

STUDENT FINANCIAL AID 2010

This leaflet is a summary of the main rules governing the provision of financial aid to students in academic year 2010-2011. More detailed information on eligibility and application procedures can be found in Finnish or Swedish in the general brochure on student financial aid and on Kela's website (www.kela.fi).

STUDENT FINANCIAL AID - WHAT IT IS

The purpose of student financial aid is to provide financial support towards study-related costs, to the extent that the provision of such support is not considered to be the responsibility of your parents and that you have not made other financial arrangements to secure a living income. In order to qualify, you must be a full-time student, make satisfactory academic progress, and be in need of financial assistance.

Financial aid is available in the form of study grants, housing supplements and government guarantees for student loans. Study grant and housing supplement are government-financed monthly benefits. The study grant is subject to tax. If you are granted a government loan guarantee, you can apply for a student loan in a bank of your choice. The bank will contact Kela to check the loan guarantee details.

WHAT KIND OF STUDIES ARE SUPPORTED?

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

The full-time requirement is considered to be met if the purpose of the studies is to obtain an academic degree or complete the upper secondary school curriculum, provided in the latter case that the studies comprise at least 75 courses and that the student will each semester take at least 10 courses or 2 matriculation tests. Non-degree academic studies yielding at least 5 credits per month are considered full-time as well. Vocational or other studies qualify if the studies comprise an average of at least 3 credits per month (or 25 hours per week). Mature students of upper secondary schools cannot get financial aid.

ELIGIBILITY CRITERIA

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

BENEFITS AVAILABLE UNDER THE FINANCIAL AID PROGRAMME

Study grant is available as soon as you are no longer eligible for child benefit (from the beginning of the calendar month following your 17th birthday).

Housing supplement can be paid to students living in rented or right-of-occupancy accommodation. No age limits apply. You are not eligible if you live with your parent, if your home is owned either by yourself or your spouse, or if your child or a child of your spouse or cohabiting partner lives with you (some exceptions apply). Students who do not qualify for the housing supplement on these grounds can apply for a general housing allowance online at www.kela.fi/asiointi.

Government guarantees for student loans are available to those in receipt of study grant, with the exception that students under 17 or aged 18-19 who do not live with their parents can get loan guarantees without qualifying for the study grant (in the former case, this is subject to a parental income test). Upper secondary school students can get loan guarantees only if they are being paid study grant. Kela will not normally provide loan guarantees to students who have previously defaulted on a student loan, requiring Kela to pay it back, or who have an otherwise blemished credit record.

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

If you enrolled in higher education in academic year 2005-2006 or later, you are eligible for a **student loan tax deduction**, provided you complete your degree within the set time and if, at the end of the semester in which you complete your degree, you have more than €2,500 in outstanding student loan debt taken out while in higher education. The deduction is equal to 30% of qualifying debt exceeding €2,500.

If you attend a higher education institution, you are entitled to a **meal subsidy**. The subsidy is paid directly to the operator of the student cafeteria and is worth €1.67 per meal. Students pursuing a degree in secondary education are entitled to complimentary meals.

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

Student	SECONDARY SCHOOL	HIGHER EDUCATION
1. is married or has dependants	246	298
2. lives alone, aged 20 or over	246	298
3. lives alone, aged 18-19	246 ↓	298
4. lives alone, aged under 18	100 ⇕	145 ↑
5. lives with his or her parent, aged 20 or over	80 ↑	122 ↑
6. lives with his or her parent, aged under 20	38 ⇕	55 ↑

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

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

The increase that becomes payable at a specified age is available from the beginning of the month in which you reach the specified age. If you are getting less than the maximum financial aid available for the type of school you are attending (categories 4-6 in the table), you can get an increased study grant if the taxable annual income of your parents does not exceed €39,000. Full increase if annual income is €22,770 or less; gradually reduced thereafter.

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

Housing supplement covers 80 percent of the rent. It is not available if the rent is less than €33.63 per month, and is not granted for the part of the rent that exceeds €252. The maximum amount of the housing supplement is €201.60 per month. If you live in accommodation owned by or rented from your parent, the maximum supplement you can get is €58.87 per month. If this accommodation is located in the same building as your parent's principal dwelling, the maximum housing supplement rate is €58.87 per month and the study grant is paid at the rate applicable to students living with a parent.

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Government guarantees for student loans (€ per month):

Secondary education: Students aged under 18	160	Higher education	300
Secondary education: Students aged 18 or over	300	Recipients of adult education allowance	300

HOW OTHER INCOME AFFECTS FINANCIAL AID

Income check and exempt amounts (the maximum income you can have and not suffer any reduction in aid). All grants and taxable income (student financial aid excepted) during the entire calendar year are taken into account. For each month during which you receive study grant or housing supplement, the exempt amount is €660, and for each aid-free month €1,970. Assuming that you received aid for 9 months, you would be allowed to have up to €11,850 a year in other income. The income may be earned at any time during the calendar year.

The income is not checked when the aid is granted, so you must make sure not to exceed the annual exempt amount. By cancelling or returning (by the end of March the following year) aid you can raise your exempt amount. The income check is based on taxation data. If you exceed your exempt amount, you will be required to pay back financial aid. The amount recovered is increased by 15%.

Regarding income which you have received before the month in which you started school or after the month in which you graduated: any amount exceeding €1,970 per month, averaged over the period in question, is exempt from the income check.

Financial aid is available also for practical training or a work-study programme that is a compulsory part of the curriculum. If your monthly pay during the training is on average of €660 or more, the study grant is not available, though the loan guarantee and housing supplement are. Even an educational grant from your school may make you ineligible for the study grant.

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

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

If you are under 20 and attending a secondary-level school, your **parents' income** will affect the amount of aid granted to you (for the housing supplement, the age limit is 18). Your study grant and housing supplement are reduced by 5 percent for each €1,010 that your parents' combined income exceeds €40,800. At €61,000, no financial aid is available. Parental income is not taken into account if you are married or have dependants. The parental income test is normally based on the most recent income data available from the tax authorities.

HOW LONG CAN YOU GET FINANCIAL AID?

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

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

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

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

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

If you are in **vocational education**, the duration of financial assistance depends on the extent of studies. After that you may receive financial assistance for these studies only if your school has granted an extension of the period of study and if you study full-time.

The upper secondary school curriculum must be completed in four years. Financial aid is granted for the first three school years and then on application for a fourth year if you maintain full-time status. Extended assistance for the same studies in vocational education or in upper secondary school is only granted under exceptional circumstances.

FINANCIAL ASSISTANCE FOR MATURE STUDENTS

If you have 8 or more years of employment history, you may be eligible for an adult education allowance from the Education Fund. Further information about the adult education allowance is available from the Education Fund (www.koulutusrahasto.fi).

If you receive adult education allowance for a consecutive period of at least 8 weeks, Kela can grant you a government guarantee for any student loan you may wish to take out. The terms of the loan guarantee are the same as in the regular student financial aid system.

The earliest that the loan guarantee can be granted is the beginning of the month preceding that in which your application is received by Kela or your school. Applications can be made on form OT12 or by using Kela's online service.

FOREIGN STUDENTS

If you are not a Finnish citizen, you can get financial aid for studies in Finland if you live in Finland on a permanent basis for a purpose other than studying. This requires that you are registered as a permanent resident in the Finnish population register system. The purpose of residence in Finland is determined by reference to such matters as the residence permit, registration or acceptance to an educational institution. Applications for financial aid must be accompanied by the appendix form OT10 for foreign residents.

ASSISTANCE FOR STUDIES ABROAD

You can also get financial help with studies that take place outside Finland, provided that they correspond to Finnish studies that would be covered by the student financial aid provisions or form a part of a Finnish degree programme. Financial aid for a course of study which is conducted entirely outside Finland is only available for citizens of Finland, other EU/EEA countries or Switzerland and their family members. You must have been resident in Finland for at least two years within the five years preceding the course of study (in other words, you do not qualify if you have lived abroad for more than three years before beginning your studies). If you are not a Finnish citizen, you must either have a right to permanent residence in Finland (as defined in the Aliens Act), be working in Finland (the intended course of study is expected to be closely related to your job), or be

unemployed through no cause of your own. If you are the family member of an employed person, you are entitled to financial aid on the same terms that apply to Finnish citizens.

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

HELP WITH STUDENT LOAN INTEREST PAYMENTS

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

HOW TO APPLY FOR FINANCIAL AID AND HOW IT IS PAID

You can file your application by visiting Kela's online service at www.kela.fi/asiointi (Finnish and Swedish only) or by completing a regular financial aid application form (OT1, OT2 or OT3). When applying for additional financial aid or summer aid, use Kela's online service at www.kela.fi/asiointi or complete the OTm form. If you wish to cancel or pay back financial aid, use Kela's online service at www.kela.fi/asiointi or use the OTmP form. Application forms are available from Kela offices, Kela's website, and educational institutions. If you are submitting your application on paper, file the application and enclosures with your school or with Kela. If you attend a university you should file with the financial aid committee of your school. Applications for interest allowance as well as applications filed by students of upper secondary-level schools are usually determined by Kela's local offices. Applications from students attending a Finnish polytechnic (with some exceptions) or a foreign educational institution are handled by the Kela Centre for Student Financial Aid. More information about where your application will be handled is available at www.kela.fi.

Aid can be granted from the beginning of the month in which you applied for it. To university students, aid is usually granted right away for as many months as it is available, and to other students, for as long as studies normally take. The formal decision on your application is sent to the address you specify in your application. You will automatically be sent a new decision in July for the following academic year if you have been granted loan guarantees and other financial aid benefits for your entire course of study and your credit information has not changed.

Your study grant and housing supplement are paid into your designated bank account on the 4th of each month or the next banking day. Retroactive payments can be made daily.

HOW TO APPEAL A DECISION

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

OBLIGATION TO NOTIFY OF CHANGES

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

ASSISTANCE WITH DAILY TRIPS BETWEEN HOME AND SCHOOL

If you are full-time student of an upper secondary school or attend a programme of basic vocational education, Kela will compensate you for the cost of your daily travel to and from school, as long as the one-way trip from home to school is at least 10 kilometres and the costs of the travel exceed €54 per month. You will be required to pay at least €43 of the total monthly cost yourself. File an application (form KM1) with your school, which will forward it to Kela. If you use public transportation, enclose proof of purchase with your application.

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

- Visit Kela's website (www.kela.fi), where you will find a feedback and question form, instructions for seeking financial aid, various calculator applications.
- Kela offices



www.kela.fi