in Quebec leave secondary school after Grade 11 (or Secondary V), and enter post-secondary studies at the college level, as a prerequisite to university. Although both public colleges (CEGEPs) and private colleges exist, both are colloquially termed CEGEPs. This level of post-secondary education allows students to choose either a vocational path or a more academic path.
Many factors have led to the province's current system of higher education, including linguistic, cultural and class tensions, as well as provincial distribution of natural resources and population. The Quiet Revolution of the 1960s also brought about many changes that are still reflected in the province's higher education system.

The provincial government is responsible for education in Quebec through the Ministry of Education, Recreation and Sport. Higher education in Quebec is available in both English and French at all levels. Unlike at the primary and secondary levels of education, wherein English-language instruction is permitted only under very specific circumstances, all tertiary students can choose to pursue post-secondary studies (in college and university) in English. As of 2011, there are seventeen universities, three of which are English-language institutions. There are 54 CEGEPs in total, in six of which the language of instruction is English.

**Nova Scotia**

Higher education in Nova Scotia (also referred to as post-secondary education) refers to education provided by higher education institutions. Nova Scotia has a population of less than one million people but is home to ten public universities and the Nova Scotia Community College, which offers programs at 13 locations.

Six of the 10 universities – Atlantic School of Theology, Dalhousie University, Mount Saint Vincent University, the NSCAD University, Saint Mary’s University, and the University of King’s College – are located in the Halifax Regional Municipality, which is the capital of Nova Scotia and the largest urban area in the Atlantic Canada region.

Several universities in Nova Scotia have strong religious connections. The University of King’s College, first founded in Windsor, holds the distinction of being the first college with university powers in British North America, at a time when Upper Canada had no government of its own. It has always remained under the control of the Church of England. Dalhousie University, first known as Dalhousie College, was established in Halifax in 1820 with the help of the Presbyterian Church, and Acadia University was founded by Baptists. Catholics formed both Saint Mary’s University and Saint Francis Xavier University.

**New Brunswick**

Higher education has a rich history in New Brunswick. The first English-language university in Canada was the University of New Brunswick. Mount Allison University was the first in the British Empire to award a baccalaureate to a woman, Grace Annie Lockhart, B.Sc. in 1875.
New Brunswick’s Department of Post-Secondary Education, Training and Labour provides a major portion of post-secondary revenue, but universities and colleges alike remain relatively independent in their governance structures. New Brunswick has four public chartered universities, three private chartered universities, and three private for-profit universities recognized under the Degree Granting Act. There are two autonomous English and French community college corporations established under the New Brunswick Community Colleges Act and two other specialized colleges.

**Prince Edward Island**

Higher education in Prince Edward Island falls under the jurisdiction of the Higher Education and Corporate Services Branch within the Department of Education and Early Childhood Development.

The province has one university, the University of Prince Edward Island authorized to grant degrees and one community college, Holland College, that operates centres across the province including: The Culinary Institute of Canada, the Justice Institute of Canada, the Marine Centre, the Aerospace Centre, the Atlantic Tourism and Hospitality Institute and the Prince Edward Island Institute of Adult and Community Education.

**Newfoundland and Labrador**

Newfoundland and Labrador have had the same growing pains as other provinces in developing its own form of education and now boasts a very strong, although relatively small, system. The direction of Newfoundland and Labrador’s policy has evolved rapidly since the late 1990s, with increased funding, participation rates, accessibility and transferability.

Newfoundland and Labrador has a small but effective system of higher education institutions. Its system is also unique in Canada as it is the only system with one university and one college. Memorial University of Newfoundland (MUN) is categorized as a comprehensive, degree-granting university, and the College of the North Atlantic (CNA) provides diverse technical and career-oriented certificates, apprenticeship and diploma programmes with university-level transfer courses. The Fisheries and Marine Institute (MI) is linked to MUN and provides fisheries and marine technology training. Several health-related programs are also offered through regional health authorities. There are also 25 provincially registered private training institutions.
**Territory Educational Systems**

Each of the three territories in Canada (i.e., Nunavut, Northwest Territories, and Yukon) has separate higher education systems that reflect territorial history, organization, and goals in the context of geographical challenges.

**Northwest Territories**

The only post-secondary institution in the NWT is Aurora College. The former Arctic College was split into Aurora College and Nunavut Arctic College when Nunavut Territory was created in 1999. Aurora College has campuses in Inuvik, Fort Smith and Yellowknife. It has learning centres in many other communities in the NWT. The territorial Department of Education, Culture and Employment is the government agency responsible for post-secondary education in the Northwest Territories. There are two career colleges located in the NWT: The Academy of Learning in Yellowknife, which provides business information technology courses, and Great Slave Helicopters Flight Training Centre, which supplies Global Positioning System training for helicopter pilot education.

**Nunavut**

Higher education in Nunavut allows residents of this Canadian Arctic territory access to specialized training provided at post-secondary institutions. There are some unique challenges faced by students wishing to pursue advanced training in Nunavut, a vast territory stretching across Arctic Canada from Hudson’s Bay to the north pole. The territory was split from the Northwest Territories in 1999.

There are no universities in Nunavut. Nunavut Arctic College is the only institution of higher education. It offers a small number of degrees in conjunction with Dalhousie University – Nunavut Nursing Program, University of Regina – Nunavut Teacher Education, University of Prince Edward Island – Master of Education in Leadership and Learning program, and the former Akitsiraq Law Program, recently and unexpectedly disabled by the territorial government, given its widely acknowledged successes and accolades. Northerners can also receive training in both very basic academic and vocational studies. Due to the distance and lack of connecting roads between communities, the college attempts to operate on the basis that adult education must be delivered in all communities and that the training be tailored to address individual and community needs.

Nunavut Arctic College is an active member of the Alberta Council on Admissions and Transfer and has developed formal transfer arrangements with many institutions in the Province of Alberta and Aurora College in Northwest Territories.
Yukon

Yukon’s system of higher education is shaped by the territory’s small population (30,375 people as of May 2006) in a relatively large geographic area. The history of higher education in fact went hand in hand with the establishment of a representative territorial government in 1979.

The only post-secondary institute in Yukon, Yukon College, issues certificate, diploma, and partial and some full degree programs to all high school leavers and older adults. The college is a community college and as a result it provides Adult Basic Education/literacy programs as well.

THE ROLE OF THE FEDERAL GOVERNMENT

Canada’s economic recovery, competitiveness internationally and quality of life are all tied to our performance in education. It is perfectly understandable, therefore, that political leaders feel they should have something to say about how they plan to ensure that Canadians, young and old, from every corner of the country and from every background, get the education and training they need to succeed.

While education is a provincial responsibility, in truth, there is plenty for the federal government to do that can have a positive impact on education systems, without interfering with those systems themselves.

Canada remains the world’s most highly educated country "measured by the proportion of the adult population that has attained a post-secondary education (although for younger adults " those between the ages of 25 and 34 " Canada falls to third place, behind Korea and Japan).

In the last round of the Program for International Student Assessment (PISA), Canada ranked near the top, outperformed by only three other OECD countries in math, four in science and two in reading. Canada did even better on the additional PISA computer-based test that focused on problem-solving. Among OECD countries, only Korea and Japan performed better than Canada.

The same picture emerged from a lesser known study of computer skills "the International Computer and Information Literacy Study (ICILS)" published in 2014. ICILS placed Ontario’s Grade 8 students at the very top, alongside those of the Czech Republic and Australia, and ahead of those of the 17 other participating countries including Korea and Germany. Newfoundland and Labrador, the only other Canadian province to participate, didn’t do quite as well as Ontario, but still scored above average, and did as well as countries such as Germany.
Among the key things that the Federal Government can do to support education are: skills retraining for less-educated older workers and language training for new Canadians, facilitating the recruitment of more international students, and cooperatively forging a new approach to education on reserves. Interestingly, what all these policy areas have in common is that they require the federal government to work collaboratively with its partners, be they provincial governments or First Nations.

A second policy area for any federal government to engage with is the collection and publication of quality comprehensive data on education and skills. There is nothing preventing the collection of better data on the progression of Canadian students through each level of education and into the labour market, except the resources that Statistics Canada needs to get the work done. This goes beyond the issue of the census. Regular reporting on post-secondary student enrolment and graduation rates, the makeup of university faculty, levels of student debt, and graduate employment and earnings is more precarious than necessary (and in some cases has been discontinued) due to lack of adequate and reliable funding.

As studies like PISA have shown, the best way to pressure governments into improving the performance of the social programs and services they manage is to measure and publish outcomes on a regular basis. Any federal leader or party that wants Canadian students to do even better than they are now need not worry about the things they cannot control "like what happens in the classroom" for they can focus instead on things that they can, like the health of our national statistical agency. The federal government can even stay on the right side of the provinces, while enhancing accountability, by transferring new resources not directly to Statistics Canada itself but to the Canadian Education Statistics Council, which is composed of provincial and territorial bureaucrats and the chief statistician, and which is charged with overseeing the production of education indicators.

In addition to what happens in the classroom, many of the factors affecting student success are linked to economic conditions in which children grow up. The alleviation of poverty, and the family and community stresses that go with it, would go far toward removing the barriers to learning and to the love of learning.

Canada is already fairly well positioned in this regard compared to many of its competitors, where variances in families’ and neighbourhoods’ wealth are much greater and affect education outcomes much more. In terms of how well children do and how far they go in school, the type of neighbourhood they are born into matters, but it matters less in Canada than in most other countries. But that doesn’t mean that there are not thousands of children living in poverty, or that we don’t need to make sure our comparative advantage in this area does not erode over time.
Some may prefer to bring in income-splitting and increased benefits and tax credits for families with children; some may focus on alleviating the plight of the middle class; some may focus on the need for a national child care program. Education can be improved by improving the circumstances of the most disadvantaged children in our society. This is a policy lever the federal government has at its disposal, and it is shaping up to be one of the major issues in the federal election.

The second way the federal government can enhance equity is through the redistribution of wealth across the federation. As the University of Ottawa’s Jennifer Wallner has argued, Canada’s respectable performance in education is to a large extent tied to its success in ensuring that each of the members of the federation has sufficient resources to deliver the programs for which it is responsible. This brings us to the issues of transfers "notably the Canada Social Transfer, various labour market agreements and equalization."

FEDERAL PRESENCE IN HIGHER EDUCATION

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TRENDS IN CANADIAN HIGHER EDUCATION

In 2017, there were over 1.3 million students in degree programs on Canadian campuses: 1,034,000 full time and 281,000 part-time students. In addition, there were an estimated 400,000 continuing education students. Fifty-six percent of university students were women in 2017 (unchanged from 2010), and 11 percent were international students (up from 10 percent in 2010).

Since the 1970s, a profound change has been taking place in the labour market. Canada has shifted from a resource-based economy to a service-based one, resulting in a different mix of jobs available for Canadians. The fastest growing occupations are now in Canada’s service sector, which grew from 6 million jobs in 1975 to more than 13 million jobs in 2017. In the last 20 years alone, there were 1.67 million new jobs for professional and management occupations in Canada, of which 1.33 million were filled by university graduates. This shift to a service sector economy has created high-paying, quality jobs. By comparison, jobs have grown at a much slower pace in many other occupations, and jobs for people who have a high school diploma or less are disappearing.

While there was a general expectation that the trend towards lifelong learning would drive higher enrolment demand from the over 35 age cohort, current trends do not support this hypothesis. Although the number of students in this age group has tripled in the last 30 years from 6,000 in 1980 to about 20,000 currently, their share of all full-time undergraduate students has remained at roughly two percent. Though universities are acutely aware of the presence and needs of their older students, enrolment growth is driven by much more rapid increases in traditional youth cohorts on many university campuses.

In 2017, six out of seven, or 86 percent of students studying full-time at the undergraduate level were under the age of 25.

Statistics Canada’s Labour Force Survey also highlights that since the early 1990s, more students have been combining work and study than was the case in the 1980s. Working longer hours may lead some students to opt for part-time rather than full-time study (at least for part of their program).

In 1980, the income advantage for male bachelor’s graduates was 37 percent greater than high school graduates. By 2005, the income advantage had grown to 50 percent (much of this increase took place from 1995 to 2005). Researchers also noted an income advantage for college and trade school graduates over the same period, but it was much smaller, approximately seven percent in 1980, up to 15 percent in 2005.
To have a real impact on the proportion of low-income students in university programs, aid programs need to focus on more than financial assistance delivered at the time of acceptance and entry to university. They need to address the full range of factors that begin to affect potential higher education students much earlier on in their education.

In the 2017/18 academic year, the average cost for undergraduate program was $6,571. It ranged from a low of roughly $2,600 in Newfoundland to $8,454 in Ontario. Over the past 30 years tuition fees have grown significantly faster than inflation, rising from about $1,900 in 1980 to the current average of more than $6,500.

As a result of major changes in the 2000 federal budget and subsequent changes to federal and provincial taxes, the typical full-time student now has access to far higher levels of support through the tax systems. In 2017, the value of tax credits varied between $1,400 and about $2,400, depending on the student’s province of residence. There has been a 10-fold increase in the amount of scholarships and bursaries – rising from $150 million in 1990 to about $1.6 billion in 2017/18 provided by universities to their undergraduate and graduate students. About 30 percent of all undergraduate students received scholarships or financial awards from their university with an average value of $3,000.

Although the lifelong learning market has not expanded as rapidly, as a proportion of students, this can still change over the next 10-20 years, because of demographic trends and as the capacity to add even more high school graduates becomes exhausted with more than 60% of a cohort already going on to some form of post-secondary education in some jurisdictions.

The categorization of full-time vs. part-time is becoming increasingly meaningless as many full-time students are taking jobs to help pay their way through university. Both these trends are likely to lead to continuing demand for flexible access through online learning.

Lastly, there still seem to be gaps in provision, especially for disadvantaged groups in Canada. It is disappointing to see how little growth there has been in aboriginal enrolments in particular, and the report makes it clear that there are still major barriers to university for students from low income families.
FINANCING EDUCATION

Now that we have reviewed the history of higher education in Canada and some of the current and future trends that we are faced with, how will your clients and prospects fund their children’s university or college?

The cost of post-secondary education has risen steadily for many years. An increasing portion of this cost has been passed on to the consumer – you and your children.

Overall, students returning to Canadian universities for undergraduate studies in 2018 will face higher tuition fees than last year.

As noted, undergraduate students paid an average of $6,500 in tuition fees for the 2017/18 academic year, up from $4,347 in 2006/2007. This is almost quadruple the average of $1,464 in 1990/1991.

Since 1990/1991, tuition fees have increased at an annual average rate of 7.0%. In the 1990/1991 and 1991/1992 academic years alone, they went up 15.2% and 16.5%, respectively. In contrast, since 2000, the increase has slowed to an annual average of 3.9%. The recent lower fee increases reflect government moves to regulate fees.

Even so, average tuition fees have increased at a faster pace than inflation.

Tuition Fees on The Rise

In general, the tuition fees associated with postsecondary degree programs increased in 2017/2018. The actual cost that students pay, however, depends on their program of study, and the grants and assistance they may receive.

Tuition for undergraduate programs for Canadian full-time students was, on average, $6,571 in 2017/2018, up 3.1% from the previous academic year. The average cost for graduate programs was $6,907, a 1.8% increase over 2016/2017.

While postsecondary institutions receive the majority of their revenue from government funding, according to the Financial Information of Universities and Colleges, and the Financial Information of Community Colleges and Vocational Schools surveys, tuition fees represent a growing source of revenue for universities and degree-granting colleges.

Across Canada, the increase in undergraduate average tuition fees for 2017/2018 ranged from 0.1% in Alberta to 5.5% in Nova Scotia.
Tuition fees for Canadian graduate students were unchanged in Alberta and Newfoundland and Labrador, and rose in the remaining provinces, with increases ranging from 0.8% in British Columbia to 2.8% in Nova Scotia.

The costliest average tuition fees for Canadian undergraduate students were in dentistry ($22,297) in 2017/2018, followed by medicine ($14,444), law ($13,642) and pharmacy ($10,279). Among all Canadian undergraduate students, just over 3% were enrolled in one of these four programs.

On the other hand, almost 60% of Canadian undergraduate students were enrolled in one of four fields of study—social and behavioural sciences, and legal studies (not including law); business, management and public administration; physical and life sciences and technologies; and humanities. Tuition fees across these fields of study varied by province. At the Canada level and across most provinces, tuition fees in humanities were lower than or similar to the tuition fees for the other three fields of study.

In social and behavioural sciences, and legal studies (not including law), the average tuition fee for full-time Canadian students was $5,721 and ranged from $2,550 in Newfoundland and Labrador to $6,860 in Nova Scotia. Undergraduate tuition fees in business, management and public administration were lowest in Quebec ($2,731) and highest in Ontario ($10,024). In physical and life sciences and technologies, undergraduate tuition fees were above the Canadian average of $6,191 in four provinces (Nova Scotia, New Brunswick, Ontario and Saskatchewan).

At the graduate level, the most expensive programs remained the executive and regular Master of Business Administration (MBA) programs. Average tuition for an executive MBA was $51,891 in 2017/2018, while the fee for a regular MBA averaged $29,293. These averages at the Canada level reflect the variety and broad range of fees among the provinces that offered MBA programs. Average tuition fees for the nine provinces offering regular MBA programs varied, from $2,378 in Newfoundland and Labrador to $11,760 in Alberta, $26,623 in British Columbia and $41,924 in Ontario.

Dentistry ($12,652) had the third-highest average tuition fees for graduate programs at the Canada level, followed by business, management and public administration ($11,220).

Additional compulsory fees vary by institution and can change over time. These fees apply to all Canadian students, regardless of field of study. Typically, they include fees for athletics, student health services and student associations.

Nationally, additional compulsory fees for Canadian undergraduate students were, on average, $880 in 2017/2018, up 3.8% from the previous year. For graduate students, average additional compulsory fees increased 4.2% to $838.
Across Canada, the average tuition fees for international undergraduate students rose 6.3% to $25,180 in 2017/2018. Average tuition fees for international students in graduate programs rose 5.4% to $16,252.

Two-thirds of international students were studying at the undergraduate level in 2017/2018. Of these students, almost one-third were enrolled in business, management and public administration ($24,683), which had tuition fees below the national average. Meanwhile, 14% of international undergraduate students were enrolled full time in engineering, which had above average tuition fees of $28,625.

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<tr>
<th>WEIGHTED AVERAGE UNDERGRADUATE TUITION FEES BY DISCIPLINE</th>
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<td><strong>2009/10</strong></td>
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<tr>
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<td>Visual and Performing Arts &amp; Comm.</td>
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<td>Pharmacy</td>
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<td>Veterinary medicine</td>
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**Additional Compulsory Fees on The Rise**

The bundle of services included in additional compulsory fees varies from one institution to the next and can also change over time.

Typically, they include fees for recreation and athletics, student health services, student association and other fees that apply to full-time Canadian students.

Additional compulsory fees are generally exempt from any provincial tuition fee policy.

Additional compulsory fees for undergraduates make up 12.5% of the total fees a student is required to pay to the institution. On average, undergraduates will pay additional compulsory fees of close to $700.

**HIGHER EDUCATION PLANNING PROCESS**

*Before higher education costs can be determined; five initial steps are required to reach the educational objectives:*

1. Set educational objectives.
2. Collect and analyze the data.
3. Develop funding strategies.
4. Implement the plan.
5. Monitor the plan.
1. Set Objectives:

Questions to Be Asked:

- What is the child’s own ambitions and goals?
- What are the child’s aptitudes and abilities?
- What does the parent want for the child?
- How much can you afford to spend on their education?

2. Collect Data:

Family Situation:

- Present resources.
- What changes anticipated before University entrance.
- What is the present age of the child (s)?
- When does education-funding plan need to be completed?

Cash Flow:

- Cash flow summary will identify areas for increased or decreased expenses.
- What will the family provide; what contribution will be required of the child.

Costs:

- Tuition and other fees.
- Where will the child live?
- Transportation costs – Is a car required?

3. Develop Funding Strategies:

Own or Family Resources:

- Savings.
- Investment Income.
- Parents, relative/friends.
- Spouse.
- Registered Education Savings Plans.
- Work.
Funds That Need Not Be Repaid:

- Provincial government grant/bursary.
- Private award/scholarship.
- University Academic award.
- Other government aid.
- University bursary.

Funds That Must Be Repaid:

- Canada Student Loan.
- Provincial Student Loan.
- Other government aid.
- Other University Loans.
- RRSP Education Loans & Other Sources.

4. Implementing the Education Plan:

Having determined the amount required, proceed to work through the details of annual commitment using time value of money, utilizing a conservative interest rate.

5. Monitoring the Plan

All plans to be effective must be adjusted, as corrections are required.

Questions of The Review Might Be:

- Is the education objective still on target?
- Can you meet funding requirements?
- Have your investments performed up to expectations?
- What changes are needed?
- What other aspects need review?

THE PLAN AND HOW IT WORKS

To Determine the Costs, The Following Questions Need to Be Answered:

- What lump sum is required to invest today to meet the future educational costs?
- What would be required on a monthly/annual basis?
- What rate of return can you get?
- Will tuition fees increase more or less than inflation?
• What are the short- and long-term impacts of borrowing on your cash flow and overall financial position?
• Are the repayment schedules achievable?

Additional Information Required:

• How many years to University/College entrance?
• How many years in University?
• Annual costs in today's dollars?
• What funds are currently available?
• Annual Income. Projected increases?
• Annual rate of inflation of Educational costs?
• Annual rate of after-tax investment returns?

CHILD RELATED SAVING & INVESTMENT STRATEGIES

Invest the Child Tax Benefit

By investing the Child Tax Benefit in trust to the child, the parent ensures that any growth will be attributed to the child and taxed at the child's rate – usually no tax.

Family Trust

This transfers property from a parent's high-income tax bracket to a child's lower income tax bracket – you will require legal advice.

Gifting Property

Tax Implications of Gifts to Children Age 18 Or Older:

1. **Income Tax** – Income of property gifted is taxed at child's rate.

2. **Capital Gains** – Transfer of property results in a deemed realization to donor and any gains resulting after transfer is taxed as a capital gain to the child when disposed of.

Tax Implications of Gifts to Children Under the Age Of 18:

1. **Income Tax** – Income earned on property gifted is attributed back to parent.

To further discourage income splitting with minor children, effective January 1, 2000, a special tax at top marginal rates was imposed on certain income received by minor children under the age of 18.
Generally, this special tax applies to the receipt of dividends and other shareholder benefits from private corporation shares as well as income received from a partnership or trust that provides goods or services to a business in which a relative of that child participates.

2. Capital Gains – Same as above, except capital gains after gifting is attributed back to the donor.

Registered Education Savings Plan (RESP)

Registered Education Savings Plans (RESPs) are one of the incomes splitting tools still available after the decrease in income splitting opportunities that resulted from the attribution rules.

A Registered Education Savings Plan is a type of savings account that grows tax free until a child is ready for post-secondary education.

*RESPs are a good way to save for a number of reasons:*

- The money grows tax free until the child needs it for tuition, residence and other educational expenses
- The RESP allows you to apply for the Canada Education Savings Grant (CESG) on your child’s behalf

**How Does An RESP Work?**

A registered education savings plan (RESP) is a contract between an individual (the subscriber) and a person or organization (the promoter).

Under the contract, the subscriber names one or more beneficiaries and agrees to make contributions for them, and the promoter agrees to pay educational assistance payments (EAPs) to the beneficiaries.

Family plans are the only RESP that allow subscribers to name more than one beneficiary. Each beneficiary must be connected by blood relationship or adoption to each living subscriber or have been so tied to a deceased original subscriber.

The Canada Revenue Agency registers the education savings plan contract as an RESP, and lifetime limits are set by the Income Tax Act on the amount that can be contributed for each beneficiary.
Unless the RESP is a specified plan, the RESP must provide that no contributions (except transfers from another RESP) may be made to the plan at any time after the end of the year that includes the 31st anniversary of the opening of the plan. Furthermore, the plan has to be completed by the end of the year that includes the 35th anniversary of the opening of the plan.

The subscriber (or a person acting for the subscriber) generally makes contributions to the RESP. Subscribers cannot deduct their contributions from their income on their tax return.

The promoter usually pays the contributions, and the income earned on those contributions, to the beneficiaries. The income earned is paid as educational assistance payments (EAPs).

If the contributions are not paid out to the beneficiary, the promoter usually pays them to the subscriber at the end of the contract. Subscribers do not have to include the contributions in their income when they get them back.

Beneficiaries generally receive the contributions and the EAPs from the promoter. They have to include the EAPs in their income for the year in which they receive them. However, they do not have to include the contributions they receive in their income.

Canada Education Savings Grant

Human Resources and Skills Development Canada (HRSDC) provides an incentive for parents, family and friends to save for a child’s post-secondary education by paying a grant based on the amount contributed to an RESP for the child. The Canada Educational Savings Grant (CESG) money will be deposited directly into the child’s RESP.

No matter what your family income is, HRSDC pays a basic CESG of 20% of annual contributions you make to all eligible RESPs for a qualifying beneficiary to a maximum CESG of $500 in respect of each beneficiary ($1,000 in CESG if there is unused grant room from a previous year), and a lifetime limit of $7,200.

HRSDC will also pay an additional CESG amount for each qualifying beneficiary. The additional amount is based on net family income and can change over time as net family income changes.
For 2018, the additional CESG rate on the first $500 contributed to an RESP for a beneficiary who is a child under 18 years of age is:

- 40% (extra 20% on the first $500), if the child’s family has qualifying net income for the year of $45,916 or less; or
- 30% (extra 10% on the first $500), if the child's family has qualifying net income for the year that is more than $45,916 but is less than $91,831.

The qualifying net income of the child's family for a year will generally be the same as the income used to determine eligibility for the Canada Child Tax Benefit (CCTB). Beneficiaries qualify for a grant on the contributions made on their behalf up to the end of the calendar year in which they turn 17 years of age.

However, since the CESG has been designed to encourage long term savings for post-secondary education, there are specific contribution requirements for beneficiaries who attain 16 or 17 years of age.

RESPs for beneficiaries 16 and 17 years of age can only receive CESG if at least one of the following two conditions is met:

1. a minimum of $2,000 of contributions has been made to, and not withdrawn from, RESPs in respect of the beneficiary before the end of the calendar year they turn age 15; or

2. a minimum annual contribution of at least $100 has been made to, and not withdrawn from, RESPs in respect of the beneficiary in any four years before the end of the calendar year the child turns age 15.

This means that you must start to save in RESPs for your child before the end of the calendar year in which the beneficiary attains 15 years of age in order to be eligible for the CESG.

The CESG and accumulated earnings will be part of the EAPs paid out of the RESP to the beneficiary.

If the beneficiary does not pursue post-secondary education, the CESG is returned to the government.

RESP Contribution Limits

For 2007 and later years, there is no annual limit for contributions to RESPs and the lifetime limit on the amounts that can be contributed to all RESPs for a beneficiary is $50,000.
Payments made to an RESP under the Canada Education Savings Act or under a designated provincial program are not included when determining if the lifetime limit has been exceeded.

**Tax on RESP Excess Contributions**

An excess contribution occurs at the end of a month when the total of all contributions made by all subscribers to all RESPs for a beneficiary is more than the lifetime limit for that beneficiary. Payments made to an RESP under the Canada Education Savings Program (CESP) or any designated provincial programs are not included when determining whether a beneficiary has an excess contribution.

Each subscriber for that beneficiary is liable to pay a 1% per-month tax on his or her share of the excess contribution that is not withdrawn by the end of the month. The tax is payable within 90 days after the end of the year in which there is an excess contribution. An excess contribution exists until it is withdrawn.

There are limits on the amounts that can be contributed to RESPs for a beneficiary.

*For each beneficiary, the annual limit for contributions to all RESPs for years after 1995 is:*

- for 1996, $2,000;
- for 1997 to 2006, $4,000; and
- for 2007 and subsequent years, there is no limit.

*For each beneficiary, the lifetime limit for contributions to all RESPs for years after 1995 is:*

- for 1996 to 2006, $42,000; and
- for 2007 and subsequent years, $50,000.

Payments made to an RESP under the Canada Education Savings Act or any designated provincial programs are not included when determining if the annual or lifetime limits have been exceeded.
GLOSSARY OF RESP TERMS

Accumulated Income Payments (AIPs)

An AIP is an amount, usually paid to the subscriber, of the income earned from an RESP. It does not include the payment of educational assistance payments, payments to a designated educational institution in Canada, transfers to another RESP, or repayments under a Canada Education Savings Program or any provincial program. AIPs cannot be made as a single joint payment to separate subscribers.

Additional Tax

You calculate this tax separately, using Form T1172, Additional Tax on Accumulated Income Payments from RESPs. Include a completed copy of Form T1172 with your return for the year you receive the AIP. You have to pay the additional tax by the balance due date for your regular tax, usually April 30 of the year that follows the year in which you received the AIP.

Common-Law Partner

This applies to a person who is not your spouse, with whom you are living in a conjugal relationship, and to whom at least one of the following situations applies. He or she:

- has been living with you in such a relationship for at least 12 continuous months;
- is the parent of your child by birth or adoption; or
- has custody and control of your child (or had custody and control immediately before the child turned 19 years of age) and your child is wholly dependent on that person for support.

Educational Assistance Payments

An EAP is the amount paid to a beneficiary (a student) from an RESP, or under a Canada Education Savings Program or any provincial program, to help finance the cost of post-secondary education. The promoter reports EAPs in box 42 on a T4A slip and sends a copy to the student. The student includes the EAPs as income on his or her return for the year the student receives them.
RRSP Deduction Limit

This refers to the maximum amount you can deduct from contributions you made to your RRSPs or to a spousal or common-law partner RRSP for a year.

The calculation is based, in part, on your previous year earned income (excluding transfers to your RRSPs of certain types of qualifying income). Pension adjustments (PAs), past service pension adjustments (PSPAs), pension adjustment reversals (PARs), and your unused RRSP deduction room, are also used to calculate the limit.

Public Primary Caregiver

The department, agency or institution that maintains the beneficiary or the public trustee or public curator of the province in which the beneficiary resides.

Qualifying Educational Program

An educational program that lasts at least three consecutive weeks, and that requires a student to spend no less than 10 hours per week on courses or work in the program.

For an EAP to be paid to a student in a program at a university, college, or other designated educational institution in Canada, the program has to be at the post-secondary school level. The program will not qualify if it is taken at a time during which the student is receiving employment income (excluding part-time or temporary employment to finance studies) and the program is taken in connection with, or as part of the student's employment.

Regular Tax

This is the tax you calculate when you complete your return. It is based on your total taxable income.

Spousal or Common-Law Partner RRSP

A spousal or common-law partner RRSP is:

- an RRSP to which the annuitant's spouse or common-law partner contributes;
- an RRSP that receives payments or transfers of property from RRSPs to which the annuitant's spouse or common-law partner has contributed; or
- an RRSP that receives payments or transfers of property from RRIFs to which the annuitant has transferred amounts from other spousal or common-law partner RRSPs.
Canada Learning Bond

HRSDC provides an additional incentive of up to $2,000 to help modest-income families start saving early for their child’s education after high school (post-secondary education). The Canada Learning Bond (CLB) money will be deposited directly into the child’s RESP.

For families entitled to the National Child Benefit (NCB) supplement for their child, the CLB will provide an initial $500 to children born on or after January 1, 2004. To help cover the cost of opening an RESP for the child, HRSDC will pay an extra $25 with the first $500 bond. Thereafter, the CLB will also pay an additional $100 annually for up to 15 years for each year the family is entitled to the NCB supplement for the child.

If the beneficiary does not pursue post-secondary education, the CLB is returned to the government.

In the case of a non-family plan, contributions can be made up to and including the 22nd year of the plan’s existence. The family plan is a little more restrictive in that contributions must stop in the year on the beneficiary’s 21st birthday. Both types of plans must be terminated no later than the 26th year. Depending on the type of plan, the age of the beneficiary is relevant.

What Happens If the Beneficiary Does Not Go to School?

Here are some alternatives should this occur:

- you may wish to leave money in the plan for a few years in case the beneficiary changes his or her mind, if the plan allows you to do this;
- you may name a new beneficiary;

You may use the Accumulated Income Payment (AIP) route if the following conditions are met:

- the beneficiary is at least 21 years of age,
- the plan has been in existence for at least 10 years, and there are no other eligible beneficiaries, and
- the subscriber is a resident of Canada
FINANCING AN EDUCATIONAL PROGRAM

Canadian Student Loan (CSL)

The Canada Student Loans Program was created in 1964, as a statutory spending program, under the Canada Student Loans Act. This Act continues to apply to loans negotiated before August 1, 1995. On June 23, 1994, the Canada Student Financial Assistance Act received Royal Assent. The new act was needed to administer the risk-shared loan regime because the relationship between the federal government and financial institutions changed dramatically. In 2000, the Canada Student Financial Assistance Act was amended to allow for directly financed loans through the Government of Canada. Financial institutions are no longer responsible for issuing Canada Student Loans. Guaranteed student loans are governed pursuant to the Canada Student Loans Act, while risk-shared and directly financed student loans are governed pursuant to the Canada Student Financial Assistance Act.

The Canada Student Loans Program promotes accessibility to post-secondary education by lowering financial barriers through the provision of loans and grants for Canadians with a demonstrated financial need.

Requirements for eligibility for a Canadian Student Loan (CDL) include:

- Be a Canadian Citizen or a permanent resident.
- Live in a participating province (12 months minimum).
- Satisfy the authorities to lack of resources to cover educational costs. Requires a completed application form.
- Enroll (or be eligible for enrolment) in an accredited post-secondary educational institution.

Canada Student Loan Categories

1. Loans for Full-Time Students

If you are a Full-Time Student, you must fulfill all of the following criteria to be eligible for a Canada Student Loan (CSL):

- Be a Canadian citizen or a permanent resident of Canada;
- Be a resident of a province or a territory that issues Canada Student Loans;
- Demonstrate financial need;
- Be enrolled in at least 60% of a full course load (students with permanent disabilities may enroll in 40% of a full course load);
• Be enrolled in a degree, diploma, or certificate program of at least 12 weeks in length (within a period of 15 consecutive weeks) at a designated educational institution; and
• Pass a credit check if over the age of 21 and applying for a Canada Student Loan for the first time. Loan does not require repayment or attract interest while a full-time student.

2. Loans for Part-Time Students

If you are a **Part-Time Student**, you must fulfill all of the following criteria to be eligible for a Canada Student Loan (CSL):

• Be a Canadian citizen or a permanent resident of Canada;
• Be a resident in Canada and be a resident of a province that issues Canada Student Loans;
• Demonstrate financial need;
• Be enrolled in between 20-59% of a full course load (students with permanent disabilities may enroll in between 20-39% of a full course load);
• Be enrolled in a course that is equivalent in content to that which is eligible for Canada Student Loans for full-time study;
• Each course must be a part of a program leading to a degree, certificate or diploma; and
• Pass a credit check if over the age of 21 and applying for a Canada Student Loan for the first time.

3. Assistance for Students with Permanent Disabilities

The Grant for Services and Equipment provides a grant for exceptional education-related expenses related to your disability (e.g., technical aids, note takers, tutors, specialized transportation to and from the education institution). The maximum Grant to address these costs is $8,000 per year of study. Eligible expenses remain the same and the Grant continues to be paid up front.

For Qualifying Students Who Are Hard of Hearing or Deaf:

• Sign language interpretation
• Oral interpretation
• Tutors
• Note-takers
• Computers and other technical aids
For Qualifying Students Who Are Blind or Visually Impaired:

- Alternative formats such as large print, Braille and audio cassette reading materials
- Technical or recording equipment, including broilers, talking calculators and tape recorders
- Tutors
- Readers
- Note-takers
- Computers and other technical aids

For Qualifying Students Who Have A Physical Disability Affecting Mobility:

- Attendant care required for studies
- Specialized transportation to and from the educational institution
- Tutors
- Note-takers
- Computers and other technical aids
- For qualifying students who have a learning disability:
  - Tutors
  - Note-takers
  - Computers and other technical aids

For qualifying students who have other disabilities (including head injuries and mental illness), any service or equipment listed above.

**Additional Annual Canada Study Grant**

An additional annual Study Grant will be made available to students with disabilities to cover expenses related to tuition, accommodation, books and other education-related expenses up to a maximum of $2,000. This Grant is awarded after the maximum student loan has been allocated.

**How Do I Qualify for A Canada Study Grant?**

*Applicants may be eligible for Grants for Students with Permanent Disabilities if they:*

- Meet the eligibility criteria for assistance under the Canada Student Loans Program for full-time or part-time study
- Have a permanent disability that limits physical or mental ability to perform the daily activities necessary to participate fully in post-secondary studies or in the labour force
- Have need of exceptional education-related services or equipment that is required to perform the daily activities necessary to participate in studies at a post-secondary school level.

**How Do I Apply for A Canada Study Grant?**

You apply the same way as you do today. Students apply for Canada Study Grants through their provincial student financial assistance program.

**Some Important Points to Remember**

Currently, the Government of Canada offers the following debt assistance programs within the Canada Student Loans Program to help students repay their loan debt.

- The Government of Canada pays the interest on behalf of the student while the borrower is still in school and between periods of study of less than six months.
- For borrowers in repayment whose income falls below a certain level, the Government of Canada will pay the interest and put a hold on monthly payments for a period of up to 30 months.
- The Government of Canada works with borrowers in financial difficulty to develop repayment that is more convenient terms, for example, extending the repayment term for up to 15 years.
- For borrowers that have exhausted all their debt assistance options, the Government of Canada will reduce the principal of the loan to a maximum of $10,000 or 50% of the principal, whichever is less.
- Borrowers with a permanent disability, who are experiencing difficulty in repaying their Canada Student Loans due to their disability, may qualify for the Permanent Disability Benefit. Information on the Permanent Disability benefit may be obtained through the National Student Loans Service Centre.

There are many Provincial programs available to help the student advance their education. We will look at the Ontario program called OSAP.

**ONTARIO STUDENT ASSISTANCE PROGRAM (OSAP)**

**Objective and Purpose of OSAP**

OSAP’s objective is to help students from lower-income families meet the costs of postsecondary education. OSAP is intended to promote equality of opportunity for postsecondary studies by providing financial assistance for educational costs and basic living expenses.
The purpose of OSAP is to supplement, not to replace, the financial resources that you (and your family, if applicable) are expected to contribute. OSAP is based on financial need as determined by OSAP through an assessment of your application.

Educational costs (such as tuition fees, books and supplies, basic living expenses), and the resources OSAP expects you (and your family, if applicable) to contribute, are taken into consideration. It is not the purpose of OSAP to supply all the assistance you may need to meet your educational and living costs.

To be eligible for this program, you will have always lived in Ontario. Therefore, any students here on a Visa will not be eligible for this assistance.

To be eligible for a Canada Student Loan you must be enrolled at an approved postsecondary institution anywhere in the world. To be eligible for an Ontario Student Loan you must be enrolled at an approved public university or college of applied arts and technology in Canada, or an approved private postsecondary institution in Ontario.

**What Programs Are Approved?**

Most programs offered by Ontario universities and colleges of applied arts and technology are approved for OSAP funding. If you are not sure whether the program you wish to take is approved for OSAP funding, contact the financial aid office at any University or College.

Correspondence courses are approved for OSAP if they:

- Have a specified start and end date.
- The student's progress is monitored through regular assignments, exams, and contact with faculty.
- the program leads to a degree, diploma, or certificate.

Students in *co-operative programs* that require work terms are considered full-time students if the work terms constitute or are equivalent to an essential element of a program of studies. The work term components are eligible for Canada and Ontario Student Loans. Students enrolled in *makeup years* are eligible for OSAP. A makeup year is defined as a program of study at a university that a student must complete as a prerequisite for admission into a graduate program.

Students enrolled in *academic upgrading* programs are not eligible for Canada or Ontario Student Loans.
You Are *Not Eligible* for OSAP If Any of The Following Apply

- You are in default on previous Canada and/or Ontario Student Loans or Canada-Ontario Integrated Student Loans, or you did not repay any loan, grant, bursary, and/or scholarship overpayment.
- You are under investigation for breaching any of the terms and conditions of OSAP.
- You did not meet the academic requirements.
- You have loan overpayments from two or more academic year.
- There is a significant variance for income reported to Canada Customs and Revenue Agency and the amount provided in connection with your OSAP application.
- You are receiving other government assistance that covers the expenses related to your postsecondary studies. If you are receiving other government assistance that covers a *portion* of your expenses, it is important that you check with the other government agency about receiving benefits and OSAP assistance at the same time.

For further information, contact the local office of the agency from which you are receiving benefits.

**The following formula determines the amount of loan that may be available:**

\[
\text{Financial Need} = \text{Allowable Educational Expenses} - \text{Expected Financial Contributions}
\]

Your *allowable educational expenses* may include:

- tuition fees
- compulsory fees
- books and equipment
- personal living expenses
- child-care costs

The ministry has set maximum limits for tuition fees, compulsory fees, books and supplies, equipment costs, and personal living expenses; therefore, the amount of your loan may not completely cover your total educational and living costs.

Although we have looked at the Ontario Provincial Student Assistance program, you would be well advised to check the other provinces to see what is available, as there are programs available from each jurisdiction.
ADDITIONAL FINANCIAL ASSISTANCE SOURCES

RRSP Education Withdrawals

Taxpayers are able to withdraw money from their RRSP for qualifying full-time education and training for either themselves or their spouse or common-law partner, but not both at the same time, on a tax-free basis.

Withdrawals may not exceed $10,000 in a year and $20,000 over a four-year period. Taxpayers can participate in the plan as many times as they wish but may not start a new plan before the end of the year in which all repayments are made for previous withdrawals. Withdrawals are generally repayable in equal installments over 10 years, commencing no later than 60 days after the fifth year following the year of the first withdrawal (or sooner if the student fails to remain in the program full time).

Withdrawals can also be repaid earlier than required. Amounts that are not repaid as scheduled will be added to income.

Using Life Insurance as An Additional Educational Funding Resource

A life insurance policy can be an additional resource to make current college tuition costs more affordable. Anyone with children are already well aware of the high cost of college tuition and may have even started saving up for the thousands they will spend. A life insurance policy can be used as an additional university or college savings resource as well as a guarantee that, in the event of a premature death of the client or their spouse, the child will have access to sufficient funds to finance a higher education.

Using Life Insurance Cash Value Feature as A Tool for College Savings

The savings component of a cash-value insurance policy can be used to put aside money to cover the cost of tuition. This savings feature allows a portion of your premiums to be invested.

Depending upon the type of policy, either you or the insurance company creates and maintains your personal portfolio. If the bills for tuition become too burdensome, you can take out a loan up to the amount of accumulated savings.

The insurance company charges you a lower interest on the loan than any other financial institution will. If you take this route, the death benefit of your insurance policy will be reduced by the amount you have taken out on loan. If you choose to pay off the loan, the original amount of your death benefit will be re-established.
The advantage to using your savings from a life insurance policy instead of from another source is that no taxes are applicable to these loans as long as you make your premium payments. Furthermore, the interest you earn from your life insurance policy’s investments is non-taxable as income.

Because your earnings are never reduced by taxes, your policy’s portfolio increases more rapidly than if it were invested without the aid of a life insurance policy. In essence, money grows tax-deferred and can be used tax-free.

**Using Universal Life Type Policies**

Universal Life combines life insurance with a tax-deferred investment account and provides tax-free access to the cash value of the policy.

**Advantages**

*The advantages of a variable life policy are as follows:*

- There are no limits on the amounts you can invest.
- The parent retains control over the money.
- One can withdraw or borrow contributions up to certain limits tax-free without penalty.

**Disadvantages**

*The disadvantages to such policies are as follows:*

- Universal Life insurance products can be expensive, when you add commissions and expenses. The total return after subtracting costs often makes such policies less attractive when compared with other college saving options.
- The premiums on a variable life insurance policy will eat into the gains you could make from the money you are paying.
- Unlike contributions to retirement accounts and some university/college savings plans, the premiums are not deductible.
- Withdrawals from a universal life policy could reduce the death benefit.
- If you withdraw more money than the premiums you paid into the policy, you will pay income taxes on the difference.
- Withdrawals from a universal life policy may cause the insurer to move a portion of the remaining balance into a fixed-return account to minimize the company’s risk. This is more likely to occur when the insured borrows against the policy, but it can also happen when the insured withdraws funds from the policy.
- If you die prematurely, your heirs could lose the value of the investment account, getting only the death benefit.
• The claims that one can withdraw contributions without penalty is not strictly accurate, since the surrender charges could penalize you for withdrawing funds before a certain year. This could limit the usefulness of universal life policies as a college savings vehicle to families with very young children.

Other Education Financing Options

• Bank Student Loan Programs.
• Lines of credit at Prime + 1% - no repayments on principal for 1 full year following graduation

Employers and Institutions

• Offer Scholarships and Bursaries, based on needed and academic performance.

Application forms & information is available from Educational Institutions and Provincial Ministry of Education.

STUDENT COSTS AND INCOME TAX

Students are taxed on the same basis as other tax payers with the only income not subject to tax being: GST Credit, Lottery Winnings and Inheritance.

Taxable Income Includes:

• Salary wages and commissions.
• Tips and Gratuities.
• Investment income.
• Scholarships.
• Research grants.
• Training allowances.
• Income from a RESP.
• Self-employed earnings or Social Assistance payments.

Allowable Deductions and Tax Credits:

• Amounts for personal or living expenses funded by a Training Allowance (balance is taxable).
• Expenses incurred while completing research while funded by a Research Grant.
• Child Care expenses if you attend school full-time, earn income from employment, take a training course or carry on research for which a grant is received.
Moving expenses if you are a full-time or co-operative student attending a post-secondary institution.

Claiming Moving Expenses

You may deduct moving expenses while attending college or university if:

• Taxpayers may claim eligible moving expenses to change residences within Canada, provided the move brings them at least 40 kilometers closer (using the shortest normal route) to a new job, business location in Canada, or post-secondary institution at which they begin full-time attendance.

• The claim amount is limited to income from the new business or employment, or taxable scholarships, fellowships, bursaries, prizes and research grants, either in the year of the move or the following year. For individuals who are reimbursed in whole or in part, the full amount of the moving expense can only be claimed as a deduction if the reimbursement amount is also included in calculating income.

Eligible moving expenses include:

• Travel costs, such as reasonable amounts for meals and accommodation to move the individual and members of their household;
• Storage costs for household effects;
• Costs for up to 15 days of temporary board and lodging near either residence;
• The cost of canceling a lease or selling the old residence as a result of the move;
• Legal fees; and
• Transfer taxes or taxes upon registration of title to the new residence only if a former residence has been sold.

Additional expenses with respect to maintaining a vacant former residence, such as mortgage interest, property taxes, insurance premiums, maintenance of heat, power and utility connections, along with certain personal costs to revise legal documents to reflect the new address, are also deductible. The deductible amounts are limited to the lesser of actual costs involved in maintaining the former premises, or $5,000.

Limited tax-free compensation may be available where an employer reimburses an employee to cover for a loss or diminishment in the value of their former home. Compensation of up to $15,000 for an eligible housing loss is tax-free. If the compensation exceeds $15,000, half the excess is taxable.
Where to Turn to For Moving Expenses Help

Canada Revenue Agency’s pamphlet “Students and Income Tax” gives helpful advice.

Non-Refundable Tax Credits

Canada Revenue Agency’s “General Income Tax Guide” gives detailed information regarding Tax Credits. Tax Credits are deducted from Income Tax amounts owing and they are called non-refundable because if their aggregate amount exceeds the Income Tax due, the balance will not be refundable.

Tax Credits Include the Following

Tuition fees paid to:

- A University, College or other Post-Secondary Educational institution in Canada.
- An Institution certified by the Ministry of Human Resources for students 16 years of age and older and the course will improve occupational skills.
- For a degree earned in a University outside Canada, minimum enrollment is 13 weeks.
- Post-Secondary Education Institution in the US, if you live near the border and commute.

Eligible Tuition Fees:

- Admission Fees.
- Library and Laboratory Fees.
- Examination Fees.
- Application Fees.
- Charges for certificates, diplomas, or degrees.
- Mandatory computer service fees.
- Academic fees, and the cost of books included in the total fees for a correspondence course.

Understanding Tuition Tax Credits

The cost of post-secondary education represents a financial burden to many Canadian students and their families. Tuition itself comprises a big portion of a student’s costs, and qualifying students can claim the tuition tax credit to offset part of the expense of college or university.
Eligibility for Tuition Credit

Generally, any student over the age of 16 who is enrolled in post-secondary level courses at an accredited institution in Canada can claim the tuition credit. Students continuing education after high school are typically eligible. Schools outside Canada qualify if the time abroad is full-time study lasting at least three weeks.

If a student’s employer pays or reimburses tuition, the student is not eligible to claim the credit, unless the employer includes the tuition amount in the student’s earnings. This is also true if an employer pays tuition to a parent on a student’s behalf.

An eligible course load must be post-secondary in nature or a trades school can qualify as well. For example, if a student attends university, but takes high school equivalency courses to prepare for later post-secondary courses, the student may not be eligible to claim tuition on the equivalency courses.

The Tuition Credit and Your Taxes

As a non-refundable credit, if the tuition amount is greater than the tax owed, the non-refundable credit can only be used to reduce or eliminate the student’s federal/provincial tax bill but won’t generate a refund. If you aren’t able to use the full amount of the credit, any unused credits can be carried forward to a future tax year or transferred to a spouse/common-law partner or parent/grandparent.

The credit is calculated by adding together all eligible tuition fees, then multiplying the amount by the lowest federal tax rate percentage for the current tax. For instance, as the 2017 federal tax rate is 15 per cent, a student paying tuition fees of $2,000 would be eligible for a tax credit of $300.

Tuition Credit Documents

Colleges, universities and other accredited education institutions issue form T2202A to certify that a student took eligible courses of suitable duration to qualify for the tuition tax credit.

A student who is entitled to the disability credit and is enrolled in a qualifying educational program on a part-time basis is entitled to receive the credit as though he/she were a full-time student by submitting a certified letter from a medical practitioner about the student’s mental and physical impairment. Only the student completes Schedule 11, which calculates tuition. Education and textbook tax credits have been eliminated effective from January 1st, 2017 but you can still carry forward unclaimed credits from previous years.
Transferring Unused Credit Amounts

Unused tuition credits calculated on Schedule 11 can be transferred to qualifying relatives. Spouses and common-law partners, parents and grandparents — including those of your spouse or partner — can be designated for all or part of the transferred amount.

The student must designate the individual receiving the transfer and the amount of the transfer. This can be done with forms T2202A, TL11A, TL11B or TL11C. Parents and grandparents are not allowed as transfer recipients if your spouse or partner claims an amount for you on lines 303 or 326 on her return.

If parents or grandparents are eligible for the transfer, decide which parent or grandparent will claim the transferred amount on line 324 of their tax return. Enter transfers from student to spouse in field 360 of Schedule 2, which calculates the amounts eligible for transfer between spouses. Please note that you can only transfer current year tuition (up to $5K), prior year’s tuition can only be carried forward.

2017 Changes to the Textbook and Education Amount

On January 1, 2017, both the education and textbooks credits were eliminated at the federal level.

Some Tax Saving Tips for Education

- Mandatory computer service fees eligible for the tuition credit may also include use of a laptop computer and applicable software.

- If you reside near the Canada/U.S. border, you may be able to claim a tuition credit provided you are registered in and commute to a designated educational institution in the U.S.

- Courses taken outside of a university that are designed to improve personal skills, such as training to learn a second language, would not likely qualify for the tuition tax credit.

  The Income Tax Act states that to qualify for this credit, such courses must be designed to improve occupational skills and be held at a certified place of instruction.

- Fees for your child’s extracurricular classes may also be eligible for the tuition credit if your child is at least 16 years of age; the classes are taken through a certified educational institution; and provide occupational skills.
Dance or skating lessons are examples of classes that may qualify.

- Tuition fees paid to obtain up to 110 hours of instruction for a commercial pilot’s license or to become a professional flying instructor also qualify as eligible tuition fees provided they are taken at a certified flying school or club.

- Students who are enrolled in two designated educational institutions in order to achieve a combined course load equivalent to that of a full-time student may be entitled to the full-time education tax credit provided at least one of the designated institutions issues the appropriate T2202 or T2202A form to indicate that the courses taken at both schools qualify them for that status.

**T1 GENERAL TAX RETURN INFORMATION**

The Federal & Provincial Individual Tax Return deals with educational deductions and credits on the following lines:

- Line 130 - Scholarship Income
- Line 219 - Moving Expenses
- Line 320 - Tuition Fees
- Line 322 - Education Amount
- Line 324 – Transfer of Fees

**CANADA - PARTNER OF CHOICE IN INTERNATIONAL EDUCATION**

The Canadian university community has a long history of internationalisation through activities such as student mobility, research collaboration and international development cooperation. An international dimension to the student experience is becoming increasingly vital in order to provide graduates with the necessary skills for living and working in a global economy. Employers place a high value on inter-cultural understanding, the ability to build strong networks with colleagues from other countries, and multilingualism. These are but a few examples of the many skills that can be developed through studying abroad or interacting with international students and faculty on a Canadian campus.

**A Destination for High-Quality, Globally Engaged Learning**

Canada has become a key destination for international students. In 2017/18 international students made up 11 percent of the campus population. Although this number has been steadily rising over the past 15 years, there remains a potential for even greater international student enrolment in the coming years.
According to UNESCO data, the global number of international postsecondary education students increased by 77% between 2000 and 2009, from 2.1 to 3.7 million. This number is expected to continue to rise over the long term and members of the G20 will likely continue to attract the vast majority of international students. In Canada, the number of international university students has more than doubled over the same period.

The ongoing global transition to a knowledge-based economy, in addition to the ageing workforce that many G20 countries currently face, is intensifying competition to attract international students. Country borders are no longer a limiting factor for the most talented students and highly qualified researchers when searching for an institution of higher learning. As their mobility increases over time, so too does the importance of delivering high quality programs in a broad range of disciplines.

Canadian universities are well placed to meet this demand, delivering globally recognised programming at the undergraduate, graduate, PhD and post-doctoral levels.

Although Canada’s global market share of international students has been relatively small in the past, we have been gaining ground in recent years in key countries including China and India. Students choose Canadian universities for a wide range of reasons, including the commitment to excellence that these institutions demonstrate in all aspects of the learning experience. The welcoming nature of Canadian communities, opportunities to transition to permanent immigration status, and relatively low tuition and living expenses are also considerable factors.

**Building Partnerships for Success in The Global Education Market**

The gap between Canada and other major destinations for foreign students has in large part been due to the fact that governments of countries such as Australia and the United Kingdom have actively invested in education branding and marketing initiatives. Key Canadian organisations in the higher education sector have long recognised the need for targeted efforts to enhance Canada’s reputation as an education destination. With this goal in mind, the Association of Universities and Colleges of Canada (AUCC) came together last year with four other national associations to establish the Canadian Consortium for International Education Marketing (CCIEM).

The CCIEM acts as a mechanism to coordinate and deliver marketing activities in partnership with federal and provincial governments. Over the past year, the group has developed and begun to implement an action plan to build Canada’s education brand.
Working in collaboration with government partners, the CCIEM has delivered online seminars on higher education opportunities in Canada for Canadian missions abroad, represented Canadian institutions at international education events and conducted research on education pathways for international students coming to Canada.

**Government Engagement in International Education Marketing**

In recognition of the importance of attracting international students to Canada and promoting Canadian education abroad, Canadian federal, provincial and territorial governments are demonstrating a greater commitment to this issue. Over the past couple of years, the federal government has worked with the provinces and education associations to develop the 'Imagine Education in/au Canada' brand. The 2011 federal budget allocated C$10m ($10m) over two years to develop a new international education strategy to 'reinforce Canada as a country of choice to study and conduct world-class research'. The budget also announced the creation of a high-level advisory panel to undertake consultations and make recommendations on the scope and nature of this strategy.

Provincial and territorial governments, which are responsible for education in Canada’s federal system, are likewise becoming more engaged in international education activities. In June 2011, the Council of Ministers of Education, in partnership with provincial and territorial ministers of immigration, released a report entitled ‘Bringing Education in Canada to the World, Bringing the World to Canada: An International Education Marketing Action Plan for Provinces and Territories’. The primary focus of the action plan is on efforts to recruit and retain international students. With the aim of moving towards a pan-Canadian international education marketing plan, it identifies a series of actions, areas for investment and opportunities for intergovernmental collaboration.

Overall, the action plan signals a positive step forward in terms of strategic cooperation between all provinces and territories.

A strong commitment has been made towards a pan-Canadian approach, recognising that the choice of country is the prime consideration for most potential students (as opposed to institution or province). It also reflects a clear understanding of the intersections between education and immigration policy – an essential component of successful marketing given that many international students wish to work in their country of study following graduation.

The recommendations outline concrete options for expanding the presence of Canadian institutions in the global education market, including direct outreach to prospective students and their families, and targeted publicity efforts to highlight the diversity and quality of available programs.
Significant data and market intelligence gaps are also identified, such as the need for timely information about developments in strategic markets and for pan-Canadian data on international student enrolment and graduation.

The action plan also identifies the need to further expand international mobility opportunities for Canadian students, an aspect of international education that is often underplayed. As the report notes, Canadians studying abroad often act as ambassadors for educational opportunities in Canada. Additionally, they demonstrate that Canada is committed to two-way flows of student mobility. That being said, plans to address common barriers faced by Canadians who wish to study abroad, such as funding, credit recognition and language skills, may be difficult to implement in the current economic environment. Given the budgetary constraints that governments are expected to face in the foreseeable future, there is an ongoing need to demonstrate the benefits that international education opportunities bring to all Canadians.

**Internationalising Canadian University Campuses**

Although international student recruitment is a definite priority for Canadian universities, other forms of international collaboration and connectivity are also vital.

These include developing international mobility opportunities for Canadian students and faculty, engaging in international research collaboration, bringing an international dimension to the curriculum, and participating in international development initiatives.

With more than 5,000 active partnerships with universities around the world, Canadian universities are already well-positioned in the international education community. AUCC is committed to further improving academic and research relations between institutions in Canada and their international counterparts. In our globally connected world, these types of partnerships help to create jobs, encourage economic growth and ensure that our labour force is ready to compete in the global marketplace.

In November 2010, AUCC led a delegation of 15 university presidents to India. This largest-ever delegation of Canadian university presidents succeeded in positioning Canada as a partner of choice for Indian students, faculty, researchers and institutions. A Canada-India Memorandum of Understanding on higher education cooperation was also signed by our respective Prime Ministers in June 2010, followed by a commitment to spend C$12m over the next five years to develop a Canada-India Research Centre of Excellence. As a member of the joint working group that will oversee implementation of the MoU, AUCC has drafted an action plan outlining concrete activity in research collaboration, student and faculty mobility, workshops and conferences and institutional capacity-building.
A second mission of Canadian university presidents is currently being organised to Brazil and will coincide with the Conference of the Americas on International Education in April 2012. Led by the Governor General of Canada, David Johnston, the visit of this delegation will focus on raising the collective profile of Canadian universities, building the brand of excellence in Canadian higher education, and establishing strategic university and research partnerships with this growing economic powerhouse.

**Canadian Universities: Committed to Developing Global Citizens**

In 2011, AUCC celebrates its 100th anniversary, an important milestone in the history of Canadian higher education and an opportune time to reflect on the evolving role of universities. Canadian universities are pleased to see a renewed interest in fostering international mobility and partnerships to strengthen the experience of their students, researchers and faculty members.

Canada offers an outstanding and internationally recognised education and is now poised to take its place on the international stage with an unprecedented level of coordination among the diverse players that make up our education sector. The federal government recognises the importance of global talent and is investing in a unified and comprehensive international education strategy. Provincial and territorial governments have come together to launch a coordinated approach to promoting Canada as an ideal destination for international students.

The full spectrum of education providers in Canada have come together to form the Canadian Consortium for International Education Marketing to represent the depth and breadth of education opportunities available in Canada. Through this ongoing collaboration between stakeholders across the sector, we will work with the advisory panel to enhance global connections for Canadian students and faculty.

**GLOSSARY OF TERMS**

**Beneficiary**

The person named by the subscriber as the intended recipient of the educational assistance payments from an RESP plan.

**Canada Student Loans Program (CSLP)**

This financial aid program established by the federal government is used to help students cover the cost of post-secondary education.
Child Tax Benefit (CCTB)

In July 1998, the non-taxable Canada Child Tax Benefit (CCTB) replaced the old Child Tax Benefit (CTB) and Working Income Supplement (WIS). The CCTB is an income-tested benefit with two components: the CCTB base benefit for low and middle-income families and the National Child Benefit (NCB) supplement for low-income families.

Family Trust

An inter vivos trust established with family members as beneficiaries.

Goods and Services Tax Credit

Is a tax credit introduced to help low income families compensate for any increase in living cost resulting from the Goods and Services Tax (GST). Most secondary students do not have significant income and are eligible for the tax credit worth about $300 per year.

Gross Income

This consists of Income before taxes including wages, income from investments, monetary gifts and liquid assets.

“In Trust For”

The designation specified when an account is established for another as beneficiary usually for a minor.

Income Attribution

Is a process specified under the Income Tax Act where certain investment income may be deemed taxable to a person other than the recipient, if the investment income was the result of certain transactions between family members.

Inter Vivos Trust

Is a trust established between living persons, usually to pass assets to your Beneficiaries? Often referred to as a living trust.

Non-Refundable Tax Credit

Can only be used to reduce federal tax payable to zero dollars, not create a negative amount to be refunded.
Residence

For qualifying for a Canada Student Loan, the province or territory of residence is where the student has most recently lived for at least 12 consecutive months excluding full-time attendance at a post-secondary institution.

Special Opportunity Grants

Federal government grants available to certain recipients of Canada Student Loans.

Eligible categories are female doctoral students, students who have permanent disabilities, and high-need part-time students.

Subscriber

Of an RESP contract is the person contributing to the plan in order to fund the post-secondary education of the beneficiary.

Succession Planning

For a business is planning for the next generation of owner/manager to succeed the current owner/manager.

Tuition Fee Tax Credit

Full-time students may claim a federal credit of 15 per cent of their eligible tuition fees, plus an education credit of 15 per cent of $400 per month in 2018.

Students registered to attend part-time studies may also claim the tuition fee credit of 15 per cent of eligible fees; in addition, they may deduct $120 a month toward the 15 per cent federal education tax credit.

Withholding Tax:
A tax placed upon certain payments where the beneficiary is a non-resident including education assistance programs from an RESP.
CONCLUSION

Opening the Doors to Success

There are many definitions of success. When it comes to the advantages of continuing beyond high school, there are many clear signs that post-secondary education is worth the investment:

1. More than half of Canadian adults aged 26 to 65 have completed post-secondary education – that’s one of the highest rates amongst developed countries.

2. Those with a post-secondary degree earn 39% more on average than those without a post-secondary education.

3. Economic growth and replacement needs are expected to create almost 6 million new jobs by 2024, two-thirds of which will require college, university or vocational education.

4. Those with a post-secondary education also benefit from employment stability and often pension plan coverage.

Canadian Higher Education: At the Crossroads

When we speak of the Canadian post-secondary education system we need to remember that there is, in fact, no Canadian post-secondary education system. In our case, the provinces constitutionally assume this responsibility. However, as a collection of colleges and universities, what we do have, according to Paris-based OECD, is the most effective set of outcomes in world. That is, Canada graduates more students as a percent of its population than any country in the world.

On the surface, this is certainly encouraging news. However, it is important to remember that the total number of post-secondary students in Canada is half of that enrolled in Mexico and France and 15 times fewer than the US. More remarkably, the number of people attending higher education in China and India represent almost 80% of Canada’s population! It is obviously important that Canada invest wisely in its post-secondary education system. This will help ensure the country continues to graduate students and industry continues to receive highly trained/educated employees who will help them remain competitive and prosperous.
Canadian Higher Education – A Reality Check

To remain competitive as a Country, we must sustain our post-secondary-induced strategic advantage. Sadly, this appears not to be a priority in some provinces. As an example, British Columbia has reportedly directed an 85% reduction in capital allowance.

In Ontario, real funding to colleges in 2009-10 was about 7% lower than it was in 1994-95 (while enrolment increased 26%). On a national level, OECD reports that the total funding to higher education in Canada as a percent was reduced by more than 5 points between the years 2000 and 2006.

The Privatization of Public Education

Increased tuition fees and shifting expenses to the student have been referred to as ‘cost sharing’. What this really means is that we are seeing higher education move from being publicly funded, to being publicly assisted, to one that is moving closer to becoming privatized. That is, we are moving post-secondary education from being a public good to a private good. Where this trend will end is not known at this time, however, the situation is exacerbated by the fact that the earliest we will see many provinces return to fiscal health may be decades away.

Canada’s economic reality is forcing many colleges and universities to act in very different ways. Some of these changes are important (increased productivity and innovation) and others less admirable (reduced access due to financial and capital constraints). What we do know is that there is a time in the life of every government that vision and courage must supersede promises and rhetoric. As budgets are developed in the coming month, this is the time where public officials can choose to sustain the economic and social prosperity that is directly correlated to higher education; or choose another path… We need to be watching closely.

The Future of Post-Secondary Education in Canada: Survival Is Not Compulsory

These days, it’s impossible to ignore the pace at which the world is changing and the buzz about the global ‘megatrends’ that are impacting the planet. As evidenced by the corporate world, survival is not a guarantee.

While Canadian universities and colleges should not be considered in the same context as major corporations, clearly, they are being impacted in similar ways and thus need to change in order to continue to be effective institutions of learning, key economic contributors and central to many communities.