Swedish student financial support

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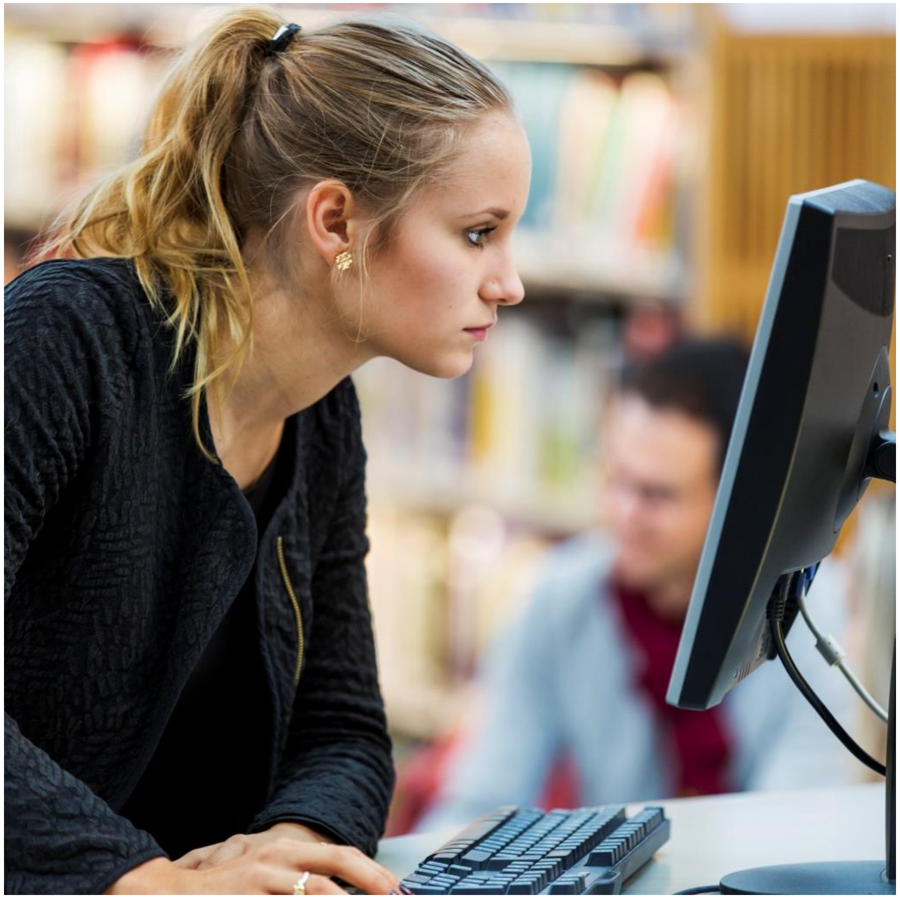
Policy rationales

Student support shall:

- Promote high participation in education.
- Reduce the impact of social, financial and geographical background.
- Be sustainable.

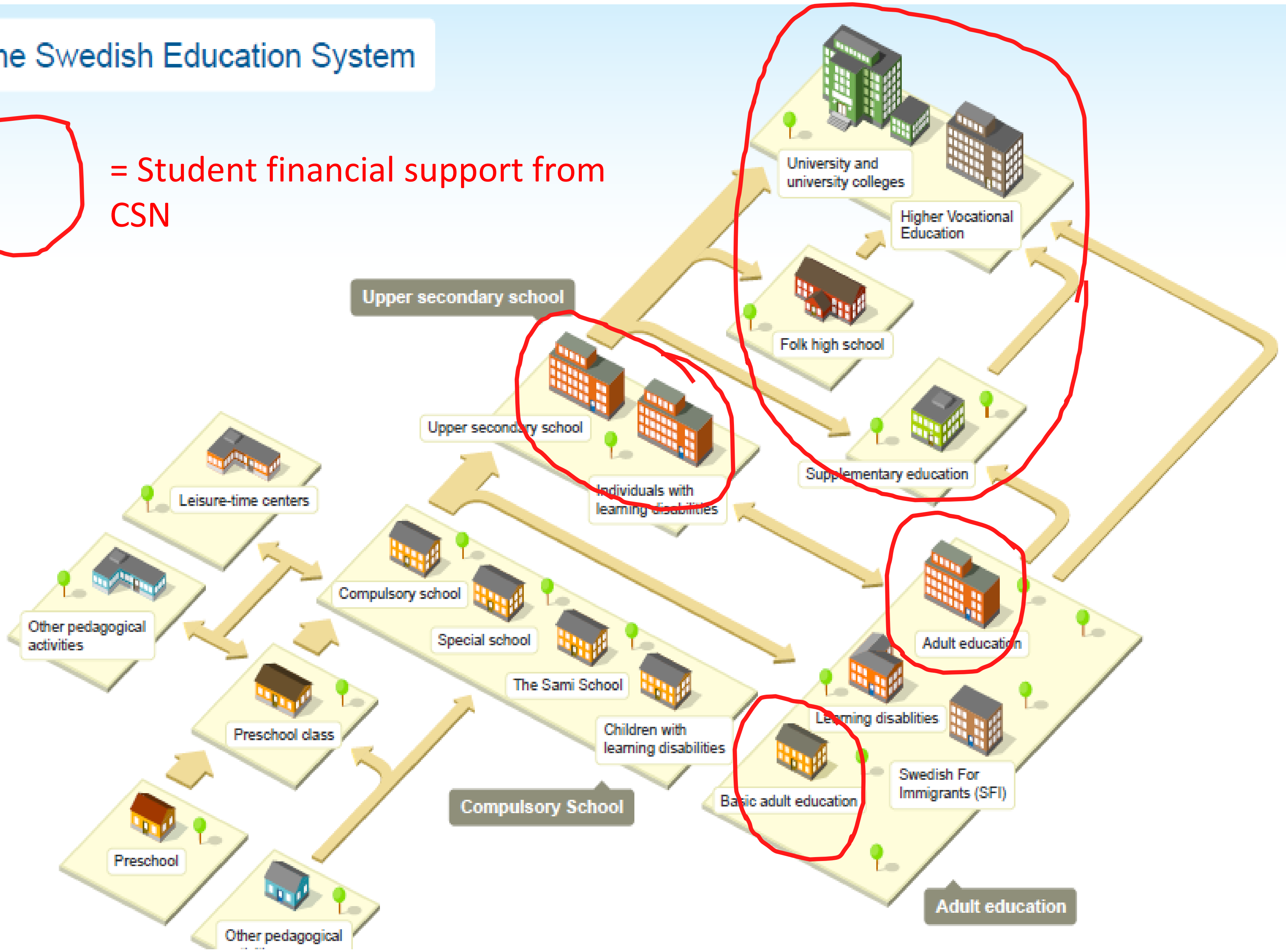


Swedish student financial support – guiding principles

- Student financial support shall encourage studies.
- Cost sharing between the state and the individual – free education, grants and voluntary loans.
- Only direct support.
- Universal – includes virtually all citizens and many foreign citizens.
- Students are seen as independent – support granted independently of parents' or family's financial situation.
- Grant and loan shall cover normal living costs.
- Portable for studies abroad.
- Loan to be repaid in full – but with ”security arrangements”.

The Swedish Education System

= Student financial support from CSN



Student financial support – rules and regulations (1)

- Full-time or part-time studies.
- No means testing against family income.
- Students have the option of choosing to engage in a certain amount of work alongside their studies without the level of support being reduced.
- The upper age limit for receiving student support is 56 years.
- Time limit – 6 years maximum for higher education.

Student financial support – rules and regulations (2)

- The student **loan** 2/3 of the total amount of study support.
- The student **grant** 1/3 of the total amount of study support.
- Study support for full-time studies in 2016 amounts to approximately SEK 10 729 per month of studies ($ 1 250).
- Students must pass 75 % of examinations.

Student financial support – rules and regulations (3) Lending to older students

The requirements for the student **loan** are the same as for student aid in general, except if you are 47 years or older. Then there is a limit, expressed in a maximum number of weeks with the loan:

Age	Maximum weeks with the loan
47	220
48	200
49	180
50	160
51	140
52	120
53	100
54	80
55	60
56	40

Student financial support – rules and regulations (4) Measures to avoid too long study-times

- Time limits (240 weeks – 6 years).
- Students must pass 75 % of examinations.
- CSN is running controls of registration and active studies.
- University budgets are partly based on examination.

Student financial support 2015

- CSN paid out student support to 476 000 students (in Sweden or abroad).
- 443 000 studied in Sweden
- 33 000 studied abroad.
- CSN paid out SEK 10 billion in grants and SEK 17 billion in loans (total $ 3 billion).

A few experiences from Sweden

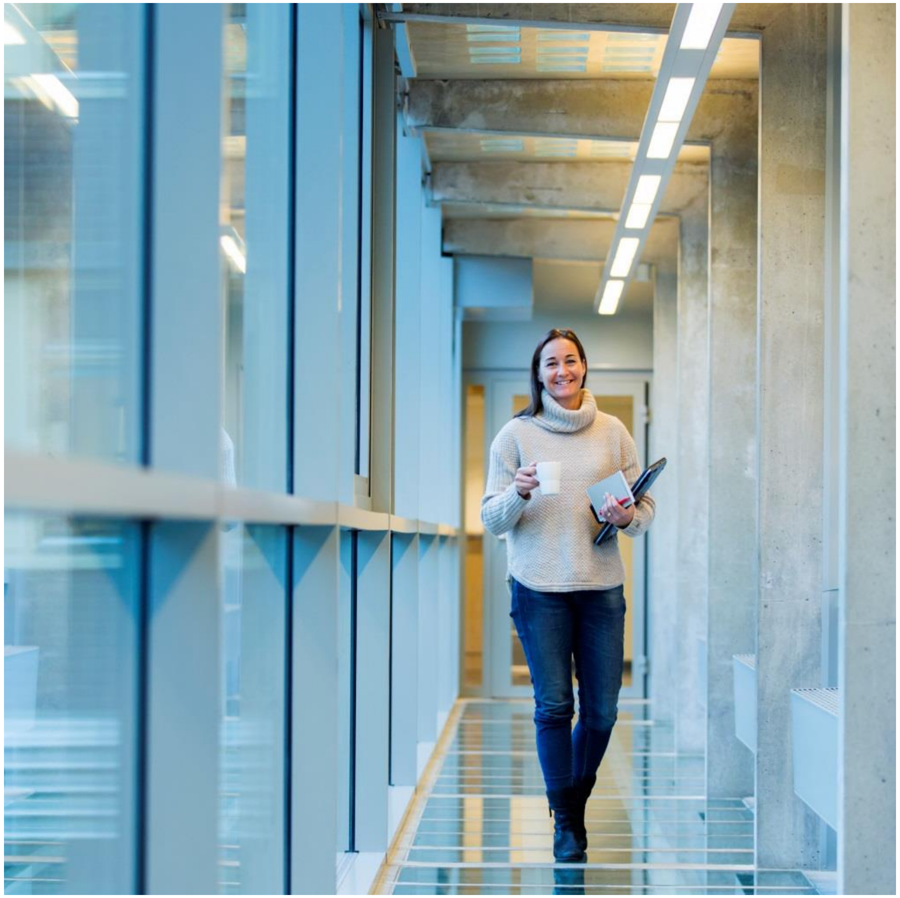
- Most students are satisified with the economic situation.
- Many wouldn't study without support from CSN.
- A sustainable loan scheme is very important.
- Study support help people fulfil their dreams!

The Swedish Board for Study Support (CSN)

CSN's activity areas

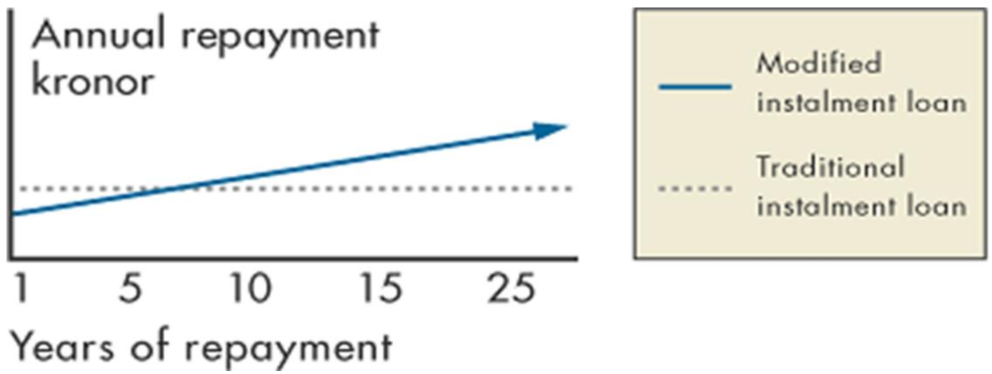
- Study allowance and study allowance for people with disabilities
- Student aid
- Repayment and demand
- Home equipment loan
- Expert in financial aid for studies

- CSN reports to the Government
  - Ministry of Education and Research
  - Ministry of Employment



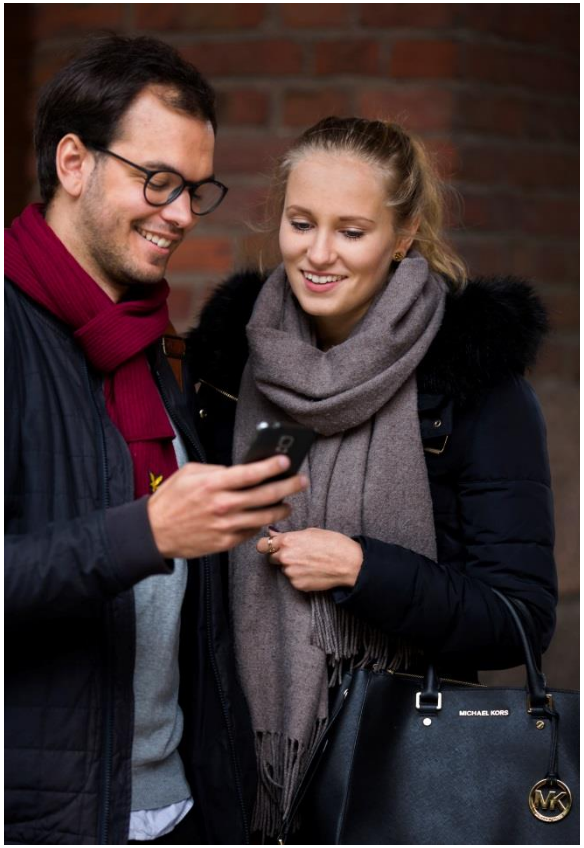
Modified annuity loan (flat rate loan)

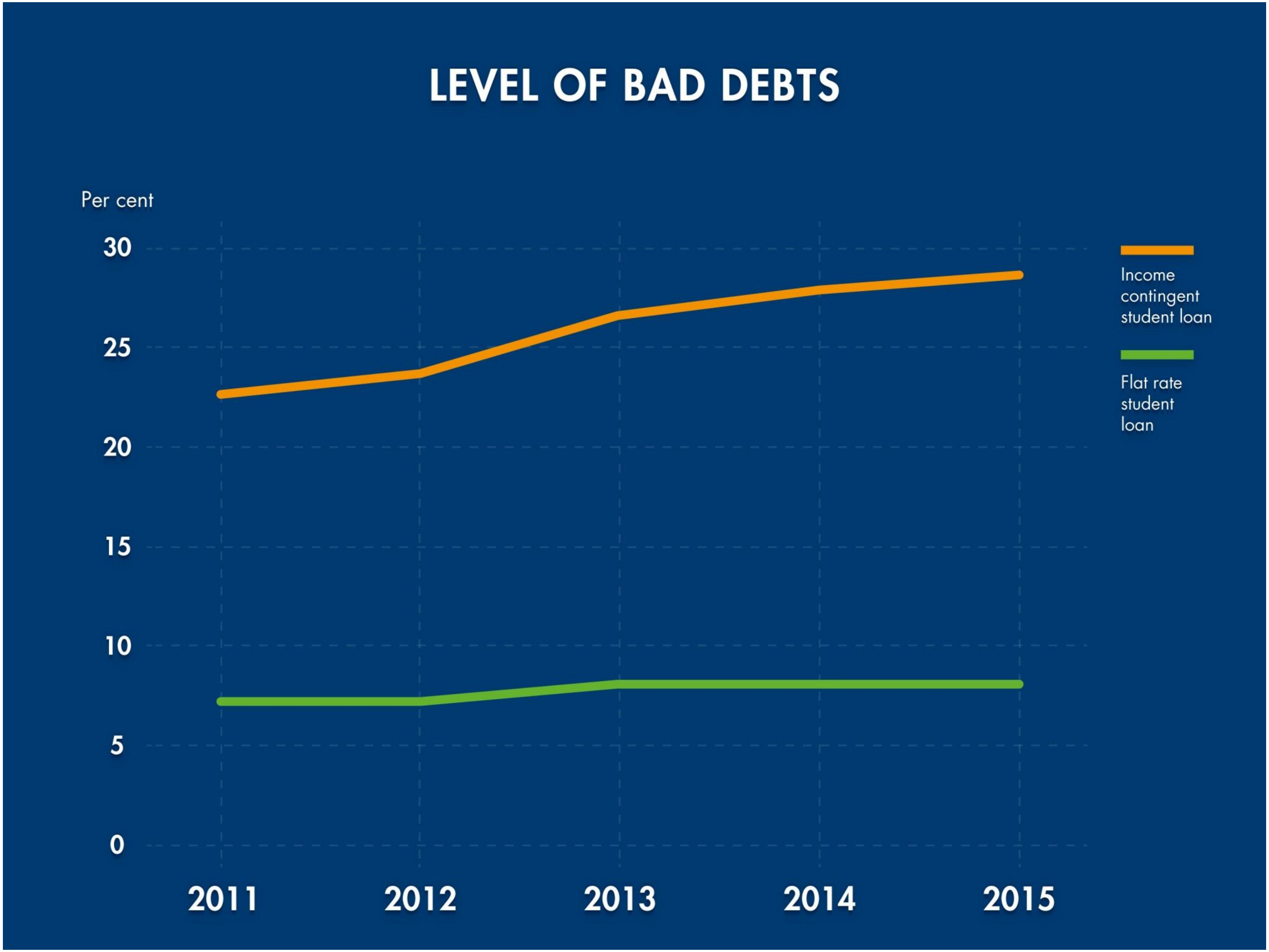
- Repayment starts 6–12 months after studies.
- Repayment in 25 years or in the number of years remaining until the age of 60.
- Lower yearly instalment in the beginning, higher in the end.



Why change from income contingent loan to modified annuity loan?

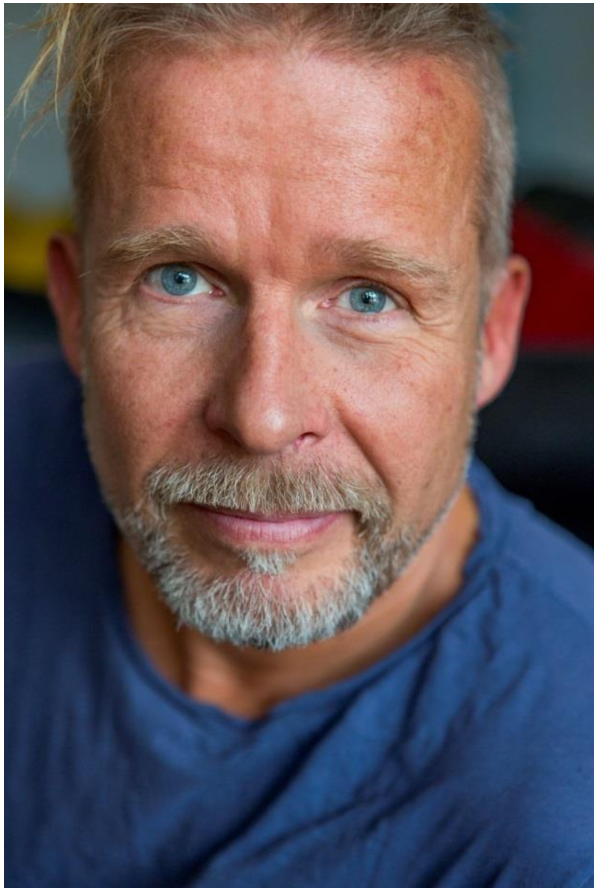
- The loan scheme must in principle bear its own costs.
- Students should be able to foresee the consequences of their loan commitment.
- Repayment plans should be established.
- Increased awareness that it is a loan to be paid back.




LEVEL OF BAD DEBTS
Per cent
30
25
20
15
10
5
0
2011
2012
2013
2014
2015
Income contingent student loan
Flat rate student loan

Regulations of ”security”

- Reduction of yearly instalment to 5 or 7 % of income possible – application needed.
- Reduction of yearly instalment due to exceptional individual reasons – application needed.
- Loan written off at 68 years of age.
- Loan written off at death.
- Loan written off due to exceptional individual reasons – application needed.



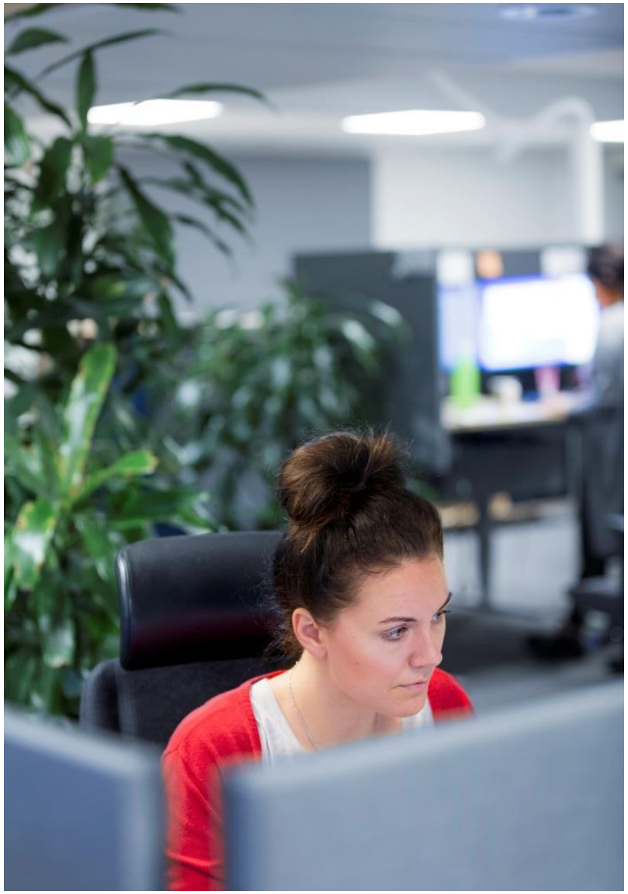
Annual amount

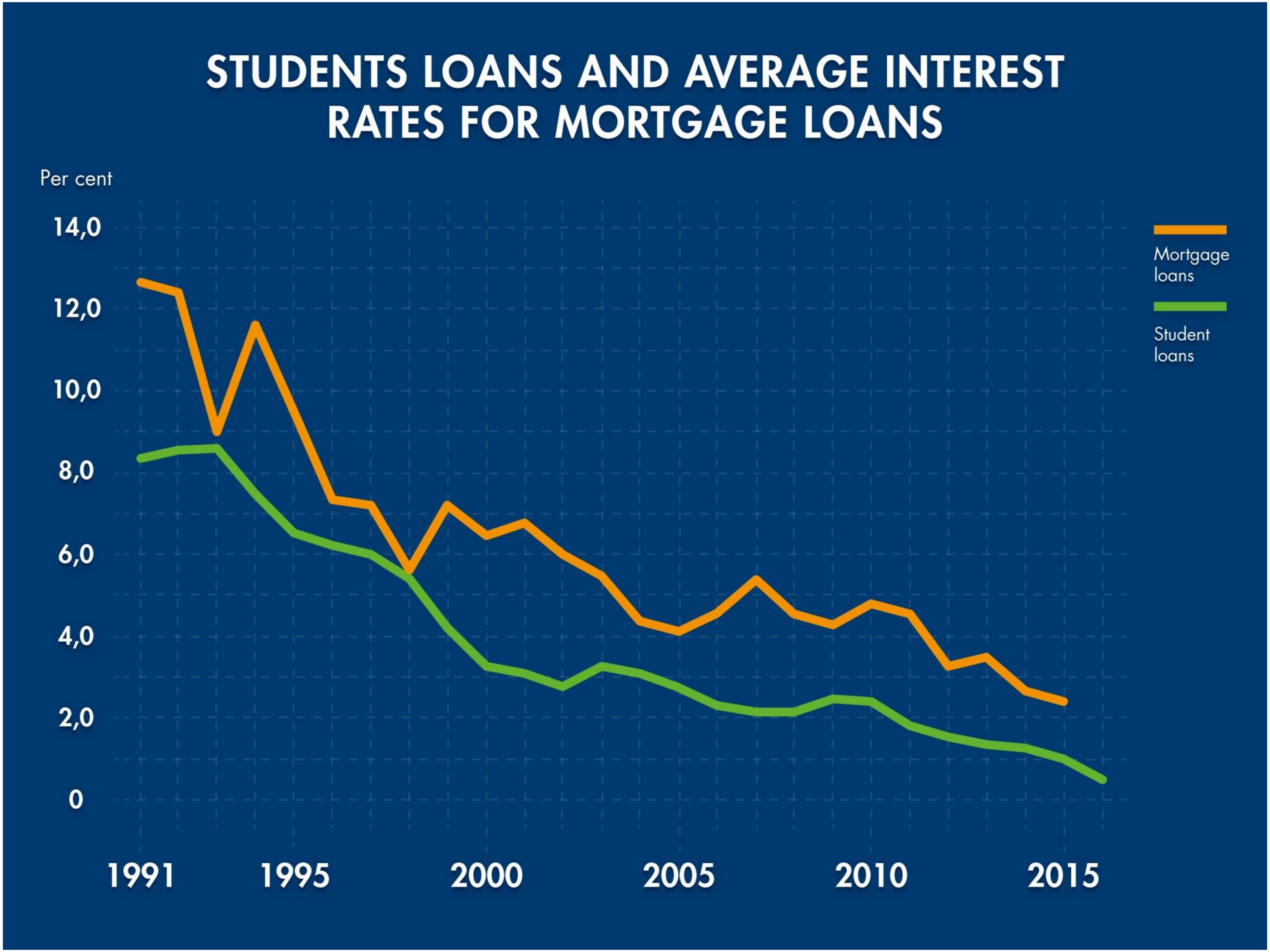
Is calculated each year taking into consideration:

- the amount of the borrower´s debt,
- the length of the remaining repayment period for the loan,
- the rate of interest,
- the updating rate, which is a maximum of two percent.
- Repayment in advance is possible.

Interest and cost of the loan

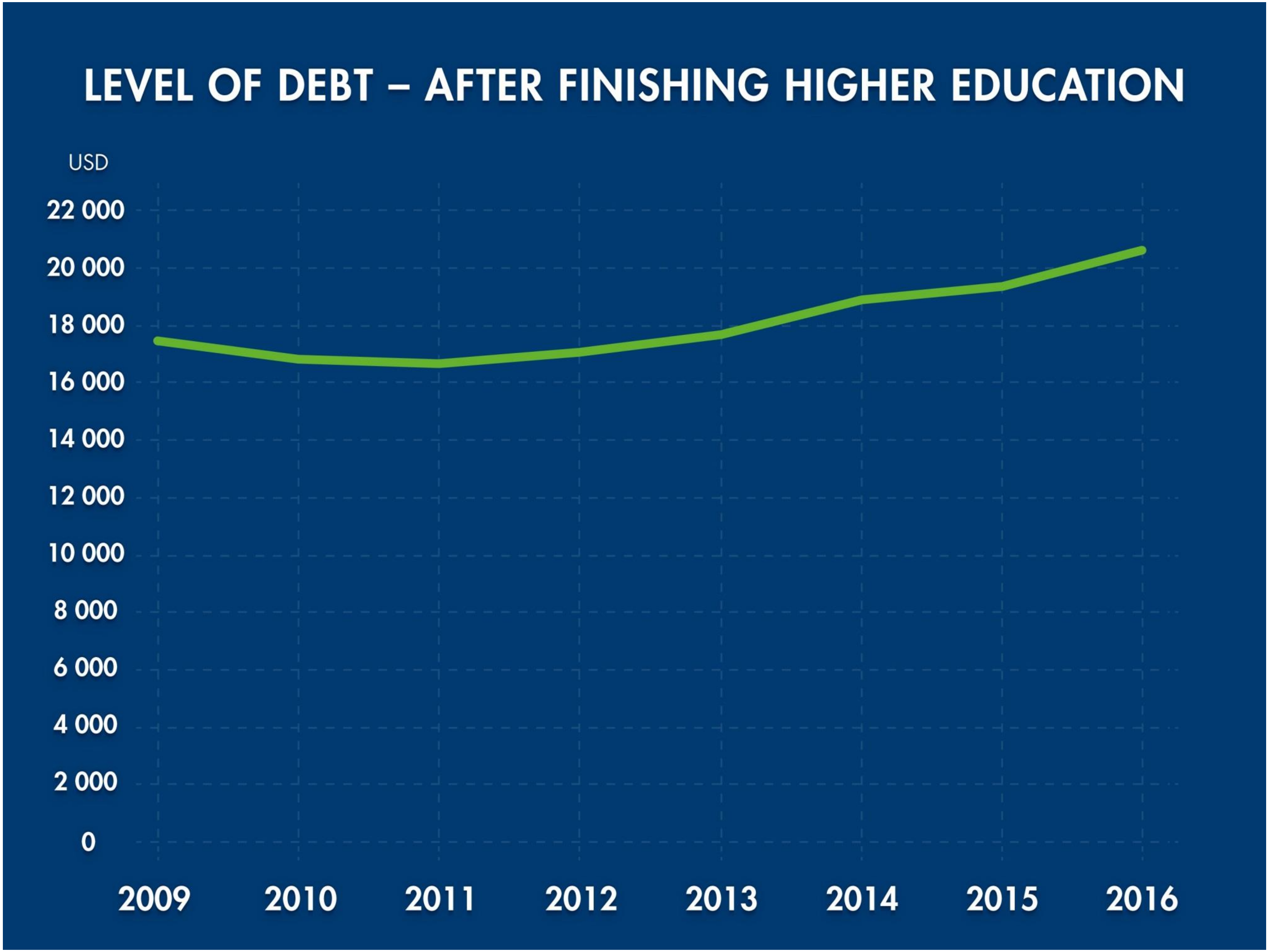
- Interest from the first payment of loan until it is fully paid.
- Interest running also during studies.
- Interest rate is 0,6 % for 2016.
- Administration fee is SEK 150 (18 $) each year.
- Reminders fee SEK 450 (55 $) for each reminder.



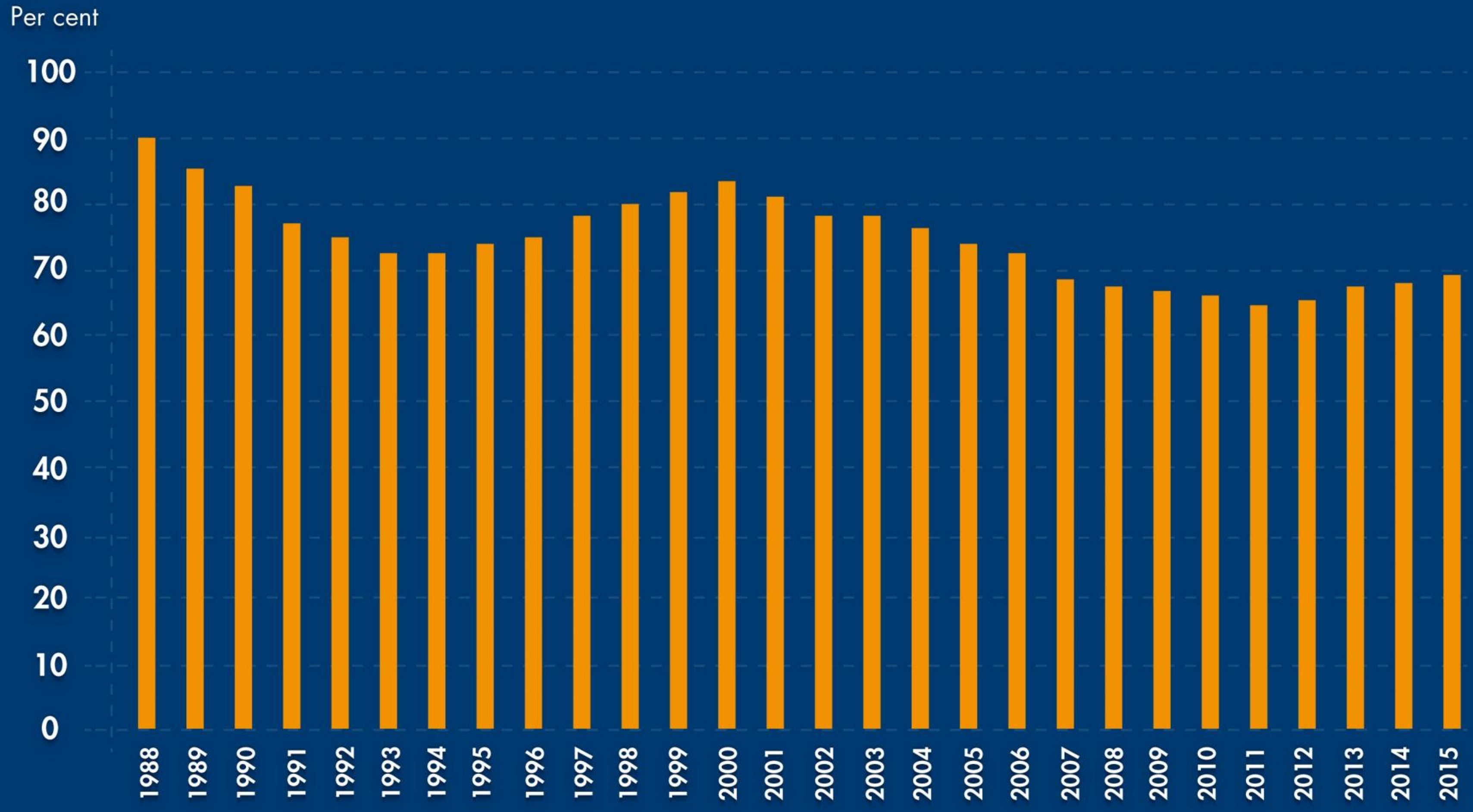

STUDENTS LOANS AND AVERAGE INTEREST RATES FOR MORTGAGE LOANS
Per cent
14,0
12,0
10,0
8,0
6,0
4,0
2,0
0
1991
1995
2000
2005
2010
2015
Mortgage loans
Student loans

Student loans 2015

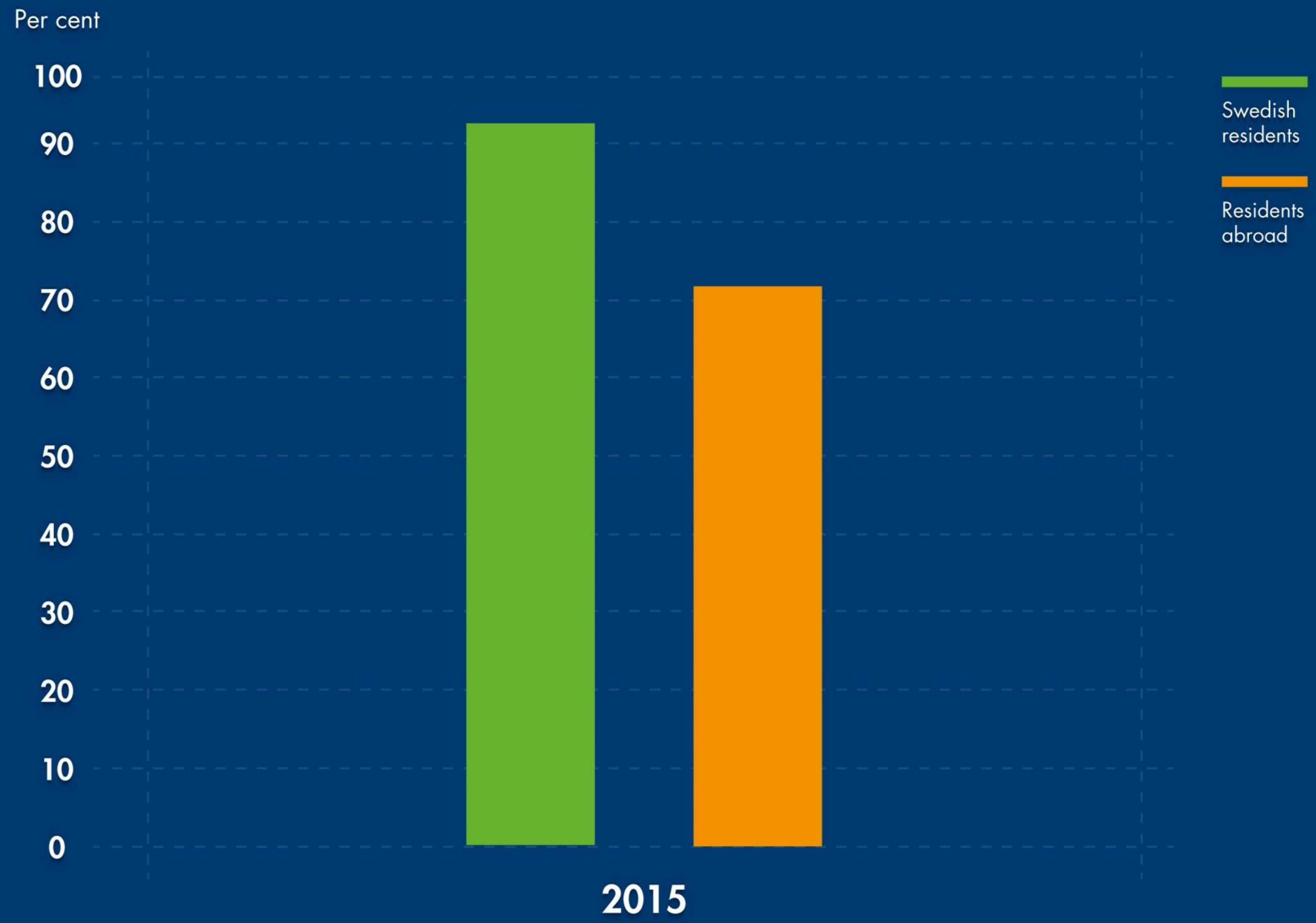
- 1.5 million borrowers.
- Borrowers total debt was SEK 208 billion ($ 24 billion).
- Borrowers with a study-loan debt paid SEK 13 billion ($ 1.6 billion).


LEVEL OF DEBT – AFTER FINISHING HIGHER EDUCATION
USD
22 000
20 000
18 000
16 000
14 000
12 000
10 000
8 000
6 000
4 000
2 000
0
2009
2010
2011
2012
2013
2014
2015
2016

PROPORTION OF STUDENT AID RECIPIENTS BORROWING TO FINANCE THEIR STUDIES



SHARE OF DEBT OF STUDENT LOANS THAT IS REPAID – 2015



Problems regarding borrowers residing abroad

- Difficult to get correct address information.
- Difficult to collect debts.

What do CSN do?

- Debt collection agencies.
- Taking legal action in the US since 2014.
- Cooperation within the EU regarding exchange of address information.
- Address search via the internet.
- Attempts to re-establish contact with lost customers.
- Trying to effect legislation changes.

Improved rules for increasing the repayment

- Acceleration of loans for immediate payment.
- The period of limitation has been extended from 10 to 25 years.
- Legal obligation to provide address information.

Thank You!

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