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Western University experts highlight student debt



[\(http://metronews.ca/author/matiszjohn/\)](http://metronews.ca/author/matiszjohn/)By John Matisz (<http://metronews.ca/author/matiszjohn/>)
Metro London



Canadian students are taking out about \$2.2 billion in loans each year, according to Western University's CIBC Centre for Human Capital and Productivity.

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Question: How much debt does a typical Canadian post-secondary student have upon graduate?

More than \$10,000, according to the folks at Western University's CIBC Centre for Human Capital and Productivity.

The centre recently released commentary on research that shows 15 per cent of students borrower go into default — meaning they're unable to make any payment for nine months — at some point in the first three years of post-grad life.

It's proof that students need to come out of university and college with more than plans for finding a job. They also need to start thinking immediately about paying off the bills that helped them earn a degree.

"Students really need to understand how they're going to pay their debt load and what that means to them moving forward," Bob Stammers, director of investor education at CFA Institute in Toronto, told Metro.

Stammers, whose organization represents investment professionals, encourages student borrower to prioritize loan payments or, if possible, consolidate them into a single running total.

Debt with high-interest rates, such as a car loan or credit card, should be tackled before student debt, he added.

"The big thing," Stammers said, "is not to be naive about (debt).

"It can get away from you."

\$13,000

Average government loan for students graduating in 2010-11

Western researchers assessed two surveys conducted by the Canada Student Loans Program.

The first gathered data from 3,200 student borrowers already in default, while the second focused on about 1,000 who were fresh out of school and unable to make loan payments.

Head researcher and Western economics professor Lance Lochner said the key finding was that financial circumstances of a borrower's family is crucial.

"If you've got family support, it makes a big difference (in repayment)," Lochner said.

Lochner and company also determined university students are 11 per cent less likely to run into repayment problems than those who attend college.



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