

STUDENT FINANCIAL AID 2006-2007

This leaflet is a summary of the main points concerning the provision of financial aid to students in the academic year 2006-2007. More detailed information on eligibility and application procedures is found in Finnish or Swedish in the general brochure on student financial aid and on Kela's website.

STUDENT FINANCIAL AID - WHAT IT IS

In order to qualify for student financial aid, you must be a full-time student, make satisfactory academic progress, and be in need of financial assistance. Financial aid is available in the form of study grants, housing supplements and government guarantees for student loans. Study grant and housing supplement are government-financed benefits with monthly payments to the student's bank. The study grant is subject to tax. If you are granted a government loan guarantee, you can apply for a student loan with a bank of your choice. The bank will contact Kela to check the loan guarantee details.

WHAT KIND OF STUDIES ARE SUPPORTED?

Student financial aid is available for full-time post-comprehensive school studies lasting at least two months at an upper secondary school, folk high school, vocational school or institution of higher education. Financial aid is also available for studies abroad.

The full-time requirement is considered to be met if the purpose of the studies is to obtain an academic degree or complete the upper secondary school curriculum, provided in the latter case that the studies comprise at least 75 courses and that the student will each semester take at least 10 courses or 2 matriculation tests. Vocational or other studies qualify if the studies comprise an average of at least 3 study weeks per month. Mature students of upper secondary schools cannot get financial aid.

ELIGIBILITY CRITERIA

The amount of the aid depends on the type of school, age and marital status of the student, and the mode of accommodation. The student's overall financial situation is also taken into account. You will not be eligible for student financial aid if you receive any of the following benefits: pension (other than survivors' pension), rehabilitation allowance, unemployment benefits, training allowance, job alternation compensation, adult education subsidy (government guarantee for student loan is available), benefits accompanying apprenticeship training, conscript's allowance and student benefits from another country. When the need for financial aid is evaluated, your own income as well as under certain circumstances your parents' or your spouse's income are considered.

You cannot get study grant if family allowance (child benefit) is still being paid for you. Eligibility for the study grant begins with the first day of the first calendar month following your 17th birthday. Government guarantees for student loans are available to those receiving study grant, with the exception that students under 17 or aged 18-19 who do not live with their parents can get loan guarantees without qualifying for the study grant (in the former case, this is subject to a parental income test). Upper secondary school students can get loan guarantees only if they are being paid study grant. Kela will not normally provide loan guarantees to students who have previously defaulted on a student loan, requiring Kela to pay it back, or who have an otherwise blemished credit record.

BENEFITS AVAILABLE UNDER THE FINANCIAL AID PROGRAMME

Basic monthly rates of the study grant (€, before taxes):

| Student | SECONDARY SCHOOL | HIGHER EDUCATION |
|--|------------------|------------------|
| 1. is married or has dependants | 213.60 | 259.01 |
| 2. lives alone, aged 20 or over | 213.60 | 259.01 |
| 3. lives alone, aged 18-19 | 213.60 ↓ | 259.01 |
| 4. lives alone, aged under 18 | 84.09 ⇕ | 126.14 ↑ |
| 5. lives with his or her parent, aged 20 or over | 63.91 ↑ | 105.96 ↑ |
| 6. lives with his or her parent, aged under 20 | 21.86 ⇕ | 38.68 ↑ |

Subject to parental income test: ↑ = may be increased ⇕ = may be increased or decreased ↓ = may be decreased

"Higher education" refers to universities, polytechnics and continuing education centres of universities. The secondary level includes all other educational institutions.

The increase that becomes payable at a specified age is available from the beginning of the month in which you reach the specified age. If you are getting less than the maximum financial aid available for the type of school you are attending (categories 4-6 in the table), you can get an increased study grant if the taxable annual income of your parents is less than €26,100 (starting from 1 November 2006, €30,000). Full increase if annual income is under €15,180 (starting from 1 November 2006, €17,490); reduced by 10 percent or multiples thereof if income exceeds €15,180 (starting from 1 November 2006, €17,490).

If your monthly study grant is €170 or more, a 10 percent preliminary tax is withheld. The tax can also be withheld in accordance with your personal tax card, but you must first submit it to Kela or your school's financial aid committee. If you have no income apart from student benefits, you need not pay income tax because you are entitled to a student grant exemption in your annual tax return.

The housing supplement can be paid to students living in rented, right-of-tenancy or right-of-purchase accommodation. You are not eligible if you live with your parent, if your home is owned either by yourself or your spouse, or if your child or a child of your spouse or cohabiting partner lives with you (some exceptions apply). Students who do not qualify for the housing supplement can apply for a general housing allowance at the Kela office of their place of residence.

Housing supplement covers 80 percent of the rent. It is not available if the rent is less than €33.63 per month, and is not granted for the part of the rent that exceeds €252.00. The maximum amount of the housing supplement is €201.60 per month. If you live in accommodation owned by or rented from your parent, the maximum supplement you can get is €58.87 per month. If this accommodation is located in the same building as your parent's principal dwelling, the maximum housing supplement rate is €58.87 per month and the study grant is paid at the rate which applies to students living with one or both of their parents.

Student loans are available from banks operating in Finland. Interest, repayment and other terms and conditions applying to the loan are agreed between the bank and the student. The loan disbursements are specified in the decision concerning eligibility for financial aid. Interest is capitalized (added to the loan principal) if it falls due during a term in which the student receives financial aid and during the immediately following term. While the rest of the interest is being capitalized, the student pays interest at a rate of one percent twice a year (if at least €15). This provision applies to loans taken out in academic year 2003-2004 or later.

Government guarantees for student loans (€ per month):

| | | | |
|---|-----|---------------------------------------|-----|
| Secondary education: Students aged under 18 | 160 | Higher education | 300 |
| Secondary education: Students aged 18 or over | 220 | Recipients of adult education subsidy | 300 |

Students who begin higher education in academic year 2005-2006 or later are eligible for a **student loan tax deduction** if they complete their studies within the usual time frame and have more than €2,500 in outstanding higher-education debt at the end of the term in which they completed their studies.

HOW OTHER INCOME AFFECTS FINANCIAL AID

Income check and exempt amounts (the maximum income you can have and not suffer any reduction in aid). All grants and taxable income (student financial aid excepted) during the entire calendar year are taken into account. For each month during which you receive study grant or housing supplement, the exempt amount is €505, and for each aid-free month €1,515. Assuming that you received aid for nine months, you would be allowed to have up to €9,090 a year in other income.

The income is not checked when the aid is paid out, so you must make sure not to exceed the annual exempt amount. By cancelling or returning (by the end of March the following year) aid you can raise your exempt amount. The income check is based on taxation data. If you exceed your exempt amount, you will be required to pay back the equivalent amount of study grant and housing supplement plus an increase, as defined in the legislation on financial aid.

Regarding income which you have received before the month in which you started school or after the month in which you graduated: any amount exceeding €1,515 per month (averaged over the period) is exempt from the income check.

Financial aid is available also for practical training or a work-study programme that is part of the curriculum. If your monthly pay during the training is €505 or more, the study grant is not available, though the loan guarantee and housing supplement are. Even an educational grant from your school, if sufficiently large, may make you ineligible for the study grant.

Educational grants intended to subsidise international student exchanges do not count as income.

Students must report all scholarships, educational grants from their school, remuneration for practical training and work-study periods, and income from abroad to the authority granting the financial aid.

If you are under 20 and attending a secondary-level school, your **parents' income** will affect the amount of aid granted to you (in housing supplement the age limit is 18). If your parents' combined annual income exceeds €27,300 (starting from 1 November 2006, €31,400), your study grant and housing supplement are reduced by 5 percent for each €680 (starting from 1 November 2006, €780) in excess of €27,300 (€31,400). At €40,900 (starting from 1 November 2006, €47,000) no financial aid is available. Parental income is not taken into account if you are married or have dependants. The parental/spousal income test is normally based on the most recent income data available from the tax authorities.

If you live together with your spouse or cohabiting partner, his or her own income will affect your housing supplement. The **spousal income** limit is €15,200 per year. For each full €680 exceeding that amount, the housing supplement is reduced by 10 percent.

HOW LONG CAN YOU GET FINANCIAL AID?

If you enrol in an institute of **higher education** in academic year 2005-2006 or thereafter, your maximum eligibility period for financial aid is determined by reference to how long obtaining a degree in your line of study is normally considered to take. For each year of study (consisting of 60 credits), you are entitled to 9 months of aid, and for each term of study, to 5 months of aid. The maximum period of eligibility is equal to the number of years the degree is normally considered to take plus 10 months of aid.

For example, if you are enrolled in a programme leading first to a Bachelor's and then to a Master's level degree comprising 300 credits, the maximum period of eligibility for aid is 55 months. If you are studying for a polytechnic degree normally considered to take 3.5 years, your maximum eligibility period is 42 months.

If you enrolled in an institute of higher education before academic year 2005-2006, your maximum eligibility period is specific to your degree programme, and can range between 55 and 65 months if you are studying for a Master's and between 45 and 55 months if you are studying for a polytechnics degree.

After you complete a degree, you qualify for additional months of aid, which you can use for post-graduate or other academic studies (along with any months you may have left over from your first degree). For studies in an institute of higher education, financial aid is available for up to 70 months.

If you drop out and then begin a new course of study, the months for which you have already received financial assistance are deducted from your entitlement for the new academic degree. Financial aid you may have received for secondary-level education is not deducted from your financial aid entitlement for higher education.

If you are in **vocational education**, the duration of financial assistance depends on the extent of studies. Additional assistance can be granted on application for up to one year provided that you present proof from your school that you will be maintaining full-time status. **The upper secondary school** curriculum must be completed in four years. Financial aid is granted for the first three school years and then on application for a fourth year if you maintain full-time status. Extended assistance for the same studies is only granted under exceptional circumstances.

FINANCIAL ASSISTANCE FOR MATURE STUDENTS

Adult education subsidy is available to employees and self-employed persons who have a work history of at least five years and wish to go on study leave. Adult education subsidy is available from the Education Fund (tel. 09- 680 3730, www.koulutusrahasto.fi), which also provides information and counselling.

Mature students who receive adult education allowance for an unbroken period of at least eight weeks can get a government guarantee for their student loan from Kela. Loan guarantees for mature students are provided for all the same programmes of study as the adult education subsidy. Mature students' loan guarantees are subject to the same terms as those for regular students.

Grants of adult education subsidy and mature students' loan guarantee can be backdated to the first day of the month preceding the application. Application forms for each are available in Kela offices.

FOREIGN STUDENTS

Non-citizens of Finland can get financial aid for studies in Finland if they live in Finland on a permanent basis for a purpose other than studying. This requires that they are registered as a permanent resident in the Finnish population register system. The purpose of residence in Finland is determined by reference to such matters as the residence permit, registration or acceptance to an educational institution. Applications for financial aid must be accompanied by the appendix form OT10 for foreign residents.

ASSISTANCE FOR STUDIES ABROAD

You can also get financial help with studies that take place outside Finland, provided that they correspond to Finnish studies that would be covered by the student financial aid provisions or form a part of a Finnish degree programme. Financial aid for a course of study which is conducted entirely outside Finland is only

available for citizens of Finland, other EU/EEA countries or Switzerland and their family members. Applicants must have been resident in Finland for at least two years within the five years preceding the course of study (in other words, they do not qualify if they have lived abroad for more than three years before beginning their studies). Further requirements which apply to citizens of EU/EEA countries and Switzerland are that they are working in Finland and the intended course of study is closely linked to their job or that they are unwillingly unemployed.

For those studying outside Finland, the study grant is paid at the same rate as it would be in Finland, with the exception that the grant for studies at a foreign vocational training institute is equal to the grant provided to students attending a higher education institute in Finland. Housing supplement (usually €210/month) and the government guarantee for student loans (€440/month for higher education studies and €360/month for secondary-level studies) are also available.

HELP WITH STUDENT LOAN INTEREST PAYMENTS

Interest assistance is available to all those who have a low income and who have not received financial aid for a specified period. In order to qualify, your gross income may not exceed on average €775 per month in the four months preceding the due month. Higher income limits apply to those with dependent children. The assistance is given for market-rated student loans, provided that interest is not being capitalized, as well as for interest-subsidized loans, provided the claimant has not received financial aid during the five months preceding the due month. Interest assistance must be applied for separately. Assistance with interest payments due while you are performing your national service is available under the conscript's allowance scheme.

HOW TO APPLY FOR FINANCIAL AID AND HOW IT IS PAID

Application forms are available from Kela offices, Kela's website, and educational institutions. Most new students get a pre-completed application form. The application and relevant supporting documents should be filed with Kela or your school. If you attend a university you should file with the financial aid committee of your school. Applications for interest allowance as well as applications filed by students of upper secondary-level schools are usually determined by Kela's local offices. Applications from students attending a Finnish polytechnic (with some exceptions) or a foreign educational institution are handled by the Kela Centre for Student Financial Aid. More information about where your application will be handled is available at www.kela.fi.

Aid can be granted from the beginning of the month in which you applied for it. To university students, aid is usually granted right away for as many months as it is available, and to other students, for as long as studies normally take. You must complete a separate form ("olosuhdemuutosilmoitus") to apply for additional aid (e.g. for summer school). It can also be used to cancel aid. The formal decision on your application is sent to the address you specify in your application. You will automatically be sent a new decision for the following academic year if you have been granted loan guarantees and other financial aid benefits for your entire course of study and your credit information has not changed.

If you are dissatisfied with a decision, you can appeal to the Student Financial Aid Appeal Board by lodging a written appeal with the issuer of the decision, Kela or the financial aid committee at your school within 30 days of receiving the decision. There is a right of further appeal to the Insurance Court.

OBLIGATION TO NOTIFY OF CHANGES

If your circumstances change after you have applied for aid, you must immediately report such changes to the institution that granted you financial aid on a special form ("olosuhdemuutosilmoitus", form OTm). Reporting the changes is the obligation of the aid recipient. Aid granted in excess or without the recipient's being entitled to it will be reclaimed, but the aid months used will not be restored. The veracity of the information provided is checked even after funds have been released to you, and decisions may be automatically revised for example if new data about parents' income is obtained from the tax authorities.

For more information contact your school or the financial aid committee at your school or:

- Visit Kela's website, where you will find a feedback and question form, instructions for seeking financial aid, various calculator applications, and a system that lets you query your own financial aid data and report certain changes electronically.
- **The Kela Centre for Student Financial Aid:** PL 228, 40101 Jyväskylä
helpline 020 434 6770
- **Kela offices**



www.kela.fi