Office of the Superintendent of Financial Institutions Canada
Bureau du surintendant des institutions financières Canada

Office of the Chief Actuary
Bureau de l´actuaire en chef

Actuarial Report CSFA

CANADA STUDENT FINANCIAL ASSISTANCE PROGRAM as at 31 July 2024

Canada

Office of the Chief Actuary
Office of the Superintendent of Financial Institutions
Canada
12th Floor, Kent Square Building
255 Albert Street
Ottawa, Ontario
K1A 0H2

E-mail: oca-bac@osfi-bsif.gc.ca
Web site: www.osfi-bsif.gc.ca

Cat. No. IN3-16/27E-PDF
ISSN 2564-1026

29 August 2025

Jonathan Wallace
Director General, Canada Student Financial Assistance Program
Employment and Social Development Canada
200 Montcalm, Tower II
Gatineau, Québec
J8Y 3B5

Dear Jonathan Wallace:

As per the business plan for 2025-2026 to 2027-2028, I am pleased to submit the Actuarial Report on the Canada Student Financial Assistance Program (CSFA Program), prepared as at 31 July 2024. This report is prepared for the CSFA Program to support internal accounting requirements as well as your partners’ needs between statutory reports.

Yours sincerely,

Laurence Frappier, FCIA, FSA
Managing Director
Office of the Chief Actuary

TABLE OF CONTENTS

INDEX OF TABLES AND CHARTS

1 Highlights of the report

Main findings for the Canada Student Financial Assistance Program			
		Current report as at 31 July 2024	Previous report[1] as at 31 July 2023
Grants issued	Recipients in 2024-2025	612,000	592,000
	Disbursement in 2024-2025	$2,614M	$2,642M
	Disbursement as at the end of the projection period[a]	$1,669M	$1,823M
Loans issued	Recipients in 2024-2025	723,000	655,000
	Disbursement in 2024-2025	$5,391M	$4,922M
	Disbursement as at the end of the projection period	$5,859M	$5,507M
Direct loan portfolio	Balance as at 31 July 2025	$28.5B	$27.4B
	Balance as at the end of the projection period	$41.9B	$37.3B
	Academic year in which the limit of $34B is expected to be reached	2028-2029[b]	2035-2036
Repayment Assistance Plan	Number of borrowers in 2024-2025	226,000	232,000
	Allowance – principal as at 31 July 2025	$2,051M	$2,319M
Defaults (bad debt)	Long-term net default rate	6.7%	6.9%
	Allowance – principal as at 31 July 2025	$3,017M	$2,875M
	Allowance – interest as at 31 July 2025	$93M	$83M
Net cost	In 2024-2025	$5.2B	$5.2B
	End of the projection period	$5.3B	$5.3B
	Proportion of grants in 2024-2025	51%	51%

a. The end of the projection period for the current report is the academic year 2048-2049 and the academic year 2047-2048 for the previous report.

b. More details on the limit on the aggregate amount of outstanding loans can be found in Section 4.2.5.

Glossary	
Academic year	The period commencing on August 1 in any year and ending on July 31 in the following year (referred to as *loan year* in legislation).
Allowance	The amount that is set aside in the expectation of a cost that will be incurred at a future date. In this report, there is an allowance to cover the future cost of students benefiting from the Repayment Assistance Plan, and two allowances (principal and interest) to cover the risk of future default, net of recoveries, recalls and rehabilitations. Each allowance is determined as at 31 July.
Provision rates	Allowance divided by the related outstanding portfolio. It represents the portion of the related outstanding portfolio at risk of incurring a future cost.

[1] All references to the previous report refer to the Actuarial Report on the Canada Student Financial Assistance (CSFA) Program as at 31 July 2023, tabled before Parliament on 23 September 2024. As described in Section 2.3, there have been changes to the CSFA Program since the previous report. This may lead to significant differences with the previous projections.

2 Introduction

Since 1 August 2000, the Canada Student Financial Assistance Program (CSFA Program) is directly financed by the Government. The Office of the Chief Actuary has the mandate to conduct actuarial reviews of the program.

2.1 Purpose

Section 19.1 of the *Canada Student Financial Assistance Act* defines the mandate given to the Chief Actuary, that is, to prepare a report on the financial assistance provided under this Act no later than three years apart. Such an actuarial report was prepared as at 31 July 2023 and tabled before Parliament on 23 September 2024. The next triennial statutory report will be prepared as at 31 July 2026 and is scheduled to be tabled before Parliament in 2027.

This actuarial report, prepared as at 31 July 2024, is provided to support Employment and Social Development Canada (ESDC) accounting and policy analysis requirements. It also supports ESDC's partners, the Office of the Auditor General, the Treasury Board Secretariat and the Department of Finance.

The document is intended solely for the above purposes. It was prepared to meet those specific objectives and may not be suitable for any other purposes prior to obtaining approval from the Office of the Chief Actuary.

Please contact us for any questions regarding the proper use of this document.

2.2 Scope

The report includes a forecast of the CSFA Program's costs and revenues for 25 years (through the academic year 2048-2049), and shows estimates of:

- the number of students receiving grants or loans under the CSFA Program;
- the amount of new grants or loans issued;
- the portfolio of loans in-study, loans in repayment and loans in default;
- the allowances under the direct loan regime in effect since August 2000; and
- the revenues, the expenses and the net resulting cost.

This valuation report is based on the program provisions as described in Appendix A.

Appendices B and C provide information on data, assumptions and methodologies. Appendix D illustrates the new loans and grants issued by institution type, Appendix E illustrates the number of borrowers in the Repayment Assistance Plan (RAP), and Appendix F illustrates the projection of the defaulted loans portfolios (principal and interest) by institution type. Finally, Appendix G shows sensitivity tests on the repayment assumption and its impact on the year the current limit of $34 billion on the aggregate amount of outstanding loans in the CSFA Program is expected to be reached.

2.3 Recent program changes

This section summarizes recent changes, impacting the projections, that were implemented since the previous report or will be implemented in future years. Unless stated otherwise, these measures have been reflected in the projections presented in this report.

Permanent changes		
Implementation date	Description	Source
November 2023	Increase by 50% the maximum amount of loans that can be forgiven for doctors and qualifying nurses working in underserved rural or remote communities.	Budget 2022 / Approved
August 2024	Waiving the requirement for mature students, aged 22 years or older, to undergo credit screening in order to qualify for federal student grants and loans for the first time.	Budget 2024 / Approved
November 2024	Expand the reach of the Canada Student Loan forgiveness for doctors and qualifying nurses to more rural communities.	Budget 2023 / Approved
2024-2025	Modernize the living allowances used when determining financial need, to reflect the recent rental housing costs.	Budget 2024 / Approved
Fall 2025 *(expected)*	Expand the list of professionals eligible for loan forgiveness while working in under-served rural or remote communities.	Budget 2024 / *Pending regulatory approval*

<table>
<tr><th colspan="3">Temporary changes</th></tr>
<tr><th>Start/End date</th><th>Description</th><th>Source</th></tr>
<tr><td>August 2023 to July 2024</td><td>Waiving the requirement for mature students, aged 22 years or older, to undergo credit screening in order to qualify for federal student grants and loans for the first time.</td><td>Budget 2023 / Approved</td></tr>
<tr><td rowspan="2">1) August 2023 to July 2024

2) August 2024 to July 2025

3) August 2025 to July 2026</td><td>40% increase (compared with the academic year 2019-2020) to the amount for the following CSGs:
- grant for full-time students (CSG-FT)
- grant for part-time students (CSG-PT)
- grant for students with disabilities (CSG-D)
- grant for full-time students with dependants (CSG-FTDEP)
- grant for part-time students with dependants (CSG-PTDEP)</td><td rowspan="2">1) Budget 2023 / Approved

2) Budget 2024 / Approved

3) Canada Gazette (Part II, Volume 159, Number 8) / Approved</td></tr>
<tr><td>Increase the weekly student loan limit, from $210 to $300.</td></tr>
</table>

3 Main assumptions

Several assumptions are needed to determine the future long-term costs of the CSFA Program. All assumptions used in this report are best-estimate assumptions and do not include any margin for adverse deviations. Assumptions used in the previous report were revised to incorporate new experience and recent program changes.

Table 1, Table 2 and Table 3 show a summary of the main assumptions used in this report for the academic year following the report's valuation date and the last academic year of the projection period, compared with those used in the previous report. A complete description of the assumptions is provided in Appendix C.

Table 1 Demographic assumptions

	Current report		Previous report	
	2024-2025	2048-2049	2023-2024	2047-2048
Base population	CPP31st[a]	CPP31st	CPP31st	CPP31st
Enrolment rate (15 to 64)	7.3%	7.0%	7.1%	6.9%
Loan uptake rate	51.5%	50.8%	48.1%	49.8%

a. 31st Actuarial Report on the Canada Pension Plan as at 31 December 2021

Table 2 Economic assumptions

	Current report		Previous report	
	2024-2025	2048-2049	2023-2024	2047-2048
Inflation	2.3%	2.0%	3.1%	2.0%
Real wage increase	0.5%	0.9%	0.2%	0.9%
Cost of borrowing (government)	3.1%	3.7%	3.0%	3.7%
Tuition increase	2.9%	3.8%	3.3%	3.8%

Table 3 Prepayments and net default rate assumptions

	Current report		Previous report	
	2024-2025	2048-2049	2023-2024	2047-2048
Prepayments	8.4%	13.0%	10.5%	13.0%
Net default rate[a]	6.4%	6.7%	6.4%	6.9%

a. Expected net default rate for all future academic years for the consolidation cohort year shown in the table.

Table 4 shows a summary of the provision rates as at 31 July of the year following the report's valuation date and the ultimate provision rates used in this report compared with those used in the previous report. A complete description of the provision rates is provided in Appendix C.

Table 4 Provision rates

	Current report		Previous report	
	As at 31 July 2025	Ultimate	As at 31 July 2024	Ultimate
RAP - principal				
In-study	5.8%	5.5%	6.7%	6.5%
In repayment (net of RAP)	1.7%	1.8%	1.7%	2.1%
In RAP (all stages combined)	31.3%	30.0%	36.9%	34.9%
Bad debt – principal				
In-study	6.0%	5.8%	5.9%	6.0%
In repayment	3.9%	4.3%	3.1%	4.4%
In default	69.2%	69.0%	69.2%	69.0%
Bad debt – interest				
In default	66.2%	N/A	64.2%	N/A

4 Projections

This section presents projections of the CSFA Program's various components required to determine the forecasts of the total net cost. First, the amounts of new loans and grants issued are projected. Then, the portfolios for the three types of regimes (guaranteed, risk-shared and direct loan regimes) are projected and the sub-portfolios for the direct loan regime are used to determine the projection of allowances under the same regime. Finally, total expenses and total revenues are projected separately to determine the resulting total net costs. All steps involved in these forecasts are shown in this section.

4.1 Total new grants and loans

The projection of the total amount of new grants issued under the CSFA Program depends on many factors as illustrated by the following formula:

Chart 1 Formula for grants issued

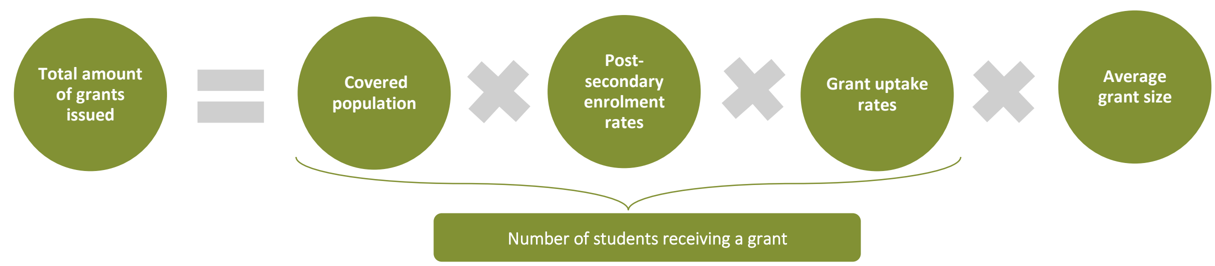


Table 5 presents the projection of new grants issued. This projection of the amount of new grants issued, along with the associated projection of students, is broken down by institution type in Appendix D.

Table 5 New grants issued

Academic year	Covered population (ages 15 to 64) (thousands) (1)	Enrolment rates (%) (2)	Grant uptake rate (%) (3)	Students in CSFA receiving a grant (thousands) (4) = (1) * (2) * (3)	Average grant ($) (5)	New grants issued ($ millions) (4) * (5)
2023-2024	18,985	7.1	43.7	586	4,460	2,614
2024-2025	19,143	7.3	43.6	612	4,273	2,614
2025-2026	19,276	7.3	43.0	602	4,252	2,562
2026-2027	19,381	7.2	42.6	594	3,051	1,814
2027-2028	19,482	7.1	42.2	587	3,048	1,790
2028-2029	19,567	7.1	41.7	580	3,047	1,767
2029-2030	19,646	7.0	41.3	571	3,044	1,740
2030-2031	19,733	7.0	41.0	569	3,042	1,731
2031-2032	19,836	7.0	40.6	566	3,042	1,721
2032-2033	19,959	7.0	40.2	561	3,047	1,710
2033-2034	20,081	7.0	39.8	555	3,055	1,697
2034-2035	20,197	6.9	39.3	549	3,066	1,682
2035-2036	20,305	6.9	38.9	541	3,077	1,666
2036-2037	20,407	6.8	38.4	536	3,089	1,655
2037-2038	20,547	6.8	37.9	532	3,101	1,649
2038-2039	20,702	6.8	37.5	528	3,115	1,644
2039-2040	20,865	6.8	37.1	526	3,118	1,640
2040-2041	21,029	6.8	36.8	524	3,120	1,636
2041-2042	21,198	6.8	36.5	523	3,124	1,632
2042-2043	21,371	6.8	36.2	523	3,126	1,634
2043-2044	21,547	6.8	35.8	524	3,127	1,639
2044-2045	21,717	6.8	35.5	526	3,129	1,646
2045-2046	21,878	6.9	35.2	528	3,132	1,654
2046-2047	22,029	6.9	34.9	531	3,133	1,665
2047-2048	22,170	7.0	34.5	532	3,137	1,668
2048-2049	22,301	7.0	34.1	531	3,144	1,669

The average grant amount is higher over the first three academic years due to the temporary increase in the maximum amount of grants. For academic years 2023-2024 to 2025-2026, the maximum grants are increased by 40% (compared with the academic year 2019-2020). The number of students receiving a grant is expected to decrease slightly over the projection period as less students become eligible as described in Appendix C.

The following formula is used for the projection of the total amount of new loans issued under the CSFA Program:

Chart 2 Formula for loans issued

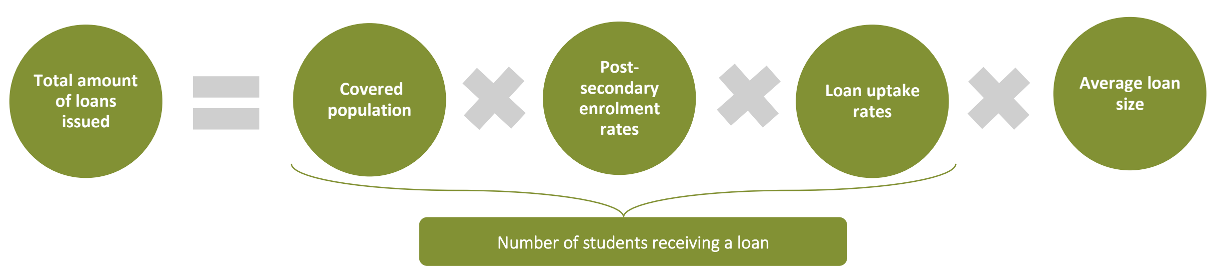


Table 6 presents the projection of new loans issued. This projection of the amount of new loans issued, along with the associated projection of students, is broken down by institution type in Appendix D.

Table 6 New loans issued

Academic year	Covered population (ages 15 to 64) (thousands) (1)	Enrolment rates (%) (2)	Loan uptake rate (%) (3)	Students in CSFA receiving a loan (thousands) (4) = (1) * (2) * (3)	Average loan ($) (5)	New loans issued ($ millions) (4) * (5)
2023-2024	18,985	7.1	48.4	649	7,451	4,839
2024-2025	19,143	7.3	51.5	723	7,459	5,391
2025-2026	19,276	7.3	50.2	703	7,484	5,264
2026-2027	19,381	7.2	51.1	713	6,761	4,823
2027-2028	19,482	7.1	51.0	710	6,820	4,844
2028-2029	19,567	7.1	50.9	707	6,879	4,866
2029-2030	19,646	7.0	50.8	703	6,936	4,874
2030-2031	19,733	7.0	50.8	705	6,990	4,930
2031-2032	19,836	7.0	50.8	707	7,040	4,980
2032-2033	19,959	7.0	50.8	709	7,085	5,024
2033-2034	20,081	7.0	50.8	710	7,126	5,057
2034-2035	20,197	6.9	50.9	709	7,161	5,080
2035-2036	20,305	6.9	50.9	709	7,194	5,100
2036-2037	20,407	6.8	50.9	710	7,224	5,129
2037-2038	20,547	6.8	50.9	713	7,250	5,171
2038-2039	20,702	6.8	50.9	717	7,275	5,216
2039-2040	20,865	6.8	50.9	721	7,297	5,261
2040-2041	21,029	6.8	50.9	725	7,317	5,306
2041-2042	21,198	6.8	50.9	729	7,334	5,349
2042-2043	21,371	6.8	50.9	736	7,350	5,409
2043-2044	21,547	6.8	50.9	744	7,365	5,480
2044-2045	21,717	6.8	50.9	753	7,378	5,558
2045-2046	21,878	6.9	50.9	764	7,390	5,643
2046-2047	22,029	6.9	50.8	775	7,400	5,733
2047-2048	22,170	7.0	50.8	783	7,409	5,801
2048-2049	22,301	7.0	50.8	790	7,417	5,859

The average loan amount is higher over the first three academic years due to the temporary increase in the weekly loan limit. Additionally, the total new loans issued is expected to increase from $4,839 million in 2023-2024 to $5,391 million in 2024-2025 following an increase in enrolment and uptake rates. In 2048-2049, projected new loans issued total $5,859 million, which corresponds to an average annual increase of 0.9% following the end of the temporary measures, that is, from the academic year 2026-2027 to the academic year 2048-2049. This average annual increase can be attributed to two factors: an average annual increase in the number of students in the program of 0.5% and an average annual increase in the average loan size of 0.4%.

4.1.1 Population

Any eligible student enrolled in a designated post-secondary institution (excluding students from Quebec, Nunavut and the Northwest Territories) can apply for a loan under the CSFA program. Students aged 15 to 29 represent the largest segment of the student population and are used for illustrative purposes thereafter. As shown in Table 7, the population aged 15 to 29 is expected to increase from 5,104,000 in 2023-2024 to 6,042,000 in 2048-2049, or 0.7% per year.

4.1.2 Post-secondary enrolment

Table 7 shows the evolution of the number of eligible students (age group 15 to 29, age group 30 to 64 and total) enrolled full-time in a post-secondary institution for the covered population.

Table 7 Population and post-secondary enrolment of participating provinces

Academic year	Covered population (ages 15 to 29) (thousands)	Covered population (ages 30 to 64) (thousands)	Students enrolled full-time (ages 15 to 29) (thousands)	Students enrolled full-time (ages 30 to 64) (thousands)	Students enrolled full-time (total) (thousands)	Increase (%)
2023-2024	5,104	13,881	1,153	190	1,343	N/A
2024-2025	5,161	13,982	1,230	174	1,404	4.6
2025-2026	5,203	14,073	1,226	176	1,402	-0.1
2026-2027	5,228	14,152	1,220	176	1,396	-0.4
2027-2028	5,263	14,219	1,216	176	1,392	-0.3
2028-2029	5,297	14,270	1,213	176	1,389	-0.2
2029-2030	5,328	14,318	1,207	176	1,382	-0.5
2030-2031	5,355	14,378	1,212	175	1,388	0.4
2031-2032	5,387	14,449	1,216	176	1,392	0.3
2032-2033	5,423	14,536	1,219	176	1,395	0.2
2033-2034	5,456	14,625	1,219	176	1,396	0.0
2034-2035	5,477	14,719	1,218	177	1,395	0.0
2035-2036	5,493	14,812	1,217	177	1,394	-0.1
2036-2037	5,499	14,908	1,218	178	1,396	0.2
2037-2038	5,523	15,023	1,223	180	1,402	0.4
2038-2039	5,551	15,152	1,228	181	1,409	0.5
2039-2040	5,584	15,281	1,234	183	1,417	0.5
2040-2041	5,622	15,407	1,240	185	1,425	0.6
2041-2042	5,670	15,528	1,246	186	1,433	0.5
2042-2043	5,720	15,651	1,258	188	1,446	0.9
2043-2044	5,773	15,774	1,272	190	1,462	1.1
2044-2045	5,828	15,889	1,289	191	1,481	1.3
2045-2046	5,883	15,995	1,308	193	1,502	1.4
2046-2047	5,935	16,094	1,330	195	1,525	1.5
2047-2048	5,988	16,183	1,345	196	1,541	1.1
2048-2049	6,042	16,259	1,358	197	1,555	0.9

The total number of enrolled students is expected to increase from its current level of 1,343,000 to 1,555,000 at the end of the projection period. The year-to-year increase fluctuates due to the movement of the covered population between the age groups (15-19, 20-24, 25-29 and 30-64) over the projection period, which impacts the calculated aggregate enrolment. Students aged 15 to 29 represent more than 85% of the total post-secondary enrolment. Overall, the aggregate enrolment rate for students aged 15 to 29 is expected to remain between 22% and 24% over the next 25 years.

4.1.3 Students receiving a loan or a grant

Enrolled students must apply to receive a loan or a grant. The ratio of loan or grant recipients to enrolled students is called the uptake rate. Table 8 shows an increase for the uptake rate between 2023-2024 and 2024-2025 that is based on data known for the partial year. It is expected to follow a decreasing trend from 56.2% in 2024-2025 to 54.2% in 2048-2049. This, combined with the increase in students enrolled in post-secondary education, results in 54,000 more students in the program over the projection (from 789,000 students in 2024-2025 to 843,000 in 2048-2049).

The number of students in the CSFA receiving a loan is 649,000 for the academic year 2023-2024.

Table 8 Loan and/or grant recipients

Academic year	Students enrolled full-time (thousands)	Uptake rate[a] (%)	Students in CSFA receiving a loan and/or a grant (thousands)	Increase (%)	Students in CSFA receiving a loan (thousands)	Students in CSFA receiving a grant (thousands)
2023-2024	1,343	54.2	728	N/A	649	586
2024-2025	1,404	56.2	789	8.4	723	612
2025-2026	1,402	55.4	777	-1.5	703	602
2026-2027	1,396	54.4	760	-2.2	713	594
2027-2028	1,392	54.4	757	-0.4	710	587
2028-2029	1,389	54.3	754	-0.4	707	580
2029-2030	1,382	54.2	749	-0.7	703	571
2030-2031	1,388	54.2	751	0.4	705	569
2031-2032	1,392	54.2	754	0.3	707	566
2032-2033	1,395	54.2	756	0.2	709	561
2033-2034	1,396	54.2	756	0.1	710	555
2034-2035	1,395	54.2	756	0.0	709	549
2035-2036	1,394	54.2	755	-0.1	709	541
2036-2037	1,396	54.2	757	0.2	710	536
2037-2038	1,402	54.2	760	0.5	713	532
2038-2039	1,409	54.2	764	0.5	717	528
2039-2040	1,417	54.2	768	0.6	721	526
2040-2041	1,425	54.2	773	0.6	725	524
2041-2042	1,433	54.3	777	0.6	729	523
2042-2043	1,446	54.3	784	0.9	736	523
2043-2044	1,462	54.3	793	1.1	744	524
2044-2045	1,481	54.2	803	1.3	753	526
2045-2046	1,502	54.2	814	1.4	764	528
2046-2047	1,525	54.2	826	1.5	775	531
2047-2048	1,541	54.2	835	1.1	783	532
2048-2049	1,555	54.2	843	0.9	790	531

a. The uptake rate shown in this table represents the number of students in CSFA receiving a loan and/or a grant (part-time and/or full-time) as a proportion of full-time enrolments.

4.1.4 Average loan size

The amount of student loan depends on the expected need of the student. Table 9 summarizes the main elements of the student need calculation. All students who receive a loan or a grant are included. The student net need in Table 9 is then determined as a percentage of the student need less admissible grants.

Table 9 **Student need**
(in dollars)

Academic year	Resources (1)	Tuition (2)	Other expenses (3)	Total expenses (4) = (2) + (3)	Average student need (5) = (4) - (1)	Average grant for net need calculation (6)	CSFA average student net need (7) = (5) * 60% - (6)
2023-2024	3,000	10,100	15,100	25,200	22,100	3,500	9,800
2024-2025	3,100	10,400	18,100	28,400	25,300	3,500	11,700
2025-2026	3,200	10,500	18,500	29,000	25,800	3,400	12,000
2026-2027	3,300	10,700	18,800	29,600	26,300	2,400	13,300
2027-2028	3,400	11,100	19,200	30,400	27,000	2,400	13,800
2028-2029	3,500	11,600	19,600	31,200	27,700	2,400	14,200
2029-2030	3,600	12,000	20,000	32,000	28,500	2,400	14,700
2030-2031	3,700	12,500	20,400	32,900	29,200	2,400	15,200
2031-2032	3,700	12,900	20,800	33,800	30,000	2,300	15,700
2032-2033	3,800	13,400	21,300	34,700	30,900	2,300	16,200
2033-2034	3,900	14,000	21,700	35,600	31,700	2,300	16,700
2034-2035	4,000	14,500	22,100	36,600	32,600	2,300	17,300
2035-2036	4,200	15,100	22,600	37,600	33,500	2,300	17,800
2036-2037	4,300	15,600	23,000	38,700	34,400	2,300	18,400
2037-2038	4,400	16,200	23,500	39,700	35,400	2,200	19,000
2038-2039	4,500	16,900	24,000	40,800	36,300	2,200	19,600
2039-2040	4,600	17,500	24,500	42,000	37,400	2,200	20,200
2040-2041	4,700	18,200	25,000	43,200	38,400	2,200	20,800
2041-2042	4,900	18,900	25,500	44,400	39,500	2,200	21,500
2042-2043	5,000	19,600	26,000	45,600	40,600	2,200	22,200
2043-2044	5,200	20,400	26,500	46,900	41,700	2,200	22,900
2044-2045	5,300	21,200	27,000	48,200	42,900	2,100	23,600
2045-2046	5,500	22,000	27,600	49,600	44,100	2,100	24,400
2046-2047	5,600	22,900	28,100	51,000	45,400	2,100	25,100
2047-2048	5,800	23,700	28,700	52,400	46,700	2,100	25,900
2048-2049	6,000	24,700	29,300	53,900	48,000	2,100	26,700

The living allowance expense (included in other expenses) has been modified starting in academic year 2024-2025. The average grant for the need calculation is strictly used for the purpose of calculating the net need. It is derived from the need assessment data and includes some students with a grant of zero. The real average grant (paid to grant recipients only) in the academic year 2023-2024 is $4,460. The average grant for the first three academic years is higher due to the temporary increase in grants.

As shown in Table 10, the average loan size is calculated as the ratio of new loans issued over the number of students receiving a loan under the CSFA Program. The growth rate of the average loan size is moderated due to the fixed weekly student loan limit of $210, except for academic years 2023-2024 to 2025-2026 where the limit is $300.

Over time, more students have a need that exceeds the loan limit. This is shown in Table 10, where the percentage of students at the loan limit is projected to increase from 68.5% in 2026-2027 to 93.3% in 2048-2049.

Table 10 Average loan size

Academic year	New loans issued ($ million) (1)	Increase (%)	Students in CSFA receiving a loan (thousands) (2)	Average loan size ($) (1) / (2)	Increase (%)	% of students at limit (%)
2023-2024	4,839	N/A	649	7,451	N/A	29.4
2024-2025	5,391	11.4	723	7,459	0.1	35.2
2025-2026	5,264	-2.4	703	7,484	0.3	35.5
2026-2027	4,823	-8.4	713	6,761	-9.7	68.5
2027-2028	4,844	0.4	710	6,820	0.9	69.8
2028-2029	4,866	0.4	707	6,879	0.9	71.2
2029-2030	4,874	0.2	703	6,936	0.8	72.8
2030-2031	4,930	1.1	705	6,990	0.8	74.5
2031-2032	4,980	1.0	707	7,040	0.7	76.4
2032-2033	5,024	0.9	709	7,085	0.6	78.1
2033-2034	5,057	0.6	710	7,126	0.6	79.9
2034-2035	5,080	0.5	709	7,161	0.5	81.7
2035-2036	5,100	0.4	709	7,194	0.5	83.2
2036-2037	5,129	0.6	710	7,224	0.4	84.5
2037-2038	5,171	0.8	713	7,250	0.4	85.6
2038-2039	5,216	0.9	717	7,275	0.3	86.6
2039-2040	5,261	0.9	721	7,297	0.3	87.5
2040-2041	5,306	0.8	725	7,317	0.3	88.4
2041-2042	5,349	0.8	729	7,334	0.2	89.2
2042-2043	5,409	1.1	736	7,350	0.2	90.1
2043-2044	5,480	1.3	744	7,365	0.2	90.8
2044-2045	5,558	1.4	753	7,378	0.2	91.5
2045-2046	5,643	1.5	764	7,390	0.2	92.1
2046-2047	5,733	1.6	775	7,400	0.1	92.6
2047-2048	5,801	1.2	783	7,409	0.1	93.0
2048-2049	5,859	1.0	790	7,417	0.1	93.3

The average loan for the academic years 2023-2024 to 2025-2026 is higher than the following academic years (starting from 2026-2027), despite the temporary increase of grants. This is due to the temporary increase to the weekly student loan limit ($210 to $300). The percentage of students at the limit of 29.4%, 35.2% and 35.5% for the academic years 2023-2024, 2024-2025 and 2025-2026 is also based on a maximum weekly student loan of $300 instead of the standard $210. The increase in the percentage of students at the limit is also partially due to the updated living allowance.

4.2 Portfolios

This section presents projections of the portfolio for all three regimes described in Appendix A (guaranteed, risk-shared and direct loan regimes). The amounts for loans in-study represent loans issued to students who are still in the post-secondary educational system. Loans in repayment consist of outstanding loans that have already consolidated and were not sent to the Canada Revenue Agency (CRA) for collection (defaulted loans).

4.2.1 Direct loan regime

The projection of the direct loan portfolio includes the balance of outstanding loans (in-study and in repayment separately) and the balance of loans in default. The projection of the direct loan portfolio (principal only) is shown in Table 11.

Table 11 Direct loan portfolio
(in millions of dollars)

As at July 31	Loans in-study	Loans in repayment (excluding RAP)	Loans in RAP[a]	Defaulted loans	Total
2024	9,461	10,260	3,650	2,526	25,897
2025	11,107	10,937	3,897	2,563	28,504
2026	12,324	11,369	4,261	2,627	30,581
2027	12,706	11,697	4,555	2,703	31,661
2028	12,982	11,966	4,818	2,787	32,553
2029	13,196	12,200	5,006	2,874	33,276
2030	13,350	12,431	5,175	2,967	33,923
2031	13,515	12,646	5,321	3,071	34,553
2032	13,676	12,865	5,434	3,171	35,146
2033	13,823	13,077	5,526	3,263	35,689
2034	13,950	13,275	5,601	3,350	36,176
2035	14,057	13,459	5,661	3,429	36,606
2036	14,144	13,628	5,709	3,500	36,981
2037	14,227	13,778	5,748	3,567	37,320
2038	14,318	13,920	5,779	3,627	37,644
2039	14,420	14,054	5,805	3,685	37,964
2040	14,530	14,159	5,852	3,737	38,278
2041	14,646	14,264	5,897	3,784	38,591
2042	14,763	14,370	5,942	3,830	38,905
2043	14,898	14,479	5,988	3,873	39,238
2044	15,054	14,596	6,035	3,915	39,600
2045	15,231	14,724	6,086	3,957	39,998
2046	15,428	14,865	6,141	3,997	40,431
2047	15,643	15,020	6,202	4,039	40,904
2048	15,849	15,190	6,269	4,080	41,388
2049	16,040	15,367	6,341	4,124	41,872

a. Average loans in RAP throughout the academic year instead of as at 31 July.

The outstanding direct loans in the in-study portfolio are projected to increase to $11.1 billion as at 31 July 2025 and to $12.3 billion as at 31 July 2026 due to higher loans issued (which is the result of the temporary increased weekly loan limit to $300). The outstanding direct loan portfolio is projected to increase from $25.9 billion as at 31 July 2024 to $33.3 billion five years later. By the end of the academic year 2048-2049, the portfolio is projected to reach $41.9 billion.

The outstanding direct loan portfolio as at 31 July 2024 is retrospectively derived from the experience[2] during academic years 2000-2001 to 2023-2024 as follows[3]:

New loans issued	$61.4 billion
Plus the interest accrued during the non-repayment period[4]	$ 1.4 billion
Minus repayments[5]	$33.3 billion
Minus loans forgiven and debt reductions in repayment[6]	$ 1.7 billion
Minus defaulted loans written off	$ 1.9 billion
	$25.9 billion

[2] According to the Monthly Financial Information Schedule, the Department Account Receivable System (DARS) and the Public Sector Collection Database.

[3] Components may not sum to totals due to rounding.

[4] Effective on 1 November 2019, student loans no longer accumulate interest during the six-month non-repayment period after a student loan borrower leaves school.

[5] Either prepayments while in-study, normal payments while in repayment, affordable payments while in RAP, or recoveries while in default.

[6] Under the former Debt Reduction in Repayment (DRR) or the Repayment Assistance Plan (RAP) measures.

4.2.2 Defaulted loans portfolio – principal

Table 12 provides the calculation details for the projection of the defaulted loans portfolio (principal only) under the direct loan regime. The projection of the defaulted loans (principal) is broken down by institution type in Appendix F.

Table 12 Defaulted loans
(in millions of dollars)

Academic year	Opening balance 1 August (1)	New defaulted loans (2)	Collected loans (3)	Write-offs (4)	Closing balance 31 July (1+2) - (3+4)
2023-2024	2,518	326	138	180	2,526
2024-2025	2,526	353	144	171	2,563
2025-2026	2,563	384	153	167	2,627
2026-2027	2,627	408	161	171	2,703
2027-2028	2,703	429	169	176	2,787
2028-2029	2,787	453	176	189	2,874
2029-2030	2,874	465	182	191	2,967
2030-2031	2,967	478	190	185	3,071
2031-2032	3,071	490	196	194	3,171
2032-2033	3,171	500	201	206	3,263
2033-2034	3,263	509	207	215	3,350
2034-2035	3,350	518	213	226	3,429
2035-2036	3,429	524	217	236	3,500
2036-2037	3,500	531	222	242	3,567
2037-2038	3,567	537	226	250	3,627
2038-2039	3,627	542	230	254	3,685
2039-2040	3,685	546	234	260	3,737
2040-2041	3,737	550	237	266	3,784
2041-2042	3,784	554	240	268	3,830
2042-2043	3,830	558	243	273	3,873
2043-2044	3,873	563	245	275	3,915
2044-2045	3,915	567	248	278	3,957
2045-2046	3,957	573	250	282	3,997
2046-2047	3,997	578	253	284	4,039
2047-2048	4,039	585	255	288	4,080
2048-2049	4,080	592	258	290	4,124

The balance of loans in default (principal only) was $2,526 million as at 31 July 2024. The defaulted loans portfolio is projected to reach $4,124 million by the end of the projection period.

As shown in Table 12, an amount of $180 million was written off in 2023-2024. The corresponding amount in 2024-2025 is $171 million and includes all the non-recoverable loans that were identified and proposed for write-off by ESDC and CRA between July 2023 and June 2024. These write-offs are waiting to be reviewed by the House of Commons and by the Senate before receiving Royal Assent[7]. The decision to write off particular loans is part of a multi-step process inevitably resulting in some volatility in the actual amount written off from year to year.

[7] It is assumed that the write-offs, which usually occur in March, will probably occur between April 2025 and July 2025 due to the prorogation of Parliament.

4.2.3 Defaulted loans portfolio – interest

The projection of the balance of interest on defaulted loans is presented in Table 13. The projection of the defaulted loans (interest) is broken down by institution type in Appendix F.

Table 13 Interest on defaulted loans
(in millions of dollars)

Academic year	Opening balance 1 August (1)	Interest transferred in default (2)	Interest accrued (3)	Interest collected (4)	Write-offs (5)	Closing balance 31 July (1+2+3) - (4+5)
2023-2024	225	-4	13	20	32	182
2024-2025	182	-1	-	15	25	141
2025-2026	141	-	-	11	17	113
2026-2027	113	-	-	8	17	88
2027-2028	88	-	-	6	13	69
2028-2029	69	-	-	5	8	57
2029-2030	57	-	-	4	6	47
2030-2031	47	-	-	3	6	38
2031-2032	38	-	-	3	4	31
2032-2033	31	-	-	2	4	25
2033-2034	25	-	-	2	3	20
2034-2035	20	-	-	1	3	16
2035-2036	16	-	-	1	2	13
2036-2037	13	-	-	1	2	10
2037-2038	10	-	-	1	2	7
2038-2039	7	-	-	0	2	5
2039-2040	5	-	-	0	1	4
2040-2041	4	-	-	0	1	3
2041-2042	3	-	-	0	1	2
2042-2043	2	-	-	0	0	1
2043-2044	1	-	-	0	0	1
2044-2045	1	-	-	0	0	0
2045-2046+	-	-	-	-	-	-

Interest accrual on student loans has been permanently eliminated starting on 1 April 2023. However, interest is still accruing in some special cases for certain borrowers in default that have a court judgement. The interest transferred in default can be negative due to expected rehabilitations, recalls and other adjustments that occur during the year.

Table 13 shows that an additional amount of $13 million in interest was accrued during the academic year 2023-2024 on the principal balance of the recoverable defaulted loans portfolio.

In the academic year 2023-2024, $32 million in interest was written off. As shown in Table 13, the balance of interest in default was $225 million at the beginning of the academic year 2023-2024 and it decreased to $182 million as at 31 July 2024. The balance of interest in default is projected to be fully eliminated by the end of the projection period as interest no longer accrues on loans.

4.2.4 Guaranteed and risk-shared regimes

Table 14 presents the projections of the guaranteed and risk-shared loans in study, in repayment and in default owned[8] by the Government (only the principal is shown). The guaranteed and risk-shared regimes are gradually being phased out.

Table 14 Guaranteed and risk-shared regimes portfolio (in millions of dollars)

	Loans in study or repayment	Loans in default		
As at July 31	Guaranteed and risk-shared	Guaranteed	Risk-shared	Total
2024	9	34	23	66
2025	5	30	19	54
2026	2	25	16	43
2027	-	21	13	34
2028	-	16	11	27
2029	-	12	8	20
2030	-	8	5	13
2031	-	4	2	6
2032	-	-	-	-

At the end of the academic year 2023-2024, the sum of all loans coming from the guaranteed and risk-shared regimes that are owned by the Government amounts to approximately $109[9] million.

4.2.5 Limit on the aggregate amount of outstanding loans

The *Canada Student Financial Assistance Regulations* (CSFAR) imposes a limit on the aggregate amount of outstanding loans in the program. The current limit of $34 billion was last increased in June 2019.

Table 15 presents the projection of the aggregate amount of outstanding loans. It is the sum of:

- Total principal amount of direct loans in study, in repayment and in default;
- Total principal amount of defaulted risk-shared loans returned[10] to the Government from financial institutions.

In comparison with Table 11, which show the projection of the loan portfolio at the end of academic years, Table 15 presents the estimated peak of the portfolio during the academic year. Monthly fluctuations throughout the year cause the aggregate amount of loans to be lower both at the beginning and at the end of the academic year. The peak usually occurs in the middle of the academic year and is 3% to 4% higher than the aggregate amount at the end of the academic year.

Table 11 shows an aggregate amount of outstanding direct loans of $25.9 billion as at 31 July 2024. Table 15 shows that the aggregate amount of outstanding direct loans reached

[8] All loans held by financial institutions were bought back by the Government.
[9] This is equal to the $66 million principal from Table 14 plus an additional $43 million of outstanding interest.
[10] Loans purchased under an agreement made pursuant to the *Canada Student Financial Assistance Act* are considered. Good-standing loans purchased by the Government and shown in Table 14 are excluded.

$26.2 billion in February 2024 (academic year 2023-2024) and $28.9 billion in February 2025 (academic year 2024-2025).

The projection shows that the $34 billion limit is expected to be reached during the academic year 2028-2029 if the program's provisions do not change and assumptions materialize. Appendix G provides alternative scenarios that could replicate the impact of using a margin for adverse deviations in assumptions as described below. The limit is reached seven years earlier than estimated in the previous report. It is mainly due to the following:

- The "Normal repayment over 16 years" assumption, shown in Appendix C, is adjusted downward. It partially reflects the observed repayment slowdown following the removal of interest accrual (temporary and permanent).
- More loans are expected to be issued due to the increase in post-secondary enrolment and uptake rates.
- The extension of the $300 weekly loan limit in the academic year 2025-2026.

The repayment assumption is strongly based on borrowers' behavior and is subject to a certain level of uncertainty. As such, two sensitivity tests are presented in Appendix G: the repayment experience returns to pre-pandemic levels (delaying the year in which the $34 billion limit is reached) and the repayment experience continues to slow down (hastening the year in which the $34 billion limit is reached).

Table 15 Estimated peak of the aggregate amount of the outstanding loans
(in millions of dollars)

Academic year	Direct loans	Risk-shared loans	Total
2023-2024	26,182	24	26,206
2024-2025	28,915	21	28,936
2025-2026	31,004	18	31,022
2026-2027	32,449	15	32,464
2027-2028	33,455	12	33,467
2028-2029	34,279	9	34,288
2029-2030	34,965	6	34,971
2030-2031	35,615	3	35,618
2031-2032	36,243	1	36,244
2032-2033	36,827	-	36,827
2033-2034	37,355	-	37,355
2034-2035	37,824	-	37,824
2035-2036	38,236	-	38,236
2036-2037	38,603	-	38,603
2037-2038	38,950	-	38,950
2038-2039	39,286	-	39,286
2039-2040	39,618	-	39,618
2040-2041	39,945	-	39,945
2041-2042	40,271	-	40,271
2042-2043	40,613	-	40,613
2043-2044	40,980	-	40,980
2044-2045	41,381	-	41,381
2045-2046	41,819	-	41,819
2046-2047	42,297	-	42,297
2047-2048	42,795	-	42,795
2048-2049	43,295	-	43,295

4.3 Allowances

This section presents projections of the three allowances under the direct loan regime described in Appendix A. There is an allowance for the RAP (principal) to cover the future cost of students benefiting from this program, and two allowances for bad debt (principal and interest) to cover the risk of future default, net of recoveries, recalls and rehabilitations.

The provision rates used to determine the 2024-2025 allowance and the ultimate provision rates are presented in Appendix C. The portfolios to which those provision rates apply are presented in Table 11.

The Government sets up a separate allowance for guaranteed and risk-shared loans, which is not included in this report. Expenses related to those loans are presented in Table 20 and Table 21.

4.3.1 Allowance for the Repayment Assistance Plan (RAP)

Table 16 provides the calculation details for the projection of the allowance for the RAP – principal under the direct loan regime.

Table 16 Allowance for RAP – principal
(in millions of dollars)

Academic year	Allowance 1 August (1)	RAP expenses (2)	Allowance 31 July (3)	Yearly expense (3) - (1-2)
2023-2024	2,006	184	2,159[a]	337
2024-2025	2,159	182	2,051	74
2025-2026	2,051	185	2,168	302
2026-2027	2,168	191	2,251	274
2027-2028	2,251	198	2,326	273
2028-2029	2,326	203	2,396	273
2029-2030	2,396	208	2,462	274
2030-2031	2,462	215	2,522	275
2031-2032	2,522	224	2,577	279
2032-2033	2,577	233	2,624	280
2033-2034	2,624	241	2,666	283
2034-2035	2,666	248	2,701	283
2035-2036	2,701	253	2,731	283
2036-2037	2,731	258	2,757	284
2037-2038	2,757	262	2,776	281
2038-2039	2,776	266	2,794	284
2039-2040	2,794	270	2,817	293
2040-2041	2,817	273	2,840	296
2041-2042	2,840	275	2,862	297
2042-2043	2,862	278	2,886	302
2043-2044	2,886	280	2,911	305
2044-2045	2,911	282	2,938	309
2045-2046	2,938	285	2,967	314
2046-2047	2,967	287	3,000	320
2047-2048	3,000	289	3,033	322
2048-2049	3,033	292	3,067	326

a. Calculated using the provision rates (as at 31 July 2024) from the report as at 31 July 2023 but updated with the actual outstanding balances.

The allowance for the RAP – principal is estimated at $2,159 million as at 31 July 2024, which is slightly lower than the $2,181 million projected in the previous report. For the academic year

2023-2024, the yearly expense for the allowance for RAP – principal is $337 million. The impact from the change in the assumptions is entirely reflected in the 2024-2025 expense. The updated assumptions include a downward adjustment to RAP utilization rates to reflect the most recent experience. Assumptions for the RAP are provided in Appendix C.

4.3.2 Allowance for bad debt – principal

Table 17 provides the calculation details for the projection of the allowance for bad debt – principal under the direct loan regime.

Table 17 Allowance for bad debt – principal
(in millions of dollars)

Academic year	Allowance 1 August (1)	Write-offs (2)	Allowance 31 July (3)	Yearly expense (3) - (1 - 2)
2023-2024	2,678	180	2,743[a]	245
2024-2025	2,743	171	3,017	445
2025-2026	3,017	167	3,163	313
2026-2027	3,163	171	3,277	285
2027-2028	3,277	176	3,384	283
2028-2029	3,384	189	3,479	284
2029-2030	3,479	191	3,573	285
2030-2031	3,573	185	3,677	289
2031-2032	3,677	194	3,774	291
2032-2033	3,774	206	3,862	294
2033-2034	3,862	215	3,943	296
2034-2035	3,943	226	4,013	296
2035-2036	4,013	236	4,075	298
2036-2037	4,075	242	4,133	300
2037-2038	4,133	250	4,186	303
2038-2039	4,186	254	4,237	305
2039-2040	4,237	260	4,284	307
2040-2041	4,284	266	4,328	310
2041-2042	4,328	268	4,373	313
2042-2043	4,373	273	4,416	316
2043-2044	4,416	275	4,461	320
2044-2045	4,461	278	4,507	324
2045-2046	4,507	282	4,555	330
2046-2047	4,555	284	4,606	335
2047-2048	4,606	288	4,657	339
2048-2049	4,657	290	4,709	342

a. Calculated using the provision rates (as at 31 July 2024) from the report as at 31 July 2023 but updated with the actual outstanding balances.

The allowance for bad debt – principal is estimated at $2,743 million as at 31 July 2024, which is slightly lower than the $2,761 million projected in the previous report. For the academic year 2023-2024, the yearly expense for the allowance for bad debt – principal is $245 million. The allowance as at 31 July 2025 reflects updated assumptions to the gross default rate and rehabilitations and recalls rates. The net default is increased in the short-term but is partially offset by a lower net default assumption in the long-term. These changes reflect recent experience.

4.3.3 Allowance for bad debt – interest

The projection of the allowance for bad debt – interest under the direct loan regime is presented in Table 18.

Table 18 Allowance for bad debt – interest
(in millions of dollars)

Academic year	Allowance 1 August (1)	Write-offs (2)	Allowance 31 July (3)	Yearly expense (3) - (1-2)
2023-2024	136	32	117[a]	13
2024-2025	117	25	93	2
2025-2026	93	17	76	-
2026-2027	76	17	59	-
2027-2028	59	13	47	-
2028-2029	47	8	39	-
2029-2030	39	6	33	-
2030-2031	33	6	27	-
2031-2032	27	4	23	-
2032-2033	23	4	19	-
2033-2034	19	3	15	-
2034-2035	15	3	12	-
2035-2036	12	2	10	-
2036-2037	10	2	8	-
2037-2038	8	2	6	-
2038-2039	6	2	4	-
2039-2040	4	1	3	-
2040-2041	3	1	2	-
2041-2042	2	1	1	-
2042-2043	1	0	1	-
2043-2044	1	0	1	-
2044-2045	1	0	0	-
2045-2046+	-	-	-	-

a. Calculated using the provision rate (as at 31 July 2024) from the report as at 31 July 2023 but updated with the actual outstanding balance.

The allowance for bad debt – interest is estimated at $117 million as at 31 July 2024, which is slightly higher than the $110 million projected in the previous report. For the academic year 2023-2024, the yearly expense for the allowance for bad debt – interest is $13 million, which corresponds to the unexpected interest accrued of $13 million, as shown in Table 13.

Starting in 2025-2026, there are no more expected yearly expenses due to the removal of the interest accrual. However, there are allowances for the current outstanding interest balance, which is projected to be gradually written-off over the next years. The allowance as at 31 July 2025 reflects updated assumptions.

4.4 Total expenses

As shown in Table 19, and notwithstanding impacts from temporary measures, total expenses associated with the program increase from $4.6 billion in 2027-2028[11] to $5.3 billion in 2048-2049. On average, total expenses are projected to increase at an annual rate of 0.6%.

Table 19 Summary of expenses
(in millions of dollars)

Academic year	Student related expenses	Government liabilities on outstanding loans	Alternative payments	Administrative expenses: Fees paid to provinces	Administrative expenses: General	Total
2023-2024	3,818.6	325.0	1,138.0	30.6	109.6	5,421.9
2024-2025	3,544.5	526.7	938.4	31.5	113.5	5,154.5
2025-2026	3,814.8	434.6	998.5	32.4	115.9	5,396.1
2026-2027	3,106.9	419.9	1,040.8	33.4	117.6	4,718.6
2027-2028	3,139.4	438.5	887.9	34.3	120.3	4,620.4
2028-2029	3,161.4	449.8	918.6	35.3	123.8	4,688.9
2029-2030	3,168.9	453.2	945.2	36.4	127.4	4,731.1
2030-2031	3,191.3	457.5	965.3	37.4	131.1	4,782.6
2031-2032	3,210.6	462.5	986.6	38.5	135.0	4,833.2
2032-2033	3,227.3	466.9	1,004.5	39.6	138.9	4,877.3
2033-2034	3,239.1	470.5	1,018.2	40.8	143.0	4,911.6
2034-2035	3,247.4	473.3	1,027.4	42.0	147.1	4,937.2
2035-2036	3,252.3	475.6	1,029.6	43.2	151.4	4,952.1
2036-2037	3,256.6	478.3	1,027.6	44.5	155.9	4,962.9
2037-2038	3,259.8	482.0	1,023.0	45.8	160.4	4,971.0
2038-2039	3,267.6	486.1	1,020.7	47.1	165.1	4,986.6
2039-2040	3,283.9	490.2	1,020.0	48.5	169.9	5,012.4
2040-2041	3,293.5	494.3	1,019.8	49.9	174.9	5,032.4
2041-2042	3,303.0	498.3	1,014.9	51.4	180.0	5,047.5
2042-2043	3,319.3	503.4	1,008.6	52.9	185.2	5,069.4
2043-2044	3,340.3	509.3	1,004.7	54.4	190.6	5,099.4
2044-2045	3,365.5	516.0	1,000.1	56.0	196.2	5,133.8
2045-2046	3,393.9	522.9	993.1	57.6	201.9	5,169.4
2046-2047	3,426.0	530.2	982.9	59.3	207.8	5,206.1
2047-2048	3,450.2	537.1	973.0	61.0	213.9	5,235.2
2048-2049	3,480.0	542.4	965.0	62.8	220.1	5,270.4

The larger student related expenses over the first three academic years and the larger alternative payments over the first four academic years are mainly due to the temporary increase of the grants.

[11] First academic year not impacted by temporary measures.

4.4.1 Student related expenses

The primary expense of the CSFA Program is the cost of supporting students during their study and repayment periods. The student related expenses are presented in Table 20.

Table 20 Student related expenses
(in millions of dollars)

	Direct loan				Risk-shared and guaranteed loans		
Academic year	Interest subsidy - before consolidation	Interest subsidy - after consolidation	RAP – interest	Allowance for RAP – principal	RAP – interest and principal	Canada student grants	Total
2023-2024	341.0	527.1	-	336.5	0.5	2,613.5	3,818.6
2024-2025	366.2	488.6	-	74.2	1.0	2,614.5	3,544.5
2025-2026	423.2	526.2	-	302.8	1.0	2,561.5	3,814.8
2026-2027	455.0	563.6	-	274.0	0.5	1,813.8	3,106.9
2027-2028	477.3	599.6	-	272.7	-	1,789.8	3,139.4
2028-2029	493.6	628.4	-	272.9	-	1,766.5	3,161.4
2029-2030	505.6	651.0	-	272.8	-	1,739.6	3,168.9
2030-2031	515.1	669.7	-	275.5	-	1,730.9	3,191.3
2031-2032	524.3	687.1	-	278.0	-	1,721.2	3,210.6
2032-2033	533.1	703.6	-	280.3	-	1,710.4	3,227.3
2033-2034	541.2	719.1	-	281.9	-	1,696.9	3,239.1
2034-2035	548.6	733.7	-	283.1	-	1,681.9	3,247.4
2035-2036	555.3	747.5	-	283.2	-	1,666.3	3,252.3
2036-2037	560.0	757.6	-	283.7	-	1,655.4	3,256.6
2037-2038	563.5	765.4	-	281.6	-	1,649.3	3,259.8
2038-2039	567.4	772.4	-	283.4	-	1,644.3	3,267.6
2039-2040	571.7	779.1	-	292.8	-	1,640.3	3,283.9
2040-2041	576.2	785.5	-	295.5	-	1,636.3	3,293.5
2041-2042	580.8	791.8	-	297.9	-	1,632.5	3,303.0
2042-2043	586.0	798.2	-	301.2	-	1,634.0	3,319.3
2043-2044	592.0	804.7	-	305.0	-	1,638.6	3,340.3
2044-2045	598.8	811.7	-	309.4	-	1,645.7	3,365.5
2045-2046	606.4	819.2	-	314.1	-	1,654.2	3,393.9
2046-2047	614.7	827.3	-	319.1	-	1,664.8	3,426.0
2047-2048	622.9	836.3	-	322.8	-	1,668.2	3,450.2
2048-2049	630.6	854.3	-	326.0	-	1,669.2	3,480.0

Interest subsidies are still projected for the risk-shared and guaranteed loans for the first four years of the projection. However, those results were removed from Table 20 since they are negligible (less than $1M).

In the academic year 2023-2024, a total of $2,614 million of Canada Student Grants were disbursed and are expected to remain relatively constant over the next two academic years. Those grants are projected to decrease in 2026-2027 due to the end of the 40% temporary grant increase (compared with the academic year 2019-2020).

4.4.2 Government liabilities on outstanding loans

Another expense for the Government corresponds to the risk that loans will never be repaid. This includes the risk of loan default and the risk of loans being forgiven upon a student's death or severe and permanent disability. Loans forgiven for family physicians, qualifying nurses, early childhood educators as well as additional health care and social services professionals practicing in under-served rural or remote communities are also included in Table 21 below.

Table 21 Government liabilities on outstanding loans
(in millions of dollars)

	Direct loan		Risk-shared	Guaranteed		
Academic year	Allowance for bad debt Principal	Allowance for bad debt Interest	Risk premium, put-backs & refunds to FIs	Claims for defaulted loans	Loans forgiven	Total
2023-2024	245.0	13.0	1.5	-1.5	66.9	325.0
2024-2025	446.1	1.5	-	-	79.1	526.7
2025-2026	312.6	-	-	-	122.0	434.6
2026-2027	284.1	-	-	-	135.8	419.9
2027-2028	283.6	-	-	-	154.9	438.5
2028-2029	284.4	-	-	-	165.4	449.8
2029-2030	284.9	-	-	-	168.3	453.2
2030-2031	288.2	-	-	-	169.4	457.5
2031-2032	291.1	-	-	-	171.4	462.5
2032-2033	293.7	-	-	-	173.2	466.9
2033-2034	295.5	-	-	-	174.9	470.5
2034-2035	296.9	-	-	-	176.3	473.3
2035-2036	298.1	-	-	-	177.5	475.6
2036-2037	299.8	-	-	-	178.5	478.3
2037-2038	302.3	-	-	-	179.7	482.0
2038-2039	304.9	-	-	-	181.2	486.1
2039-2040	307.5	-	-	-	182.7	490.2
2040-2041	310.1	-	-	-	184.2	494.3
2041-2042	312.6	-	-	-	185.7	498.3
2042-2043	316.2	-	-	-	187.2	503.4
2043-2044	320.3	-	-	-	189.0	509.3
2044-2045	324.9	-	-	-	191.1	516.0
2045-2046	329.5	-	-	-	193.4	522.9
2046-2047	334.3	-	-	-	195.9	530.2
2047-2048	338.6	-	-	-	198.5	537.1
2048-2049	341.7	-	-	-	200.6	542.4

The increase in loans forgiven is due to the increase in the maximum amount of forgivable loans for doctors and qualifying nurses, the expansion of the program to more rural communities and the Budget 2024 proposed expansion of the program to early childhood educators as well as to more health care and social services professionals starting in fall 2025.

4.4.3 Other expenses

Other expenses are composed of alternative payments and administrative expenses (fees paid to participating province and general expenses) and are presented in Table 19. Alternative payments are made directly to Quebec, the Northwest Territories and Nunavut, as they do not participate in the CSFA Program. The calculation of alternative payments is based on expenses and revenues for a given academic year and the payment is accounted for in the following academic year.

The short-term projection of the administrative fees was provided by ESDC. All collection activities on defaulted loans are fulfilled by CRA and a cost is included in the projected general administrative fees for this purpose.

4.5 Total revenues

With the permanent elimination of interest accrual, revenues for the direct loan regime have nearly been reduced to zero. Only a small share of loans in default still accrues interest. It is expected that these loans will also be reduced to zero in the short-term future.

Under the guaranteed and risk-shared regimes, revenues come from recoveries of principal and interest from defaulted loans owned by the Government.

As shown in Table 22, total revenues are projected to decrease to $0.

Table 22 Total revenues
(in millions of dollars)

	Direct loan	Risk-shared	Guaranteed	
Academic year	Interest revenues	Principal and interest from recovery	Principal and interest from recovery	Total revenues
2023-2024	9.0	1.3	2.4	12.7
2024-2025	-	1.0	2.2	3.2
2025-2026	-	0.8	1.9	2.7
2026-2027	-	0.8	1.6	2.3
2027-2028	-	0.7	1.3	1.9
2028-2029	-	0.6	1.0	1.5
2029-2030	-	0.4	0.7	1.1
2030-2031	-	0.3	0.4	0.7
2031-2032	-	0.1	-	0.1
2032-2033+	-	-	-	-

4.6 Total net cost

Table 23 shows projected total expenses, total revenues and the total net cost of the program for all three regimes for the projection period. The expenses and revenues shown correspond to values presented earlier in this report.

Table 23 Net annual cost of the program
(in millions of dollars)

Academic year	Total expenses	Total revenues	Total net cost	Increase (%)	Direct loan	Risk-shared & guaranteed
2023-2024	5,421.9	12.7	5,409.2	N/A	5,409.5	-0.2
2024-2025	5,154.5	3.2	5,151.3	-4.8	5,153.6	-2.4
2025-2026	5,396.1	2.7	5,393.4	4.7	5,395.1	-2.0
2026-2027	4,718.6	2.3	4,716.3	-12.6	4,718.1	-2.0
2027-2028	4,620.4	1.9	4,618.4	-2.1	4,620.4	-2.1
2028-2029	4,688.9	1.5	4,687.4	1.5	4,688.9	-1.6
2029-2030	4,731.1	1.1	4,730.0	0.9	4,731.1	-1.1
2030-2031	4,782.6	0.7	4,782.0	1.1	4,782.6	-0.7
2031-2032	4,833.2	0.1	4,833.1	1.1	4,833.2	-0.1
2032-2033	4,877.3	-	4,877.3	0.9	4,877.3	-
2033-2034	4,911.6	-	4,911.6	0.7	4,911.6	-
2034-2035	4,937.2	-	4,937.2	0.5	4,937.2	-
2035-2036	4,952.1	-	4,952.1	0.3	4,952.1	-
2036-2037	4,962.9	-	4,962.9	0.2	4,962.9	-
2037-2038	4,971.0	-	4,971.0	0.2	4,971.0	-
2038-2039	4,986.6	-	4,986.6	0.3	4,986.6	-
2039-2040	5,012.4	-	5,012.4	0.5	5,012.4	-
2040-2041	5,032.4	-	5,032.4	0.4	5,032.4	-
2041-2042	5,047.5	-	5,047.5	0.3	5,047.5	-
2042-2043	5,069.4	-	5,069.4	0.4	5,069.4	-
2043-2044	5,099.4	-	5,099.4	0.6	5,099.4	-
2044-2045	5,133.8	-	5,133.8	0.7	5,133.8	-
2045-2046	5,169.4	-	5,169.4	0.7	5,169.4	-
2046-2047	5,206.1	-	5,206.1	0.7	5,206.1	-
2047-2048	5,235.2	-	5,235.2	0.6	5,235.2	-
2048-2049	5,270.4	-	5,270.4	0.7	5,270.4	-

As shown in Table 23, the initial net annual cost for the direct loan regime is $5.4 billion for the academic year 2023-2024. The net cost is projected to increase between the academic year 2027-2028[12] and the academic year 2048-2049 from $4.6 billion to $5.3 billion, representing an annual average increase of 0.6%.

The net costs shown in Table 23 include the amount of grants disbursed, representing 48% of the net cost for the academic year 2023-2024. Moreover, the net costs also include yearly expenses to account for allowances that recognize in advance the risk of future losses associated with student loans.

[12] The higher net annual cost for academic years 2023-2024 to 2025-2026 mostly comes from the temporary increased grants, as shown in Table 20. Academic year 2026-2027 is also impacted indirectly from the temporary grants increase due to a higher alternative payment based on the grants disbursed in the previous year.

5 Actuarial opinion

In our opinion, considering that this Actuarial Report on the Canada Student Financial Assistance Program was prepared pursuant to the *Canada Student Financial Assistance Act*:

- the data on which this report is based are sufficient and reliable for the purposes of this report;
- the assumptions used are, individually and in aggregate, reasonable and appropriate for the purposes of this report; and
- the methods employed are appropriate for the purposes of this report.

This report has been prepared, and our opinion given, in accordance with accepted actuarial practice in Canada, in particular, the General Standards of the Standards of Practice of the Canadian Institute of Actuaries.

A subsequent event has occurred after the valuation date. It consists of the upcoming temporary change to the program stated in the Canada Gazette (Part II, Volume 159, Number 8), as described in Section 2.3. In order to provide projections based on up-to-date information, this change was considered in our report.

frappier, laurence

Digitally signed by frappier, laurence
DN: C=CA, O=GC, OU=OSFI-BSIF, CN="frappier, laurence"
Reason: I am the author of this document
Location:
Date: 2025.08.29 13:08:40-04'00'
Foxit PDF Reader Version: 2024.4.0

Laurence Frappier, FCIA, FSA
Managing Director

Marie-Pier Bernier

Digitally signed by Marie-Pier Bernier
DN: C=CA, S=Ontario, L=Ottawa, OI="GOVCA+ON", SN=Bernier, GivenName=Marie-Pier, O=OSFI, CN=Marie-Pier Bernier, E=Marie-Pier.Bernier@osfi-bsif.gc.ca
Reason: I am the author of this document
Location: Montreal
Date: 2025.08.29 13:18:25-04'00'
Foxit PDF Editor Version: 2025.1.0

Marie-Pier Bernier, FCIA, FSA

Thierry Truong

Signé numériquement par Thierry Truong
ND : C=CA, S=Ontario, L=Ottawa, OI=" GOVCA+ON", SN=Truong, GivenName= Thierry, O=OSFI, CN=Thierry Truong, E= Thierry.Truong@osfi-bsif.gc.ca
Raison : Je suis l'auteur du document
Emplacement : Ottawa
Date : 2025.08.29 13:23:52-04'00'
Foxit PDF Reader Version: 2024.4.0

Thierry Truong, FCIA, FSA

Ottawa, Canada
29 August 2025

Appendix - A Summary of program provisions

The Canada Student Financial Assistance Program (CSFA Program) came into force on 28 July 1964 to provide Canadians equal opportunity to study beyond the secondary level and to encourage successful and timely completion of post-secondary education. The CSFA Program is meant to supplement resources available to students from their own earnings, their families', and other student awards.

Historically, two successive acts were established to assist qualifying students. The *Canada Student Loans Act* applied to academic years preceding August 1995 while the subsequent *Canada Student Financial Assistance Act* applies to academic years starting after July 1995.

The population covered by the CSFA Program is the Canadian population excluding non-permanent residents as well as the non-participating province and territories of Québec, Northwest Territories and Nunavut.

A.1 Eligibility criteria

In order to be eligible for financial assistance, a student must be a Canadian citizen, permanent resident, protected person within the meaning of the Immigration and Refugee Protection Act or a person registered as an Indian under the Indian Act, and must demonstrate the need for financial assistance, which is determined by the Need Assessment Process under the program. The assessed need is the difference between the student's costs and the student's resources. A student must also fulfill a series of criteria (scholastic standard and financial) to be considered for financial assistance. Each year, upon application with their province of residence, financial assistance is available to full-time students regardless of age, and since 1983, financial assistance is also available to part-time students.

A multi-year student financial assistance agreement was implemented in all jurisdictions starting in the academic year 2013-2014. It is referred to as the Master Student Financial Assistance Agreement (MSFAA) and replaces the former single-year student loan agreement. By signing an MSFAA, a borrower agrees to repayment terms that will apply to their loans when they leave their studies.

Starting in the academic year 2017-2018, the student's resources definition was modified to consider only the student contribution as well as the parental or spousal contribution, if applicable. The student contribution is comprised of the fixed student contribution, merit-based scholarships, need-based bursaries, and targeted resources.

The fixed student contribution depends on the borrower's previous year's gross annual family income, family size and the number of weeks of study. Students with gross family income from the previous year equal to or below the low-income threshold will contribute \$1,500 for an 8-month academic year. Students with gross family income from the previous year above the low-income threshold will contribute \$1,500 plus an additional 15% of income above the threshold up to a maximum total contribution of \$3,000 for an 8-month academic year. The low-income thresholds vary depending on the student's family size. The previous year's gross family income is defined by the applicable student category. For independent students and single parent, family income is comprised of the student's income only. For dependant students, family income is comprised of the student's parental income only. In the case of a married or common-law student, family income is comprised of the student's and the spouse's or partner's income. Indigenous learners, students with a disability recognized by the CSFA Program, students with dependants and current or former Crown wards are exempted from the fixed student contribution.

The expected contribution from merit-based scholarships and need-based bursaries is equivalent to the combined assessed actual amount less an exemption of $1,800 per academic year.

Targeted resources are those provided to help with specific educational costs and may include funds received from municipal, provincial, or federal governments (e.g., training allowances from the skills portion of Employment Insurance benefits), or from the private sector (e.g., room and board provided by an employer while a full-time student). They are assessed at 100%.

Parents of single dependant students are expected to contribute to their children's education. The amount of parental contribution depends on family income and size, but do not depend on the living situation of the student.

The spouses and partners of married or common-law students are expected to make a spousal contribution equal to 10% of their gross family income exceeding the low-income thresholds. Spouses and partners at or below the low-income threshold, as well as those who are themselves full-time students, are not expected to make any spousal contribution.

Since the academic year 2023-2024, the credit screening requirement for mature student applicants, aged 22 years or older, applying for Canada Student Grants and loans has been eliminated.

A.1.1 Partnerships

Since the program's inception in 1964, the Minister entered into an agreement with the participating provinces/territory regarding their powers, duties and functions related to the administration of the program. The participating provinces have their own student financial assistance programs that complement the CSFA Program. On behalf of the Government of Canada, the provinces and territory determine whether students require financial assistance as well as their eligibility for the CSFA Program. Provincial/territorial authorities determine the students' required financial needs based on the difference between their expected expenses and available resources.

In general, for each academic year, the CSFA Program covers around 60% of the assessed need up to the sum of the maximum grant (for eligible students) and a maximum of $210 per week in student loans. This maximum was temporarily increased to $300 per week for the academic years 2023-2024 and 2024-2025.

The Canada Gazette (Part II, Volume 159, Number 8) stated that this temporary increase would be extended to the academic year 2025-2026.

The participating provinces and territory complement the CSFA Program by providing additional financial assistance up to established maximum amounts. The amount of money students may borrow depends on their individual circumstances.

The National Student Loans Service Centre (NSLSC) was established on 1 March 2001 and is responsible for the administration of student loans and grants. The NSLSC processes all applicable documentation from loans' disbursement to their consolidation and repayment for the federal portion of the loans, as well as for the provincial portion of integrated loans. It keeps students informed of all available options to assist in repaying their loans. The NSLSC is run by a private entity contracted by the government.

The type of financial arrangement has changed through time and legislation. The following describes the different arrangements and explains who bears the risk associated with default.

- Guaranteed loan regime: Student loans provided by lenders (financial institutions) under the Canada Student Loans Act prior to August 1995 were fully guaranteed by the Government to the lenders. The Government reimbursed lenders for the outstanding principal, accrued interest and costs in the event of default or death of the borrower. Therefore, the Government bore all the risk involved with guaranteed loans.
- Risk-shared loan regime: Between August 1995 and July 2000, student loans continued to be disbursed, serviced and collected by financial institutions. However, the loans were no longer fully guaranteed by the Government. Instead, the Canada Student Financial Assistance Act permitted the Government to pay financial institutions a risk premium of five per cent of the value of loans that consolidated in each academic year. Under this financial arrangement, the Government was not at risk except for the payment of the risk premium. Financial institutions could also decide to sell a certain amount of defaulted loans and the Government had to pay a put-back fee of five cents on the dollar for these loans. Finally, the agreement provided that part of the recoveries be shared with financial institutions.
- Direct loan regime: The direct loan arrangement came into force, effective 1 August 2000, following the restructuring of the delivery of the program and the amendments made to the Canada Student Financial Assistance Act and Regulations. Under this regime, the Government issues loans directly to students and bears all the risk involved.

The Government of Canada currently has integration agreements in place with six provinces: Ontario (August 2001), Saskatchewan (August 2001), Newfoundland and Labrador (April 2004), New Brunswick (May 2005), British Columbia (August 2011) and Manitoba (July 2022). Students in integrated provinces benefit from having one single loan administered through the NSLSC instead of managing two separate loans (federal and provincial).

A.2 Canada Student Grants

The Canada Student Grants (CSGs), implemented in August 2009, provide non-repayable assistance to targeted groups of students, including students from low- and middle-income families, students with a disability recognized by the CSFA Program and students with children under the age of 12. These grants are not taxable.

The regulated CSGs include:

- **CSG-FT**: a grant of up to $375 per month of study for full-time university undergraduate or college students with a family income that falls below the maximum threshold (which scales up based on family size). To be eligible, a student's academic program must be at least two years (60 weeks) in duration.

- **CSG-D**: a grant of $2,000 per school year for students with a disability recognized by the CSFA Program.
- **CSG-DSE**: a grant of up to $20,000 per school year to help cover exceptional education-related costs associated with a student's disability recognized by the CSFA Program.
- **CSG-FTDEP**: a grant of up to $200 per month of full-time study based on family size and income, for every dependant child under the age of 12.
- **CSG-PT**: a grant of up to $1,800 per school year for part-time students with a family income that falls below the maximum threshold (which scales up based on family size).
- **CSG-PTDEP**: a grant of up to $40 per week of study for part-time students with one or two children under 12 years of age and up to $60 per week of study for students with three or more children under 12 years of age, up to a maximum of $1,920 per year. The exact amount payable for each week depends on family size and income.

Grants amounts are stated in the *Canada Student Financial Assistance Regulations*. The thresholds and phase-out rates for CSG-FT, CSG-FTDEP, CSG-PT and CSG-PTDEP are based on family size and income and are set out in Schedule 4 of the Regulations.

Grants amounts for the CSG-FT, CSG-FTDEP, CSG-D, CSG-PT and CSG-PTDEP were temporarily increased by 40% (compared with the academic year 2019-2020) for the academic years 2023-2024 and 2024-2025.

The Canada Gazette (Part II, Volume 159, Number 8) stated that this temporary increase would be extended to the academic year 2025-2026.

A.3 Loan benefit

A.3.1 In-study interest subsidy

The CSFA Program provides an interest-free loan during the borrower's study period and during the six-month non-repayment period for both full-time and part-time students. The benefit takes the form of an in-study interest subsidy. During this period, the Government pays interest (Government's cost of borrowing) on the loan and no payment on the principal is required.

Since June 2008, members of the Reserve Force who interrupt their program of study to serve on a designated operation are considered full-time students until the last day of the month in which their service ends and, as such, benefit from an extended in-study interest-free period.

A.3.2 Loan consolidation

During the first six months following the end of the study period (six-month non-repayment period), all loans previously received by a student are added together and consolidated. No payment is required. With the implementation of the MSFAA, the *Canada Student Financial Assistance Regulations* were amended to remove the regulatory requirement that borrowers sign a consolidation agreement. Repayment terms are part of the MSFAA and a repayment letter is sent to borrowers upon leaving their studies. The letter provides information on their loan balance, repayment options and available repayment assistance measures.

In general, the student's monthly payment is calculated based on a standard 114-month repayment period. However, loans with an outstanding balance smaller than $7,000 are amortized over a shorter period of time as per ESDC's guidelines.

Students must provide the NSLSC with a proof of enrolment for each study period in which they are enrolled even if they are not applying for a new loan. This prevents an automatic consolidation from occurring while they are still in school.

Since October 2020, more flexibility is provided for borrowers who take a temporary leave from their studies for medical or parental reasons, including mental health leaves. Borrowers are eligible for an interest-free and payment-free leave for a maximum period of 18 months.

A.3.3 In repayment interest subsidy

Bill C-14 waived the interest accrual on student loans for fiscal year 2021-2022 and Budget 2021 extended this waiver for one more year, up to 31 March 2023.

The interest accrual was permanently eliminated starting on 1 April 2023.

A.3.4 Repayment Assistance Plan (RAP)

The RAP is designed to make it easier for borrowers to manage their debt by calculating affordable payments ($0 for those under the established minimum income threshold or up to 10%[13] of family income for those above the established minimum income threshold) based on family income and family size. Therefore, the affordable payment formula ensures no borrower pays more than 10% of their gross income towards their student loan debt. Borrowers are deemed eligible for the RAP for a six-month period if their affordable payment is less than their required monthly payment. The RAP is composed of two stages to help borrowers fully repay their loan within a maximum of 15 years of leaving school (or 10 years for borrowers with a disability).

At the beginning of the academic year 2016-2017, the RAP income thresholds were increased to ensure that students would not be required to repay their student loan until they earned at least $25,000 per year ($25,000 being the threshold for a single student with no dependants, which scales up based on family size). It was further increased in the academic year 2022-2023 to $40,000 while thresholds for borrowers from larger households were modified to match the Canada Student Grants thresholds. All thresholds also now increase with inflation, every year, on August 1st.

Under Stage 1, the required monthly payment is determined by amortizing a borrower's outstanding principal amount over a period that ends 120 months after leaving school. The borrower's monthly affordable payment, if any, goes directly towards the loan principal first, and then the interest, if any, while the Government covers any interest amount not covered by the affordable payment. The principal portion of the loan not covered by the affordable payment is deferred. Stage 1 can last for a maximum of five years in cumulative six-month periods.

Stage 2 is available to borrowers who continue to experience financial difficulty after Stage 1 has been exhausted and to those whose loan has been in repayment for more than 10 years. Under Stage 2, the required payment is calculated by amortizing the outstanding principal between the start date of Stage 2 and the date corresponding to 15 years after the borrower left school (10 years for borrowers with a disability recognized by the CSFA Program). The Government covers both the required principal amount and the interest amount, if any, not covered by the

[13] Decreased in the academic year 2022-2023 from 20%.

borrower's affordable payment such that the student loan is repaid in full within 15 years (10 years for borrowers with a disability recognized by the CSFA Program) of the borrower leaving school.

Since January 2020, the eligibility for loan rehabilitation was expanded after a borrower defaults on their student loan. Financially vulnerable borrowers in default could access support such as the RAP and begin making affordable payments on their outstanding debt again.

Borrowers with a disability recognized by the CSFA Program who are not eligible for the Severe Permanent Disability Benefit have access to the RAP-D[14]. Additional expenses related to costs faced by borrowers with a disability recognized by the CSFA Program are taken into account in the income calculation when they apply for RAP-D. Similar to all borrowers in RAP Stage 2, additional student loans or grants are not available under RAP-D until existing loans are paid in full.

A.3.5 Loan forgiveness

The Minister has the authority, upon application and qualification, to forgive a loan in the event of a borrower's severe permanent disability or death while in school or during the repayment period. Effective 1 August 2009, in order for a borrower's loan to be forgiven due to a permanent disability, the Minister must be satisfied that the borrower's condition respects the definition of "severe permanent disability", is unable to repay the student loan and will never be able to repay it.

Effective 1 January 2013, a portion of student loans allocated to family physicians (including residents in family medicine programs), registered nurses, registered practical nurses, licensed practical nurses, registered psychiatric nurses and nurse practitioners (together referred to as "qualifying nurses" throughout the report) who work during a year in an under-served rural or remote community can be forgiven for that year. Qualifying participants who started their current employment in under-served communities on or after 1 July 2011 and who complete a year of work (starting on or after 1 April 2012) are eligible for loan forgiveness.

Prior to November 2023, qualifying family physicians were eligible for up to a maximum of $40,000 over five years. Qualifying nurses were eligible for up to a maximum of $20,000 over five years.

Starting in November 2023, the maximum amount of forgivable Canada Student Loans increased by 50% for doctors and nurses. As a result, qualifying family physicians are eligible for up to $60,000 over five years while nurses are eligible for up to $30,000 over five years.

Starting in November 2024, the Canada Student Loan Forgiveness for doctors and qualifying nurses was expanded to more rural communities. Budget 2024 proposed to expand the list of professionals eligible for loan forgiveness while working in under-served rural or remote communities. The following professionals were proposed to be added: dentists, dental hygienists, pharmacists, midwives, teachers, social workers, personal support workers, physiotherapists, psychologists, and early childhood educators.

14 Before Budget 2021, only those with a permanent disability were eligible for RAP–Permanent Disability (RAP-PD).

Appendix - B Data

The input data required with respect to direct loans were extracted from data files provided by Employment and Social Development Canada (ESDC).

B.1 Direct loans issued

Table 24 presents information extracted from ESDC's data files on the amount of direct loans issued and the number of students for academic years 2000-2001 to 2023-2024. According to the Monthly Financial Information Schedule (MFIS), the total amount of loans issued in 2023-2024 was $4,839 million, which is identical to the value calculated using the data file. These data were found to be complete.

Table 24 Direct loans issued (in millions of dollars) and number of students

Academic year	Amount of loans issued	Number of students
2000-2001	1,573	343,746
2001-2002	1,507	328,671
2002-2003	1,549	331,042
2003-2004	1,648	342,264
2004-2005	1,633	339,204
2005-2006	1,936	345,549
2006-2007	1,916	344,214
2007-2008	2,004	353,548
2008-2009	2,071	366,145
2009-2010	2,088	403,566
2010-2011	2,225	427,054
2011-2012	2,412	450,246
2012-2013	2,583	477,394
2013-2014	2,721	497,636
2014-2015	2,723	495,297
2015-2016	2,722	496,998
2016-2017	2,627	497,045
2017-2018	3,352	592,091
2018-2019	3,575	625,135
2019-2020	3,449	607,861
2020-2021	3,969	576,463
2021-2022	2,940	558,356
2022-2023	3,137	565,848
2023-2024	4,839	649,393

B.2 Direct loans consolidated

Table 25 presents the amount of consolidated direct loans, the amounts that were reversed due to students returning to school and the accrued interest during the six-month non-repayment period according to the MFIS. These data closely match consolidations from individual data for the most recent years. It was observed that reversals (students returning to school) generally occur in the same academic year as consolidation or the year after.

Table 25 Direct loans consolidated
(in millions of dollars)

Academic year	Consolidations (1)	Reversal[a] (2)	Interest accrued (3)	Total amount consolidated (1) - (2) + (3)
2000-2001	65.7	4.1	0.7	62.2
2001-2002	901.0	154.9	26.0	772.2
2002-2003	1,211.9	262.7	39.6	988.8
2003-2004	1,434.3	326.6	43.7	1,151.4
2004-2005	1,632.6	388.4	52.6	1,296.7
2005-2006	1,720.0	435.4	61.8	1,346.4
2006-2007	1,936.3	499.8	82.7	1,519.3
2007-2008	2,100.8	571.8	90.4	1,619.3
2008-2009	2,187.5	638.2	74.8	1,624.0
2009-2010	2,302.3	703.3	54.9	1,654.0
2010-2011	2,464.8	762.0	65.3	1,768.1
2011-2012	2,580.8	799.9	72.1	1,852.9
2012-2013	2,684.9	801.3	75.0	1,958.6
2013-2014	2,797.6	788.3	78.8	2,088.2
2014-2015	2,909.9	797.6	82.0	2,194.3
2015-2016	3,034.1	852.6	81.7	2,263.2
2016-2017	3,082.9	904.2	83.6	2,262.2
2017-2018	3,072.5	963.8	88.3	2,197.0
2018-2019	3,396.2	966.0	110.0	2,540.2
2019-2020	3,723.7	983.5	85.7	2,825.9
2020-2021	3,905.9	1,326.6	0.0	2,579.3
2021-2022	4,491.4	1,130.9	0.0	3,360.5
2022-2023	4,266.5	1,200.1	0.0	3,066.4
2023-2024	4,148.6	1,197.8	0.0	2,950.8

a. Reversals recorded in each academic year regardless of the original consolidation year.

B.3 Defaults and recoveries for direct loans

Table 26 shows the main items of the defaulted loans portfolio (principal only). This information is extracted from ESDC's data files.

- Defaults: amount of loans transferred to the Government in each academic year after nine months without a payment;
- Account adjustments: loans recalled and financial adjustments made by ESDC;
- Rehabilitations: amount of loans rehabilitated under certain criteria;
- Recoveries: payments recovered by the CRA from borrowers in default;
- Write-offs: amounts approved for write-off when a loan meets certain criteria and has exceeded the six-year limitation period.

Adjustments, rehabilitations, recoveries and write-offs shown in Table 26 represent the amounts recorded in each academic year, regardless of the time of default. For example, in the academic year 2023-2024, there were $137.6 million in recoveries. This amount includes recoveries for loans that could have been transferred in default in any academic year between 2000-2001 and now.

Table 26 shows that the balance of the portfolio in default is $2,535.1 million as at 31 July 2024 based on the information extracted from the data file. There is a non-material difference between the balance determined in the DARS/PSCD data file received and the balance provided by ESDC of $2,525.9 million as at 31 July 2024.

Table 26 Direct loans default portfolio - principal
(in millions of dollars)

Academic year	Defaults	Account adjustments	Rehabilitated	Net defaults	Recoveries	Write-offs	Balance
2000-2001	5.3	-	-	5.3	0.3	-	5.0
2001-2002	5.0	-	0.1	4.9	0.7	-	9.1
2002-2003	244.3	0.6	17.5	226.2	23.8	-	211.6
2003-2004	265.9	12.4	3.1	250.4	48.8	-	413.1
2004-2005	364.4	19.0	2.2	343.2	83.0	-	673.3
2005-2006	275.6	12.3	7.8	255.5	85.6	-	843.2
2006-2007	257.7	8.7	5.8	243.2	83.7	0.2	1,002.5
2007-2008	303.4	11.1	5.0	287.4	91.8	0.3	1,197.8
2008-2009	308.3	8.7	7.0	292.6	85.4	-	1,404.9
2009-2010	301.2	6.1	10.9	284.3	81.1	-	1,608.2
2010-2011	335.2	6.4	18.0	310.8	92.8	-	1,826.2
2011-2012	382.8	6.9	34.9	341.0	99.3	220.9	1,847.0
2012-2013	353.4	5.9	31.4	316.1	105.0	167.6	1,890.5
2013-2014	372.9	12.5	39.0	321.3	113.0	-	2,098.8
2014-2015	357.6	6.3	39.3	312.0	120.2	218.0	2,072.6
2015-2016	346.0	2.0	40.9	303.1	118.5	131.7	2,125.9
2016-2017	350.4	2.6	73.8	274.1	114.8	136.1	2,149.1
2017-2018	340.6	-0.9	73.6	267.9	113.7	155.1	2,148.3
2018-2019	353.1	2.1	67.7	283.3	114.5	126.1	2,191.0
2019-2020	306.3	1.9	65.9	238.5	78.3	138.2	2,213.0
2020-2021	350.3	3.7	69.8	276.8	55.6	146.1	2,288.0
2021-2022	487.6	15.7	81.1	390.8	105.4	133.7	2,439.7
2022-2023	492.4	9.5	107.0	375.9	113.4	179.6	2,522.7
2023-2024	499.6	13.2	156.0	330.4	137.6	180.3	2,535.1

B.4 Repayment Assistance Plan (RAP)

The RAP was implemented in August 2009. Detailed data files by applicant are available. The data files received were found to be complete and have been used to update the assumptions for the utilization rates (both entrance and continuation) for each stage. Table 27 and Table 28 present the RAP expenses split by stage as found in the MFIS as well as the totals calculated from the data files. Those expenses correspond to the portion of the monthly payments covered by the Government for all borrowers in the RAP.

Table 27 RAP - principal payments
(in millions of dollars)

	MFIS			Data files
Academic year	Stage 2	Disability	Total	Total
2009-2010	3.3	1.2	4.4	2.8
2010-2011	2.9	6.1	8.9	10.2
2011-2012	6.3	11.7	18.1	17.1
2012-2013	11.1	12.9	24.0	24.3
2013-2014	16.7	15.5	32.2	32.7
2014-2015	25.5	20.2	45.7	44.1
2015-2016	33.8	23.4	57.2	56.2
2016-2017	45.8	28.9	74.7	73.3
2017-2018	59.0	31.4	90.4	90.0
2018-2019	70.1	34.5	104.5	103.9
2019-2020	56.6	25.6	82.2	81.6
2020-2021	99.6	47.5	147.1	146.4
2021-2022	105.9	49.8	155.7	156.2
2022-2023	114.5	55.4	169.9	171.1
2023-2024	122.9	60.9	183.8	183.5

Table 28 RAP - interest payments
(in millions of dollars)

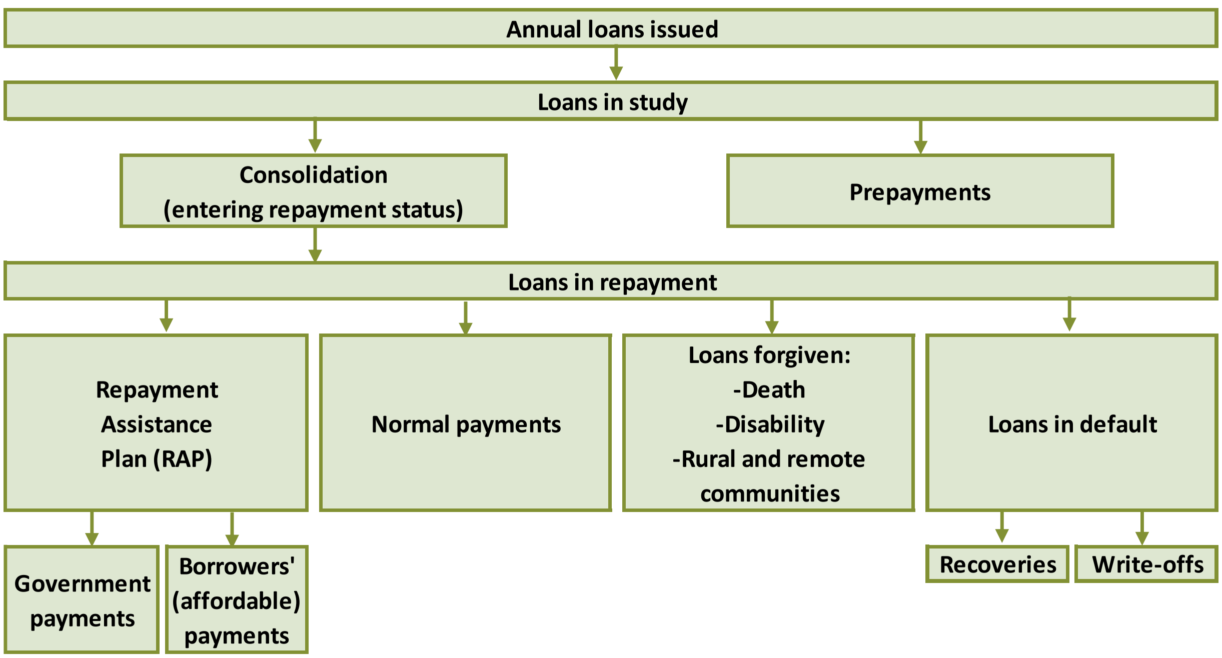
	MFIS				Data files
Academic year	Stage 1	Stage 2	Disability	Total	Total
2009-2010	67.5	0.5	0.7	68.7	73.7
2010-2011	82.7	1.8	3.0	87.5	87.6
2011-2012	94.1	3.9	5.8	103.8	101.9
2012-2013	106.1	6.5	6.1	118.7	119.3
2013-2014	119.2	9.3	6.8	135.3	139.1
2014-2015	131.3	12.9	8.5	152.7	153.9
2015-2016	137.8	15.4	9.3	162.5	164.0
2016-2017	154.3	19.2	11.1	184.7	182.3
2017-2018	182.2	27.0	13.6	222.8	219.4
2018-2019	199.3	34.6	16.6	250.5	245.3
2019-2020	96.8	18.9	8.6	124.3	125.3
2020-2021	40.2	6.6	3.6	50.4	51.5
2021-2022	0.1	0.0	0.0	0.2	0.0
2022-2023+	-	-	-	-	-

Appendix - C Assumptions and methodology

Several economic and demographic assumptions are needed to determine the future long-term costs of the CSFA Program. The assumptions are determined by considering historical experience, recent trends and forward looking expectations. These assumptions reflect the actuary's best judgment and are referred to as "best-estimate" assumptions.

Chart 3 shows the typical evolution of CSFA loans starting from the moment they are issued. Multiple underlying assumptions and methodologies are needed to determine the expected path of a loan issued through the program. Those assumptions and methodologies are described in this Appendix.

Chart 3 Evolution of CSFA loans issued through the program



C.1 Demographic

C.1.1 Covered population projections

Demographic projections are based on the population projected in the 31st Actuarial Report on the Canada Pension Plan as at 31 December 2021. More specifically, it starts with the Canadian population on 1 July 2021, to which future fertility, mortality and migration assumptions, as shown in Table 29, are applied. The Canadian population is adjusted to exclude the non-participating province of Québec as well as the Northwest Territories, Nunavut, and non-permanent residents. The CPP population projections are essential in determining the future number of students expected to pursue a post-secondary education.

Table 29 Demographic assumptions[a]

Total fertility rate for Canada (ultimate)	1.54 per woman (for 2029+)
Mortality	Statistics Canada Life Tables with CPP 31st assumed future improvements
Net migration rate for Canada (ultimate)	0.64% of population (for 2031+)

a. More details on these assumptions can be found in the 31st Actuarial Report on the Canada Pension Plan as at 31 December 2021.

C.1.2 Post-secondary enrolment

Projections of post-secondary enrolment are based on enrolment data from Statistics Canada's Labour Force Survey up to April 2025. The enrolment rates for students enrolled full-time in post-secondary institutions vary according to the following:

Age group

- 15 to 19
- 20 to 24
- 25 to 29
- 30 and over

Gender

- Male
- Female

Labour force status

- In labour force (individuals who are employed or looking for employment)
- Out of labour force

Educational institution

- University
- Public college
- Private college

Table 30 presents the labour force participation rate for participating provinces/territory for every group of ages, based on the population projected in the 31st Actuarial Report on the Canada Pension Plan as at 31 December 2021[15].

Table 30 Labour force participation rates by age group (in percentage)

Academic year	15 to 19	20 to 24	25 to 29	30 and over
2022-2023	46.6	73.5	83.8	80.1
2023-2024	46.9	73.8	84.1	80.4
2024-2025	47.2	74.0	84.4	80.6
2025-2026	47.6	74.2	84.7	80.9
2026-2027	47.9	74.4	85.0	81.2
•	•	•	•	•
2048-2049	51.1	76.3	87.7	82.8

For each sub-group, historical enrolment data and recent enrolment trends are analysed. From these, expected future enrolment rates are determined. The future enrolment rates are then multiplied with the corresponding population subset (in or out of the labour force) to determine the expected number of students enrolled full-time. Since international students are not eligible to participate in the CSFA Program, they are excluded from the enrolment numbers.

Table 31 presents full-time post-secondary enrolment rates by age group, separated according to their labour force status, for academic years 2023-2024, 2033-2034 and 2048-2049. In 2023-2024, 48% of students aged 15-29 who were enrolled full-time in post-secondary institutions were also participating in the labour force. The projected number of part-time students is assumed to stay equal to the last known academic year and represents about 1% of total students taking a loan in the CSFA program.

[15] The projection from the CPP31st Actuarial Report does not reflect the "2025 Revisions of the Labour Force Survey" as it was completed prior to the update.

Table 31 Full-time post-secondary enrolment rate by labour force status (in percentage)

		2023-2024 (1)	2033-2034 (2)	Change in enrolment (2)/(1)-1	2048-2049 (3)	Change in enrolment (3)/(1)-1
In labour force	15-19	19.0	19.3	1.4	19.3	1.5
	20-24	27.0	26.5	-1.5	26.5	-1.8
	25-29	5.4	5.4	0.5	5.4	0.3
	30-64	0.9	0.8	-8.8	0.8	-8.8
	15-29	15.8	16.0	1.4	16.2	3.1
	15-64	4.5	4.5	0.9	4.6	2.5
Out of the labour force	15-19	24.3	24.0	-1.3	24.0	-1.3
	20-24	75.6	74.2	-1.9	74.2	-1.9
	25-29	21.8	25.2	15.4	25.2	15.6
	30-64	3.2	3.0	-6.0	3.0	-6.2
	15-29	37.7	38.3	1.6	38.3	1.4
	15-64	15.9	16.7	4.8	16.4	3.0
Total enrolment over population	15-19	21.9	21.7	-0.9	21.6	-1.0
	20-24	39.7	38.1	-4.1	37.8	-4.9
	25-29	8.0	8.0	-0.4	7.9	-2.0
	30-64	1.4	1.2	-12.0	1.2	-11.5
	15-29	22.6	22.4	-1.0	22.5	-0.4
	15-64	7.1	7.0	-1.7	7.0	-1.4

Over the projection period, most enrolment rates, by age, are expected to remain relatively stable.

C.1.3 Loan uptake rate and grant uptake rate

The projection of the loan uptake rates is based on the historical number of students receiving a loan under the CSFA Program according to the educational institution attended:

Educational institution

- University
- Public college
- Private college

A trend is defined for each group based on historical data, current socio-economic conditions and the future expected mix of the student population.

The product of the number of students enrolled full-time and the CSFA Program loan uptake rate gives the number of students receiving a loan under the CSFA Program.

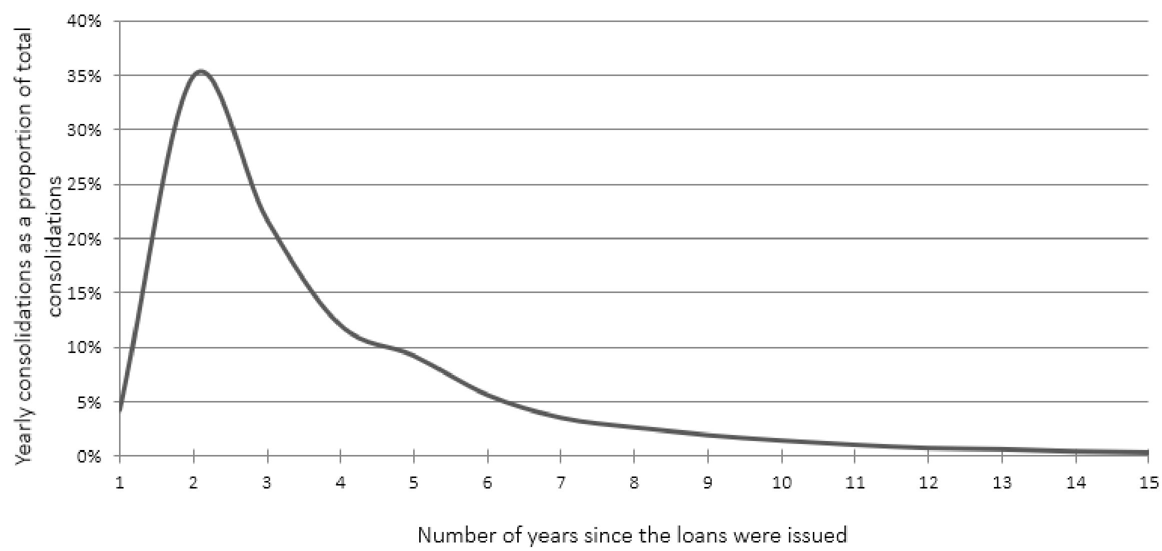
The same methodology is used for both the grant uptake rate and the loan and/or grant uptake rate.

C.1.4 Consolidation

Under the direct loan regime, loans are assumed to consolidate according to the distribution of consolidation by year shown in Chart 4 over a period of fifteen years after a loan is issued. This distribution is built using the experience of direct loan consolidations. The assumption remains fairly similar to the assumption from the previous report.

Each year, some borrowers having previously consolidated their student loans choose to return to school. For projection purposes, the consolidated loan amounts in each future academic year are calculated net of loans for borrowers who returned to school. Hence, the students only consolidate once for modeling purposes.

Chart 4 Distribution of consolidation amounts over 15 years



C.2 Economic

C.2.1 Inflation

Table 32 presents the inflation assumption. The ultimate inflation assumption of 2.0% is consistent with the assumption used in the 31st Actuarial Report on the Canada Pension Plan as at 31 December 2021. The ultimate assumption is unchanged from the previous report.

Table 32 Inflation assumption
(in percentage)

Academic year	Inflation
2024-2025	2.3
2025-2026	2.1
2026-2027+	2.0

C.2.2 Real wage increase

Table 33 presents the real wage increase assumption. The ultimate real wage increase of 0.9% is based on the 31st Actuarial Report on the Canada Pension Plan as at 31 December 2021. The ultimate assumption is unchanged from the previous report.

Table 33 Real wage increase assumption
(in percentage)

Academic year	Real wage increases
2024-2025	0.55
2025-2026	0.80
2026-2027+	0.90

C.2.3 Cost of borrowing

Table 34 presents the interest rates assumptions used to calculate the cost of borrowing for the Government. Since the normal repayment period lasts nine and a half years for most loans issued, the cost of borrowing for the Government is based on the expected 10-year Government of Canada bond yield.

Table 34 Borrowing cost
(in percentage)

Academic year	Government's cost of borrowing	Government's real cost of borrowing[a]	Prime rate[b]
2024-2025	3.1	0.9	4.9
2025-2026	3.3	1.1	4.6
2026-2027	3.4	1.3	4.5
2027-2028	3.4	1.4	4.5
2028-2029	3.5	1.5	4.5
2029-2030	3.5	1.5	4.5
2030-2031	3.6	1.6	4.5
2031-2032	3.6	1.6	4.5
2032-2033	3.6	1.6	4.5
2033-2034	3.6	1.6	4.5
2034-2035+	3.7	1.7	4.5

a. Equals to the Government's cost of borrowing minus inflation.
b. Average expected interest rate declared by Canadian financial institutions.

The government's cost of borrowing is expected to increase gradually from 3.1% in the academic year 2024-2025 to an ultimate rate of 3.7% in the academic year 2034-2035. The ultimate assumption is unchanged from the previous report.

C.2.4 Tuition increase

Tuition fees are, in part, determined by government policies. Thus, they are projected using provincial budgets, along with recent and historical experience of tuition fee increases. The projected increases in tuition fees are shown in Table 35. The aggregate tuition increase assumption is based on the weighted average of the provinces' tuition increases.

Table 35 Increase of tuition expenses by province
(in percentage)

Academic year	N.L.	P.E.I.	N.S.	N.B.	Ont.	Man.	Sask.	Alta.	B.C.	Tuition increase (weighted average)
2023-2024[a]	6.9	3.9	3.0	4.7	3.4	2.8	4.5	5.0	3.5	3.8
2024-2025[a]	3.7	5.0	2.2	8.8	2.9	2.7	4.0	2.3	2.0	2.9
2025-2026[b]	31.0	2.3	2.0	3.7	0.0	3.2	3.2	2.0	2.0	1.4
2026-2027[b]	31.0	2.2	2.0	3.6	0.0	3.1	3.1	2.0	2.0	1.4
2027-2028[b]	31.0	2.2	2.0	3.5	4.2	3.0	3.0	2.0	2.0	3.6
2028-2029+	4.6	2.5	2.3	4.1	4.8	3.5	3.5	2.3	2.3	3.75

a. Increases based on Canadian undergraduate tuition published by Statistics Canada (table 37-10-0045-01).
b. Increases based on provincial budgets, historical experience or expected future increases.

Long-term estimates of tuition are based on past increases in tuition relative to increases in inflation. Academic years 2019-2020 to 2024-2025 represent outlier points in terms of tuition increase due to the 10% decrease in tuition during the first year and the tuition freeze[16] in the following years, both enacted by the Ontario Government. Therefore, they are excluded in the calculations of historical average increases. Over the 10-year period ending in 2018-2019, tuition increases have been, on average, close to inflation plus 1.75%. As such, the ultimate tuition increase is 3.75%, unchanged from the previous report.

Following the end of Ontario's tuition freeze and taking into consideration that most students are currently under a provincial government that has a cap on tuition increase, it is assumed that the tuition increase will revert from 1.4% in the academic year 2026-2027 to the long-term assumption of 3.75% by the academic year 2028-2029 (inflation plus 1.75%).

The starting point for the 2022-2023 tuition fees is calculated from the need assessment data file and represents the average tuition fees for students who received a loan or a grant. Tuition fees were calculated for each of the three student groups (university, public college and private college) and a weighted average was determined based on the number of students in each group. This calculation resulted in a tuition fee estimate of $9,700 for the academic year 2022-2023. The estimated weighted average tuition fees (including compulsory fees) for 2023-2024 is $10,100 (resulting in an increase of 4.1% from 2022-2023).

[16] As shown in Table 35, the actual average tuition increase for Ontario has been higher than 0%. This may be due to a higher share of students attending a program with high tuition fees.

C.3 Loan Size

C.3.1 Student needs

The projection of the average loan issued is based on the projection of the student net need, capped at the maximum weekly student loan limit. Student net need increases are calculated separately for each group (university, public college and private college students) over the projection period.

Determining the student net need	Student need (excess of expenses over resources): • Expenses: tuition and compulsory fees, books and supplies, living allowance, return transportation, childcare and a few other allowable expenses depending on the student's situation. • Resources: student contributions[17] and, when applicable, parental or spousal contributions. • Projected to increase using economic assumptions.
	Grants reduction: • Grants reduce the student need, resulting in the student net need. • Grants may fulfill the entire student need, in which case no loan is issued. • Different grants are available (details can be found in Appendix A). • Grants other than those for disability are projected using inflation indexed thresholds and expected gross annual family income.

ESDC provided CSFA Program need assessment data for the academic year 2022-2023. The CSFA Program generally aims to provide 60% of the total assessed need, while the participating province or territory of residence aims to provide the remaining 40%.

C.3.2 Other student expenses

Other expenses are considered to be any student expense other than tuition fees and are projected to increase with inflation. These expenses include books, shelter, food, clothing and transportation and are assessed by the participating provinces and territory. The average expense is calculated from the need assessment data file and represents the average expenses for students who receive a loan or a grant (the projection is made individually by university, public college and private college). The estimated average for other expenses is $14,700 for the academic year 2022-2023; it increases to $15,100 in the academic year 2023-2024 based on an increase of 2.7%[18]. Starting with the academic year 2024-2025, other student expenses are adjusted to reflect Budget 2024 changes to the living allowance.

C.3.3 Student resources

The starting point for average resources in 2022-2023 is calculated from the need assessment data file and represents the average resources for students who received a loan or a grant. The salary portion of average resources is then projected using the wage increase assumption, while the standard of living used to determine the parental contribution is projected using the inflation

[17] A portion of the student's contributions comes from the fixed student contribution set at a maximum of $3,000 per academic year.

[18] Slightly different than the inflation for the academic year 2023-2024 due to a change in the weights for university, public college and private college.

assumption (the projection is made individually by university, public college and private college). The estimated student average resources is $3,000[19] for 2022-2023. This amount remains constant in the academic year 2023-2024.

C.4 Grants

For the academic year 2023-2024, the actual cost of Canada Student Grants (CSGs) was $2,614 million. Once the temporary increase in the maximum amount of grants have expired, the total amount of grants disbursed under the CSG is projected to decrease over the projection period as fewer borrowers become eligible for the CSG-FT due to the family income (inflation plus real wage) increasing at a faster pace than the grant thresholds (inflation). Eventually, this decrease is expected to be more than offset by an increasing enrolment headcount.

For academic years 2020-2021 to 2025-2026, grants are higher due to the temporary doubling of grants followed by a 40% increase (compared with the academic year 2019-2020) in grants. Maximum monthly grant amounts, as set out by the program, are assumed to remain constant for the remaining projection period for the purpose of this valuation.

C.5 Repayment for direct loans

C.5.1 Prepayments

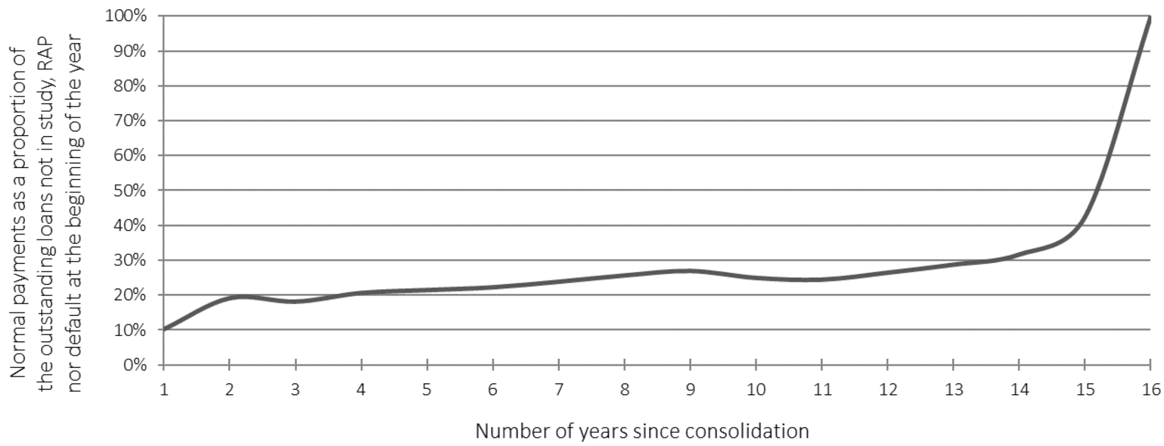
Prepayments correspond to payments applied to principal during the period of study and during the six-month non-repayment period after the period of study end date. The amount of prepayments for the academic year 2023-2024 was $309 million. Around 35% of this amount is received during the period of study and the remaining 65% is received during the non-repayment period. Over the long-term, it is assumed that around 13% (unchanged from the previous report) of loans issued are prepaid. This assumption is based on recent historical experience.

C.5.2 Normal payments

Normal payments are made by borrowers that are not in study, RAP nor default. These payments include both the minimum payments (as set out by the repayment agreement) and any additional voluntary payments. The projected normal payments that apply to each consolidation cohort are shown in Chart 5.

[19] Recent actual data showed an irregular reduction in parental earnings, probably due to the COVID-19 pandemic. Hence, the student average resources of $3,000 includes an upward adjustment that was applied to the parental earnings (and consequently, to the parental contribution that is a component of student resources). This adjustment is used throughout the projection.

Chart 5 Normal payments over 16 years



Recent normal payments experience has been consistently lower than observed before the pandemic. A potential reason for this could be a change in borrowers' behavior following the elimination of interest accrual. The long-term assumption was revised downward to partially reflect this new trend (approximately the average of 40% of the pre-COVID principal payment experience and 60% of the post-COVID experience).

Sensitivity tests, reflecting a potential decrease or increase to this assumption, are provided in Appendix G.

Additionally, the normal payments, as shown in Chart 5, are further adjusted downward as shown in Table 36 over the next two academic years. This is to reflect the most recent normal payments experience that is lower than the long-term assumption.

Table 36 Adjustments to normal payments
(in percentage)

Academic year	Multiplicative adjustments
2024-2025	80
2025-2026	90
2026-2027+	100

C.5.3 Loans forgiven

There are two categories of loans forgiven: those forgiven for severe permanent disability and death, and those forgiven for family physicians, family medicine residents, qualifying nurses, early childhood educators as well as additional health care and social services professionals who work in an under-served rural or remote community[20].

Starting with the academic year 2024-2025, loans forgiven for severe permanent disability and death correspond to 0.027% of loans in study and 0.142% of loans in repayment. The long-term rate of loans forgiven while in repayment also includes loans forgiven while in default. In the future, they are expected to directly be forgiven while in repayment instead of defaulting first. In 2023-2024, $27.6[21] million of loans were forgiven while in default.

[20] As proposed in Budget 2024. More details are provided in Appendix A.3.5.
[21] This amount is higher than the previous years since it includes a data clean-up.

Loans forgiven to professionals working in under-served rural or remote communities are projected based on the expected new number of doctors and qualifying nurses who received student loans during their studies and are expected to work in an under-served rural or remote community after graduation to which, the expected utilization from the newly eligible professionals is added.

C.6 Administrative expenses

ESDC provided estimates of the administrative expenses to support the CSFA Program for the short-term. The costs have been converted to an academic year basis and the extrapolation of future years was done using wage increases (inflation plus real wage). Administrative expenses include ESDC salary and non-salary resources related to the program as well as expenses for service providers and collection costs.

The general administrative fees represent the expenses incurred by the departments involved and fees paid to the National Student Loans Service Centre (NSLSC).

Table 37 Administrative expense
(in millions of dollars)

Academic year	Administrative expenses
2023-2024	109.6
2024-2025	113.5
2025-2026	115.9
2026-2027	117.6
2027-2028	120.3
2028-2029	123.8
2029-2030+	Increases with wages

C.6.1 Administrative fees paid to provinces

The administrative expenses include fees paid to the participating provinces and to the Yukon Territory. These fees are paid to administer certain aspects of the CSFA Program. For the academic year 2023-2024, the administrative fees paid to the participating provinces and territory were $30.6 million. Future years were projected using wage increases.

C.6.2 Alternative payments

Alternative payments are made directly to the province and territories that do not participate in the CSFA Program, namely Québec, the Northwest Territories, and Nunavut. These payments are projected by multiplying the net cost of the program by the ratio of the population aged 18 to 24 residing in the non-participating province and territories to the population aged 18 to 24 residing in the participating provinces and territory.

The expenses included in the calculation are: interest subsidies, RAP–interest expenses for risk-shared and guaranteed regimes, loans forgiven, service providers' costs, CSG, claims, RAP payments, risk premiums, put-backs, refunds to financial institutions and default amounts for the direct loan regime.

The revenues include student interest payments, if any, and principal and interest from recoveries. The cost of alternative payments is $1,138.0 million for 2023-2024 based on expenses and revenue of 2022-2023 and $938.4 million for 2024-2025 based on expenses and revenue of 2023-2024, both including temporary measures.

C.7 Allowance

Three allowances are projected in this report. There is an allowance for the RAP (principal) to cover the future cost of students benefiting from this program, and two allowances for bad debt (principal and interest) to cover the future cost of students defaulting on their loan, net of recoveries, recalls and rehabilitations. This section provides details related to the assumptions and methodologies used to determine those allowances.

C.7.1 Repayment Assistance Plan (RAP)

The methodology used to calculate the RAP allowance is based on the following components:

a) The share of loans (as a percentage of the initial consolidation cohort) using the RAP at least once[22] (based on historical experience);
b) The share of loans in the RAP that will remain in the RAP after each academic year, as not all RAP borrowers end up using the 15-year maximum repayment period (based on historical experience);
c) An adjustment for the expected change in future experience due to family income increasing at a rate equal to real wage plus inflation and RAP thresholds increasing at a rate equal to inflation (based on an estimate using economic data);
d) An adjustment for the expected impact of the RAP threshold changes in the academic year 2022-2023 that is partially reflected in the historical data (based on an estimate using economic data);
e) The required payments for loans in the RAP for each academic year (based on the RAP formula); and
f) The share of the required payment paid by the Government (based on historical experience).

Sections C.7.1.1, C.7.1.2 and C.7.1.3 provide information on the resulting loan balances in RAP. Section C.7.1.4 provides additional information on the other RAP assumptions.

Tables 38, 39 and 40 show the result of steps (a) to (d) as a percentage of the initial consolidation amount (utilization rates).

C.7.1.1 RAP – Stage 1

Table 38 shows the long-term utilization rate assumptions used for RAP–Stage 1. Many borrowers complete their RAP–Stage 1 over a period longer than five years, hence the utilization rates do not always include the same borrowers from year to year, and some borrowers may be in the plan for only part of a year. The model takes all of this into account by incorporating the average time spent in RAP–Stage 1 in an academic year.

The first year in RAP–Stage 1 (the first diagonal row of Table 38) generally consists of a partial academic year since most borrowers do not enter the RAP on August 1st. However, if borrowers remain in the RAP for a greater amount of time in the second year, then the utilization rate can be higher than the preceding year. The utilization rate is based on the consolidation amounts and is applied by cohort.

[22] For consolidation cohorts that already have data, starting from the latest known.

Table 38 RAP-Stage 1 utilization rates

Year since consolidation	Start year after consolidation							
	0-1	1-2	2-3	3-4	4-5	5-6	6-7	7-8
0-1	15.7%							
1-2	19.8%	3.6%						
2-3	14.2%	3.1%	1.0%					
3-4	11.6%	2.2%	1.0%	0.5%				
4-5	9.9%	1.9%	0.7%	0.5%	0.2%			
5-6	8.1%	1.6%	0.6%	0.3%	0.2%	0.1%		
6-7	3.0%	1.2%	0.5%	0.3%	0.2%	0.1%	0.1%	
7-8	1.2%	0.5%	0.4%	0.2%	0.1%	0.1%	0.1%	0.0%
8-9	0.9%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%
9-10	0.7%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%

For example, it is expected that 18.3% (14.2% + 3.1% + 1.0%) of the total initial consolidation dollar amount for a given cohort will be in RAP–Stage 1 two years after their consolidation.

C.7.1.2 RAP–Stage 2

The methodology used to calculate the amount of dollars in RAP–Stage 2 assumes that as borrowers become eligible for RAP–Stage 2 (five years after entering RAP–Stage 1), they immediately enter RAP–Stage 2. This means that a borrower could enter RAP–Stage 2 from the 6th year after consolidation until the 11th year after consolidation.

Table 39 shows the resulting long-term utilization rate assumptions used for RAP–Stage 2.

Table 39 RAP-Stage 2 utilization rates

Year since consolidation	Start year after consolidation					
	5-6	6-7	7-8	8-9	9-10	10-11
5-6	2.1%					
6-7	3.1%	1.4%				
7-8	2.2%	1.4%	0.5%			
8-9	1.7%	1.0%	0.5%	0.2%		
9-10	1.2%	0.8%	0.3%	0.2%	0.1%	
10-11	0.9%	0.6%	0.2%	0.1%	0.2%	0.2%
11-12	0.6%	0.4%	0.2%	0.1%	0.1%	0.1%
12-13	0.4%	0.2%	0.1%	0.1%	0.1%	0.1%
13-14	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%
14-15	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%

C.7.1.3 RAP–D

RAP–D is available to borrowers with a disability recognized by the CSFA Program. A borrower who had a RAP–D application approved is eligible to start in the RAP–D as soon as his loan consolidates and can remain in the plan for a period of 9.5 years, when the loan is expected to have been repaid in full.

Table 40 shows the long-term utilization rate assumptions used for RAP–D.

Table 40 RAP-D utilization rates

Year since consolidation	Start year after consolidation						
	0-1	1-2	2-3	3-4	4-5	5-6	6-7
0-1	1.96%						
1-2	2.24%	0.43%					
2-3	1.30%	0.30%	0.13%				
3-4	0.95%	0.18%	0.13%	0.08%			
4-5	0.68%	0.13%	0.07%	0.07%	0.06%		
5-6	0.49%	0.10%	0.05%	0.04%	0.07%	0.05%	
6-7	0.35%	0.07%	0.03%	0.03%	0.04%	0.05%	0.05%
7-8	0.22%	0.04%	0.02%	0.02%	0.02%	0.03%	0.05%
8-9	0.13%	0.02%	0.01%	0.01%	0.01%	0.02%	0.03%
9-10	0.05%	0.01%	0.00%	0.00%	0.00%	0.01%	0.01%

C.7.1.4 Other RAP assumptions

Table 41 provides information on the additional assumptions used to calculate the RAP allowance.

Table 41 Other RAP assumptions

	Multiplicative adjustments to the share of loans in RAP due to family income growing at a faster pace than thresholds	Gradual impact of the threshold change to the share of loans in RAP			Government share of the required payment	
Academic year	RAP-1, RAP-2 and RAP-D	RAP-1	RAP-2	RAP-D	RAP-2	RAP-D
2024-2025	99.6% per academic year, up to a maximum of 94.0% after 15 years	108.0%	106.0%	107.0%	96.7%	96.6%
2025-2026		110.0%	108.0%	107.0%	96.7%	96.6%
2026-2027+		110.0%	109.5%	107.0%	96.7%	96.6%

The values presented in the Table 38, Table 39 and Table 40 already include the long-term adjustments for the "Family income growing at a faster pace than thresholds" and for the "Gradual impact of the threshold change".

C.7.1.5 Provision rates for RAP–principal (Stage 2 and D)

The allowance for RAP–principal covers future costs related to RAP–Stage 2 and RAP–D, which corresponds to the portion of the loan principal paid off by the Government.

As with the allowance for bad debt – principal, the methodology to determine the provision rates and allowance for RAP–principal is based on a prospective approach that uses a snapshot of the portfolio at a particular point in time to determine the amount of the allowance at that time. The calculation of the allowance is separated into three components according to the status of the loan; that is whether the loan is in-study, in repayment (excluding loans in the RAP) or in the RAP (considering the current stage). The provision rates are based on current and long-term RAP utilization rates at each stage. Three distinct provision rates, depending on the status of the loan at a given time, will be used to determine the required allowance.

The provision rates used for the projected allowance as at 31 July 2025 shown in this report are:

- 5.8% for loans in-study;
- 1.7% for loans in repayment (net of loans in the RAP); and
- 31.3% for loans in the RAP (all stages combined).

The ultimate provision rates used in this report are (corresponding rates in the previous report are in brackets):

- 5.5% (6.5%) for loans in-study;
- 1.8% (2.1%) for loans in repayment (net of loans in the RAP); and
- 30.0% (34.9%) for loans in the RAP (all stages combined).

The lowest provision rate is for the portfolio of loans in repayment. This portfolio includes cohorts of loans for which partial reimbursements have already occurred, as well as some defaults and utilization of the RAP, resulting in a lower risk for the remaining loans and consequently, a lower required provision rate than the one for loans in-study.

The highest provision rate is for the portfolio of loans already in the RAP. Having already entered the plan by meeting the eligibility criteria, there is a greater chance that these loans will remain eligible and consequently, remain in the plan.

The annual expense for the allowance for RAP–principal is equal to the difference between the total allowance at the end of a year and the total allowance at the end of the previous year net of the current year's RAP expenses (as shown in Table 16).

The RAP is a plan that was introduced in 2009 and thus, has limited experience. Since students using RAP–Stage 2 repay their loan over a period of 15 years after consolidation, it takes 15 years for a cohort to fully develop its experience. Hence, the first cohort to have full experience will be the 2009-2010 consolidation cohort when it reaches the end of the academic year 2024-2025. The related projection of costs and underlying assumptions will be revised in the future as experience emerges and the provision rates will be updated accordingly.

C.7.2 Net default rate

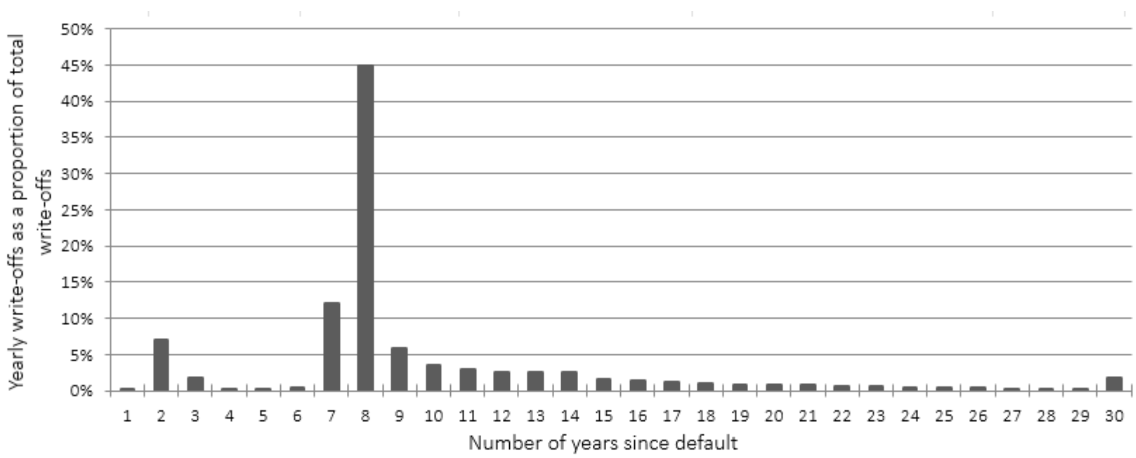
Several assumptions are used to determine the expected future amount of defaulted principal that will not be recovered, namely the gross default rate, the loans rehabilitations and recalls, the loans recoveries and the prepayments. These assumptions are revised each year and are based on historical observations and the actuary's best estimates.

The net default rate is used to derive the provision rates for bad debt – principal and for bad debt – interest shown in sections C.7.3 and C.7.4. It represents the proportion of consolidated loans that will eventually be written off for each future consolidation cohort. The long-term net default rate is slightly lower than the previous report rate of 6.9% and corresponds to:

Gross default rate x (1 – recalls and rehabilitation rate – recovery rate) =
16.0% x (1 – 22.0% – 36.0%) = 6.7%

The amount of loans to be written-off[23] each year is determined using the assumed distribution presented in Chart 6, which was updated from the last report based on recent experience data.

Chart 6 Write-off distribution over 30 years

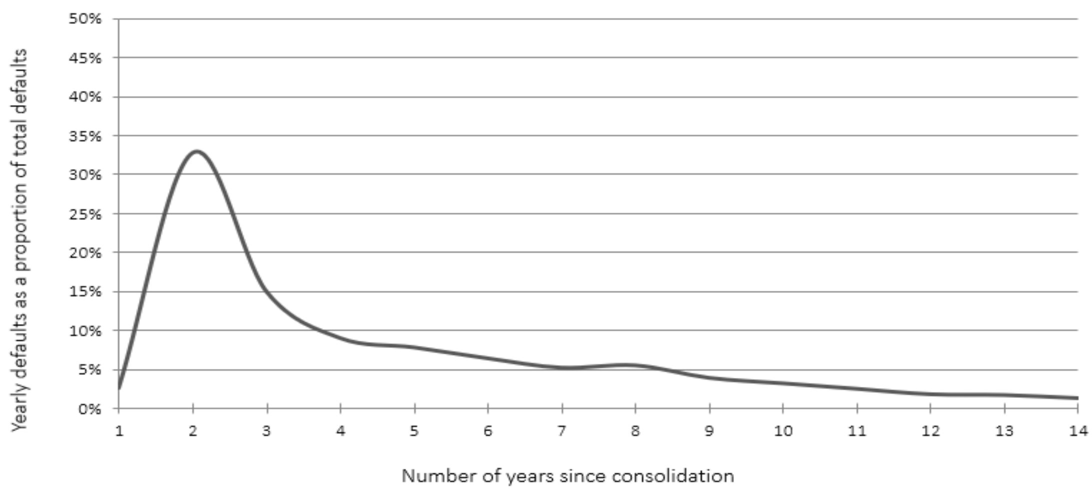


[23] Includes write-offs of defaulted loans that exceed the six-year limitation period as stated in section 16.1 of the Canada Student Financial Assistance Act, as well as small balances of defaulted loans.

C.7.2.1 Gross default rate

A default rate is determined for each consolidation cohort. This rate represents the proportion of loans consolidated in a year that are expected to default at some point before they are completely repaid. Consolidation cohorts 2027-2028 and onwards are assumed to have the same ultimate gross default rate of 16.00% (based on historical experience and increased from 15.50% in the previous report). The short-term gross default rates (up to the academic year 2026-2027) are adjusted to reflect recent experience (Section C.7.2.4). As shown in Chart 7, the largest proportion of loans goes into default within three years of consolidation.

Chart 7 Default distribution over 14 years



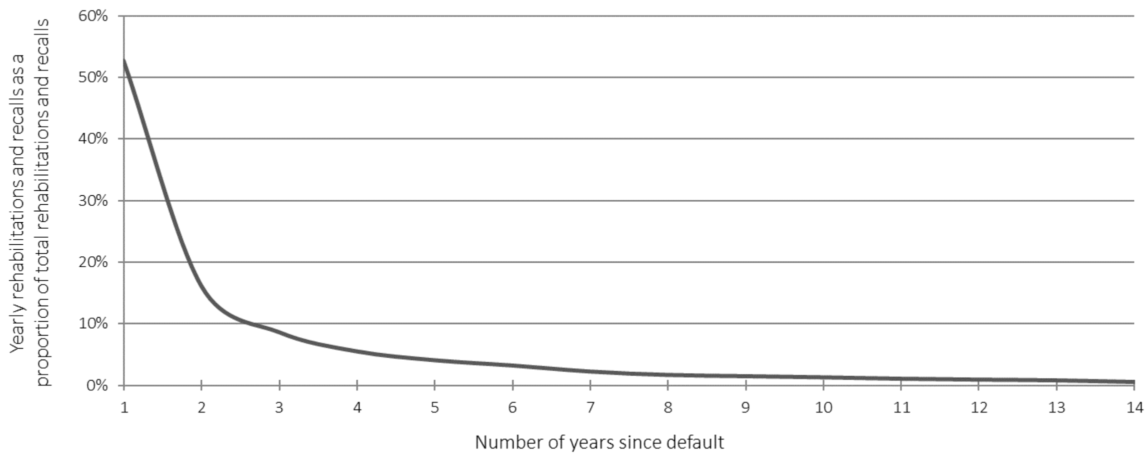
C.7.2.2 Recalls and rehabilitations rate

For different reasons, loans can be mistakenly transferred in default. When they are brought back in good standing, the transaction is referred to as a recall. In addition, borrowers who find themselves legitimately in default can bring their loans back in good standing by performing what is called a rehabilitation. Since January 2020, borrowers can meet the rehabilitation criteria by making two monthly payments and capitalizing the remaining interest, if any, on their loan. To be eligible for the RAP, borrowers first need to have a loan in good standing which provides an incentive for borrowers to rehabilitate their loans.

Consolidation cohorts 2028-2029 and onwards are assumed to have the same ultimate recalls/rehabilitations rate of 22.0% (based on historical experience and increased from 19.5% in the previous report). The short-term recalls/rehabilitations rates (up to the academic year 2027-2028) are adjusted upward to reflect recent experience (Section C.7.2.4).

Chart 8 shows the long-term recalls and rehabilitations distribution once a loan is transferred in default.

Chart 8 Recalls and rehabilitations distribution over 14 years

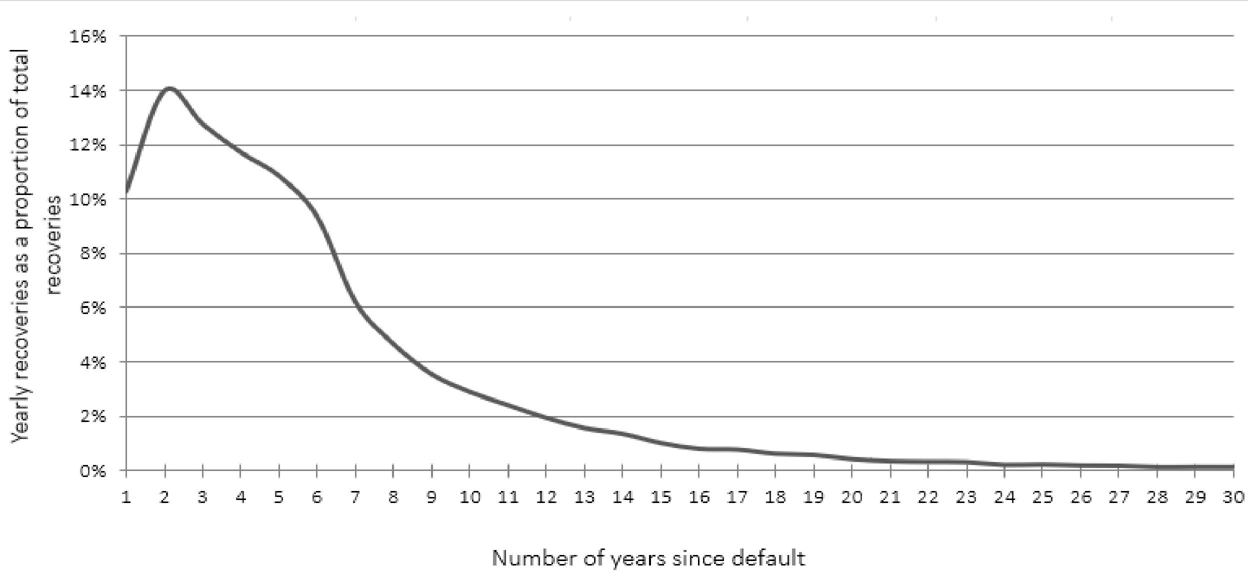


C.7.2.3 Recovery rate

Recoveries represent monies the program is able to recuperate after loans have defaulted. CRA is responsible for collecting this money on behalf of the program. Recoveries are analysed based on the default year after consolidation. The long-term recovery rate for a default cohort is assumed to be 36.0% (unchanged from the previous report). This assumption is based on historical experience but adjusted upward due to recoveries being applicable to principal only rather than split between principal and outstanding accrued interest.

Chart 9 shows the recovery distribution once a loan is transferred in default.

Chart 9 Recovery distribution over 30 years



C.7.2.4 Short-term adjustments to the default assumptions

Table 42 provides the adjustments that were made to the default ultimate assumptions to set the short-term defaults, rehabilitations, recalls, and recoveries. These adjustments are gradually phased out as the experience is expected to transition from the partially known academic year 2024-2025 to the ultimate assumptions.

Table 42 Short-term adjustments to the default assumptions

Academic year	Multiplicative adjustments to all gross defaults during the academic year	Multiplicative adjustments to all rehabilitation and recalls during the academic year
2024-2025	104.4%	117.9%
2025-2026	104.0%	113.4%
2026-2027	102.0%	109.0%
2027-2028	100.0%	104.5%
2028-2029+	100.0%	100.0%

C.7.3 Bad debt - principal

The methodology used to calculate the allowance for bad debt – principal is based on the following components:

- For loans in-study:
  - The consolidation assumption applied to all loans in-study (net of prepayments);
  - The gross default assumption (including short-term adjustments); and
  - The recalls and rehabilitations rate and the recovery rate assumptions (including short-term adjustments).
- For loans in repayment:
  - The gross default assumption applied to all loans in repayment (including short-term adjustments); and
  - The recalls and rehabilitations rate and the recovery rate assumptions (including short-term adjustments).
- For loans in default:
  - The recalls and rehabilitations rate and the recovery rate assumptions applied to all loans in default (including short-term adjustments).
- The provision rate at any given date is equal to the sum of future write-offs (after the given date) divided by the expected outstanding loans (at the given date). This is done individually by the status of the loans at a given date (in-study, in repayment and in default).

The provision rates used for the projected allowance as at 31 July 2025 shown in this report are:

- 6.0% for loans in-study;
- 3.9% for loans in repayment; and
- 69.2% for loans in default.

The ultimate provision rates used in this report are (corresponding rates in the previous report are in brackets):

- 5.8% (6.0%) for loans in-study;
- 4.3% (4.4%) for loans in repayment; and
- 69.0% (69.0%) for loans in default.

The level of the total allowance is determined at the end of the academic year. The annual expense is equal to the difference between the total allowance at the end of a year and the total allowance at the end of the previous year net of write-offs that have occurred during the year (as shown in Table 17).

C.7.3.1 Allowance for loans in study

This allowance takes into account the net default rate adjusted to consider prepayments (payments received from students prior to consolidation). Based on experience, prepayments amount to approximately 13.0%. This results in a long-term provision rate for loans in study of:

[(Net default rate) x (1 – prepayments)] = [(6.7%) x (1 – 13.0%)] = 5.8%

C.7.3.2 Allowance for loans in repayment

This allowance is determined using projected future defaults according to the number of years since consolidation. The recovery rate assumption is then applied to determine the portion of projected defaulted loans that will not be recovered. This result corresponds to the allowance on the balance of loans in repayment. As mentioned previously, the long-term recovery rate for each gross default cohort is expected to be 36.0%; hence, it is assumed that 64.0% (1 – 36.0%) of the projected gross defaulted loans will not be recovered.

The provision rate on outstanding loans in repayment is 4.3% in the long-term. This provision rate of 4.3% for loans in repayment is lower than the provision rate of 5.8% for loans in-study since the portfolio in repayment includes cohorts of loans for which some defaults and partial reimbursements have already occurred, resulting in a lower inherent risk of loss for the remaining loans.

C.7.3.3 Allowance for loans in default

The last component of the allowance for bad debt – principal is the balance of loans in default that will not be recovered. It is determined by applying rehabilitation, recall and recovery assumptions to loans that have already transferred in default. Those assumptions are lower than for other portfolios since the portfolio in default includes cohorts of loans that have been transferred in default for a certain number of years and for which some rehabilitations, recalls and recoveries have already occurred. Thus, the remaining loans have aged and have an increased risk of loss.

The long-term provision rate is equal to 69.0%.

C.7.4 Bad debt - interest

The methodology used to calculate the allowance for bad debt – interest is based on the following components:

- Starting point includes all active borrowers in default as at 31 July 2024;
- The historical experience is used to calculate, for each year, the probabilities of:
    - Rehabilitating the loan;
    - Having a non-CRA recovery and the amount of the recovery;
    - Having a CRA recovery and the amount of the recovery;
    - Writing off the loan (assumed to be 100% for the 30th year).
- Expected experience is generated for each individual borrower and for all future academic years (capped at 30 years after a borrower transferred in default) using the previously calculated probabilities; and
- The provision rate at any given date is equal to the sum of future write-offs (after the given date) divided by the expected outstanding interest balance (at the given date).

Provision rates can be estimated for each year since default, as shown in Table 43. The provision rate is 25.5% of interest accrued in the first year after loans are transferred into default. It increases in each of the six subsequent years before remaining at around 65% for the years after (a significant amount is written off when the six-year limitation period after the consolidation is reached). The aggregate provision rate is equal to 66.2% (64.2% as at 31 July 2024 in the previous report) of the outstanding default interest portfolio as at 31 July 2025.

Table 43 Provision rates for bad debt – interest[a]

Year since default	Provision rates (%) - academic year 2024-2025
1st	25.5
2nd	35.9
3rd	44.5
4th	49.6
5th	60.6
6th	73.4
7th	77.6
8th	56.1
9th	55.2
10th	57.8
11th	60.9
12th	60.7
13th	65.0
14th	65.8
15th	66.0
16th	66.9
17th	67.8
18th	70.8
19th	69.3
20th	68.7
21st	70.7
22nd	68.0
23rd	71.2

a. Provision rates for bad debt – interest are applied on total interest

The annual expense is equal to the difference between the total allowance at the end of a year and the total allowance at the end of the previous year net of write-offs that have occurred during the year (as shown in Table 18).

Appendix - D New loans and grants by institution type

The next four tables present the number of recipients as well as the amounts issued by institution type for both loans and grants.

Table 44 Number of students receiving a grant by institution type (in thousands)

Academic year	University	Public college	Private college	Total
2023-2024	313	166	106	586
2024-2025	318	179	115	612
2025-2026	314	176	113	602
2026-2027	311	173	111	594
2027-2028	308	170	109	587
2028-2029	306	168	107	580
2029-2030	302	165	104	571
2030-2031	301	164	104	569
2031-2032	300	163	103	566
2032-2033	297	162	102	561
2033-2034	294	160	101	555
2034-2035	290	158	100	549
2035-2036	287	156	99	541
2036-2037	284	154	98	536
2037-2038	282	153	97	532
2038-2039	281	152	96	528
2039-2040	279	151	96	526
2040-2041	278	151	95	524
2041-2042	277	151	95	523
2042-2043	277	151	95	523
2043-2044	277	151	95	524
2044-2045	278	152	96	526
2045-2046	280	152	96	528
2046-2047	282	153	96	531
2047-2048	282	154	96	532
2048-2049	282	154	95	531

The proportion of university, public college and private college students receiving a grant is relatively stable from academic year 2026-2027 to the end of the projection at about 53%, 29% and 18%, respectively.

Table 45 Grants disbursed by institution type
(in millions of dollars)

Academic year	University	Public college	Private college	Total
2023-2024	1,293	704	616	2,614
2024-2025	1,256	725	634	2,614
2025-2026	1,235	708	618	2,562
2026-2027	879	500	434	1,814
2027-2028	872	492	426	1,790
2028-2029	865	483	419	1,767
2029-2030	855	474	410	1,740
2030-2031	851	471	408	1,731
2031-2032	847	469	406	1,721
2032-2033	841	466	403	1,710
2033-2034	834	463	400	1,697
2034-2035	827	459	396	1,682
2035-2036	818	455	393	1,666
2036-2037	813	453	390	1,655
2037-2038	810	451	388	1,649
2038-2039	807	450	387	1,644
2039-2040	804	450	386	1,640
2040-2041	802	449	385	1,636
2041-2042	799	449	384	1,632
2042-2043	800	450	384	1,634
2043-2044	802	451	385	1,639
2044-2045	806	453	386	1,646
2045-2046	811	455	388	1,654
2046-2047	818	458	389	1,665
2047-2048	820	459	389	1,668
2048-2049	821	459	389	1,669

The proportion of university, public college and private college grants disbursed is relatively stable from academic year 2026-2027 to the end of the projection at about 49%, 27% and 24%, respectively.

Table 46 Number of students receiving a loan by institution type
(in thousands)

Academic year	University	Public college	Private college	Total
2023-2024	346	173	130	649
2024-2025	360	186	177	723
2025-2026	358	187	158	703
2026-2027	374	196	144	713
2027-2028	374	194	143	710
2028-2029	374	192	141	707
2029-2030	373	190	140	703
2030-2031	375	191	140	705
2031-2032	376	191	141	707
2032-2033	377	192	141	709
2033-2034	377	192	141	710
2034-2035	376	192	141	709
2035-2036	376	192	141	709
2036-2037	376	192	141	710
2037-2038	378	193	142	713
2038-2039	380	194	143	717
2039-2040	382	195	144	721
2040-2041	384	197	145	725
2041-2042	386	198	146	729
2042-2043	389	200	147	736
2043-2044	393	202	149	744
2044-2045	399	204	150	753
2045-2046	404	207	152	764
2046-2047	411	210	154	775
2047-2048	415	212	156	783
2048-2049	419	214	157	790

The proportion of university, public college and private college students receiving a loan is relatively stable from academic year 2026-2027 to the end of the projection at about 53%, 27% and 20%, respectively.

Table 47 Loans issued by institution type
(in millions of dollars)

Academic year	University	Public college	Private college	Total
2023-2024	2,423	1,016	1,400	4,839
2024-2025	2,675	1,145	1,571	5,391
2025-2026	2,694	1,164	1,406	5,264
2026-2027	2,455	1,124	1,244	4,823
2027-2028	2,481	1,127	1,236	4,844
2028-2029	2,507	1,130	1,229	4,866
2029-2030	2,525	1,130	1,219	4,874
2030-2031	2,559	1,145	1,226	4,930
2031-2032	2,588	1,160	1,233	4,980
2032-2033	2,612	1,174	1,238	5,024
2033-2034	2,629	1,186	1,242	5,057
2034-2035	2,640	1,196	1,245	5,080
2035-2036	2,648	1,205	1,246	5,100
2036-2037	2,662	1,216	1,251	5,129
2037-2038	2,682	1,231	1,258	5,171
2038-2039	2,702	1,247	1,268	5,216
2039-2040	2,722	1,263	1,277	5,261
2040-2041	2,741	1,278	1,287	5,306
2041-2042	2,760	1,293	1,296	5,349
2042-2043	2,789	1,311	1,309	5,409
2043-2044	2,825	1,331	1,325	5,480
2044-2045	2,865	1,351	1,342	5,558
2045-2046	2,910	1,372	1,360	5,643
2046-2047	2,960	1,394	1,379	5,733
2047-2048	2,995	1,411	1,394	5,801
2048-2049	3,026	1,426	1,407	5,859

The proportion of university, public college, and private college loans issued is relatively stable from academic year 2026-2027 to the end of the projection at about 52%, 24% and 24%, respectively.

Appendix - E Number of borrowers in the Repayment Assistance Plan

The projection of the average number of borrowers expected in each RAP category (RAP–Stage 1, RAP–Stage 2 and RAP–D) over the next 25 years is shown in Table 48. The average number of borrowers were determined using a methodology similar to the one used to calculate the RAP utilization (tables 38 to 40), but by substituting average annual headcounts for average outstanding loans.

Table 48 Average number of borrowers by RAP category
(in thousands)

Academic year	RAP-1	RAP-2	RAP-D	Total
2023-2024	144	46	21	211
2024-2025	154	48	24	226
2025-2026	170	52	26	247
2026-2027	180	54	27	262
2027-2028	187	56	29	271
2028-2029	193	57	30	279
2029-2030	198	57	31	286
2030-2031	201	59	32	292
2031-2032	203	61	32	296
2032-2033	204	63	33	299
2033-2034	205	65	33	303
2034-2035	205	66	33	305
2035-2036	205	67	33	306
2036-2037	206	68	33	307
2037-2038	206	69	33	308
2038-2039	206	70	33	309
2039-2040	206	70	33	310
2040-2041	207	70	34	310
2041-2042	207	70	34	311
2042-2043	208	70	34	312
2043-2044	208	70	34	313
2044-2045	209	70	34	314
2045-2046	211	71	34	315
2046-2047	212	71	34	317
2047-2048	214	71	34	319
2048-2049	216	71	35	321

Appendix - F Defaulted loans portfolio projection

The defaulted loans portfolio projections by institution type are provided in tables 49 to 54. These projections are calculated using a methodology similar to the one used to calculate the aggregate defaulted loans portfolio projection. Per institutions components may not sum to the aggregate default portfolio due to rounding.

Table 49 University defaulted loans
(in millions of dollars)

Academic year	Opening balance 1 August (1)	New defaulted loans (2)	Collected loans (3)	Write-offs (4)	Closing balance 31 July (1+2) - (3+4)
2023-2024	968	105	47	65	962
2024-2025	962	111	55	59	958
2025-2026	958	117	57	67	951
2026-2027	951	120	59	71	941
2027-2028	941	124	60	71	933
2028-2029	933	130	61	82	920
2029-2030	920	132	62	78	912
2030-2031	912	135	63	68	916
2031-2032	916	138	64	63	927
2032-2033	927	141	65	64	939
2033-2034	939	144	67	63	953
2034-2035	953	147	68	64	968
2035-2036	968	149	69	63	985
2036-2037	985	151	70	69	996
2037-2038	996	153	71	73	1,004
2038-2039	1,004	155	73	69	1,017
2039-2040	1,017	156	74	72	1,028
2040-2041	1,028	157	75	75	1,036
2041-2042	1,036	158	75	74	1,044
2042-2043	1,044	160	76	75	1,053
2043-2044	1,053	161	77	75	1,062
2044-2045	1,062	162	78	75	1,071
2045-2046	1,071	163	79	75	1,081
2046-2047	1,081	165	79	75	1,091
2047-2048	1,091	167	80	76	1,101
2048-2049	1,101	168	81	77	1,112

Table 50 Public college defaulted loans
(in millions of dollars)

Academic year	Opening balance 1 August (1)	New defaulted loans (2)	Collected loans (3)	Write-offs (4)	Closing balance 31 July (1+2) - (3+4)
2023-2024	865	102	58	61	848
2024-2025	848	104	50	59	843
2025-2026	843	107	51	56	843
2026-2027	843	110	52	57	843
2027-2028	843	114	53	61	843
2028-2029	843	121	53	60	851
2029-2030	851	124	54	56	866
2030-2031	866	127	55	54	885
2031-2032	885	131	56	59	900
2032-2033	900	133	57	60	917
2033-2034	917	136	58	65	930
2034-2035	930	139	59	61	949
2035-2036	949	141	60	62	968
2036-2037	968	144	61	61	989
2037-2038	989	146	62	66	1,007
2038-2039	1,007	148	63	69	1,023
2039-2040	1,023	150	65	69	1,040
2040-2041	1,040	152	66	70	1,056
2041-2042	1,056	154	67	70	1,073
2042-2043	1,073	155	67	71	1,090
2043-2044	1,090	157	68	72	1,106
2044-2045	1,106	159	69	73	1,123
2045-2046	1,123	161	70	74	1,140
2046-2047	1,140	163	71	78	1,154
2047-2048	1,154	165	72	79	1,168
2048-2049	1,168	168	73	80	1,183

Table 51 Private college defaulted loans
(in millions of dollars)

Academic year	Opening balance 1 August (1)	New defaulted loans (2)	Collected loans (3)	Write-offs (4)	Closing balance 31 July (1+2) - (3+4)
2023-2024	686	119	33	55	717
2024-2025	717	137	40	52	762
2025-2026	762	160	45	44	834
2026-2027	834	178	50	42	920
2027-2028	920	190	56	43	1,011
2028-2029	1,011	202	62	48	1,104
2029-2030	1,104	209	66	57	1,189
2030-2031	1,189	215	71	62	1,270
2031-2032	1,270	221	76	72	1,343
2032-2033	1,343	225	79	82	1,408
2033-2034	1,408	229	83	88	1,467
2034-2035	1,467	232	86	101	1,512
2035-2036	1,512	235	88	111	1,547
2036-2037	1,547	236	91	111	1,582
2037-2038	1,582	238	92	112	1,616
2038-2039	1,616	239	94	116	1,645
2039-2040	1,645	240	96	119	1,670
2040-2041	1,670	241	97	121	1,693
2041-2042	1,693	242	98	124	1,714
2042-2043	1,714	243	99	127	1,731
2043-2044	1,731	245	100	129	1,747
2044-2045	1,747	247	101	130	1,762
2045-2046	1,762	248	102	132	1,777
2046-2047	1,777	250	103	130	1,795
2047-2048	1,795	253	103	133	1,811
2048-2049	1,811	256	104	133	1,829

Table 52 Interest on university defaulted loans
(in millions of dollars)

Academic year	Opening balance 1 August (1)	Interest transferred in default (2)	Interest accrued (3)	Interest collected (4)	Write-offs (5)	Closing balance 31 July (1+2+3) - (4+5)
2023-2024	96	-2	6	8	12	80
2024-2025	80	0	-	6	9	65
2025-2026	65	-	-	4	7	53
2026-2027	53	-	-	3	7	42
2027-2028	42	-	-	3	6	34
2028-2029	34	-	-	2	3	28
2029-2030	28	-	-	2	3	24
2030-2031	24	-	-	1	3	19
2031-2032	19	-	-	1	2	16
2032-2033	16	-	-	1	2	13
2033-2034	13	-	-	1	1	11
2034-2035	11	-	-	1	1	9
2035-2036	9	-	-	0	1	7
2036-2037	7	-	-	0	1	6
2037-2038	6	-	-	0	1	5
2038-2039	5	-	-	0	1	3
2039-2040	3	-	-	0	1	3
2040-2041	3	-	-	0	1	2
2041-2042	2	-	-	0	0	1
2042-2043	1	-	-	0	0	1
2043-2044	1	-	-	0	0	0
2044-2045	0	-	-	0	0	0
2045-2046+	-	-	-	-	-	-

Table 53 Interest on public college defaulted loans
(in millions of dollars)

Academic year	Opening balance 1 August (1)	Interest transferred in default (2)	Interest accrued (3)	Interest collected (4)	Write-offs (5)	Closing balance 31 July (1+2+3) - (4+5)
2023-2024	75	-1	5	7	10	61
2024-2025	61	0	-	5	8	47
2025-2026	47	-	-	4	6	38
2026-2027	38	-	-	3	6	29
2027-2028	29	-	-	2	4	23
2028-2029	23	-	-	2	3	19
2029-2030	19	-	-	1	2	15
2030-2031	15	-	-	1	2	12
2031-2032	12	-	-	1	2	10
2032-2033	10	-	-	1	1	8
2033-2034	8	-	-	1	1	6
2034-2035	6	-	-	0	1	5
2035-2036	5	-	-	0	1	4
2036-2037	4	-	-	0	1	3
2037-2038	3	-	-	0	1	2
2038-2039	2	-	-	0	1	2
2039-2040	2	-	-	0	0	1
2040-2041	1	-	-	0	0	1
2041-2042	1	-	-	0	0	1
2042-2043	1	-	-	0	0	0
2043-2044	0	-	-	0	0	0
2044-2045	0	-	-	0	0	0
2045-2046+	-	-	-	-	-	-

Table 54 Interest on private college defaulted loans
(in millions of dollars)

Academic year	Opening balance 1 August (1)	Interest transferred in default (2)	Interest accrued (3)	Interest collected (4)	Write-offs (5)	Closing balance 31 July (1+2+3) - (4+5)
2023-2024	53	-1	2	4	10	40
2024-2025	40	0	-	4	7	29
2025-2026	29	-	-	3	4	22
2026-2027	22	-	-	2	4	16
2027-2028	16	-	-	1	3	12
2028-2029	12	-	-	1	2	10
2029-2030	10	-	-	1	1	8
2030-2031	8	-	-	1	1	6
2031-2032	6	-	-	1	1	5
2032-2033	5	-	-	0	1	4
2033-2034	4	-	-	0	1	3
2034-2035	3	-	-	0	1	2
2035-2036	2	-	-	0	0	1
2036-2037	1	-	-	0	0	1
2037-2038	1	-	-	0	0	1
2038-2039	1	-	-	0	0	0
2039-2040	0	-	-	0	0	0
2040-2041	0	-	-	0	0	0
2041-2042	0	-	-	0	0	0
2042-2043	0	-	-	0	0	0
2043-2044	0	-	-	0	0	0
2044-2045	0	-	-	0	0	0
2045-2046+	-	-	-	-	-	-

Appendix - G Sensitivity tests

Actual experience over the projection period will likely deviate from the assumptions presented throughout this report. Particularly, it is shown in Section 4.2.5 that the modification of the "Normal repayment over 16 years" assumption (the repayment assumption) has a significant impact on the year the $34 billion limit on the aggregate amount of outstanding loans will be reached. This appendix presents the impact of varying the repayment assumption on the year that the limit is reached.

Repayment experience has slowed down significantly since the academic year 2021-2022. While this change in trend is observed since the removal of interest accrual, it remains uncertain as the repayment assumption is strongly based on borrowers' behavior. The best estimate repayment assumption partially reflects this trend.

Two sensitivity tests are provided in this section:

- Slower repayment: under this scenario, a decrease in the repayment assumption to a level approximately equivalent to the last known academic year of 2023-2024 is applied for the whole projection period; and
- Historical normal repayment (faster repayment)[24]: under this scenario, an increase in the repayment assumption to reflect experience returning to pre-pandemic levels and pre-interest removal level equivalent to the average between 2016-2017, 2017-2018 and 2018-2019 academic years is applied for the whole projection period.

All assumptions shown in Appendix C, other than the normal payments over 16 years (Chart 5), remain unchanged in these two sensitivity tests.

Chart 10 presents the normal payments as a proportion of the outstanding loans not in study, RAP nor default at the beginning of the year, for the current best-estimate and under the slower and historical normal repayment sensitivity tests.

[24] For the historical normal repayment scenario, the historical proportion of payment that was applied to principal and interest between the academic years 2016-2017 and 2018-2019, is applied to principal only, to be consistent with the interest accrual that has been permanently eliminated on April 1, 2023.

Chart 10 Normal payments over 16 years under repayment scenarios

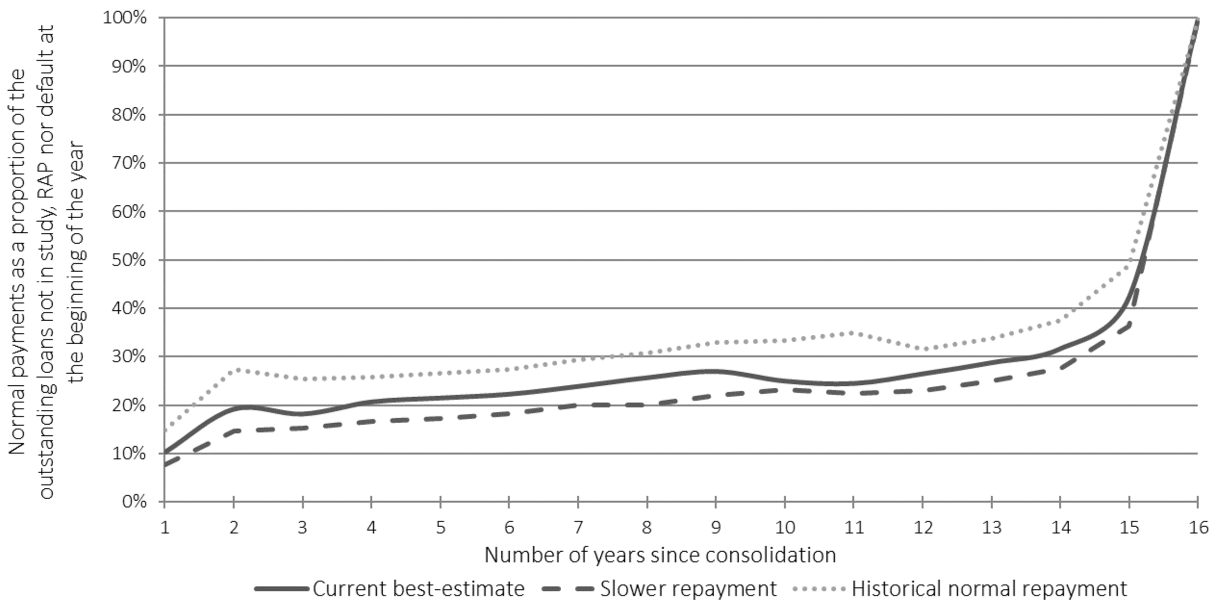


Table 55 presents the projection of the estimated peak of the aggregate amount of outstanding loans. More details on the estimated peak are presented in Section 4.2.5.

Under the best-estimate projection, the $34 billion limit is expected to be reached in the academic year 2028-2029. Under the slower repayment assumption, the $34 billion limit would be reached in the academic year 2027-2028 and under the faster repayment assumption, the $34 billion limit would be reached in the academic year 2033-2034.

Table 55 Estimated peak of the aggregate amount of outstanding loans under repayment scenarios
(in millions of dollars)

Academic year	Current best-estimate	Slower repayment	Faster repayment
2023-2024	26,206	26,206	26,206
2024-2025	28,936	28,936	28,936
2025-2026	31,022	31,596	30,113
2026-2027	32,464	33,419	31,010
2027-2028	33,467	34,766	31,564
2028-2029	34,288	35,871	32,050
2029-2030	34,971	36,790	32,482
2030-2031	35,618	37,630	32,940
2031-2032	36,244	38,415	33,419
2032-2033	36,827	39,132	33,888
2033-2034	37,355	39,772	34,325
2034-2035	37,824	40,333	34,719
2035-2036	38,236	40,820	35,066
2036-2037	38,603	41,248	35,378
2037-2038	38,950	41,645	35,677
2038-2039	39,286	42,026	35,969
2039-2040	39,618	42,395	36,262
2040-2041	39,945	42,753	36,558
2041-2042	40,271	43,104	36,855
2042-2043	40,613	43,470	37,170
2043-2044	40,980	43,860	37,509
2044-2045	41,381	44,284	37,883
2045-2046	41,819	44,747	38,292
2046-2047	42,297	45,249	38,739
2047-2048	42,795	45,773	39,204
2048-2049	43,295	46,302	39,668