

Canada Apprentice Loan

Economic Action Plan (EAP) 2014 announced the creation of the Canada Apprentice Loan (CAL), which will assist eligible apprentices with costs faced while attending periods of technical training. This program was implemented on January 2, 2015, and will assist at least 26,000 apprentices per year with over \$100 million in loans.

Although the number of registered apprentices and new registrations have been increasing steadily, the rate of successful completion of apprenticeship programs has been low. Apprenticeship stakeholders have identified a number of underlying reasons for these low completion rates, including the financial expenses of attending periods of technical training.

The CAL is expected to increase the supply of skilled journeypersons, with a positive impact on economic productivity, particularly in those sectors where there are shortages of skilled tradespersons. The CAL may also foster standardization of apprenticeship certification across provinces and hence facilitate labour mobility.

Apprentices registered in an apprenticeship program in a Red Seal trade will be able to apply for an interest-free loan of up to \$4,000 per period of block release technical training, up to a maximum of five times.

How to Apply

Apprentices can apply online, or complete and mail the paper application to the Canadian Apprentice Loan Service Centre

(CALSC), who is administering the CAL. Both applications are available at www.canada.ca.

Application deadlines are no earlier than 90 days before the apprentice starts technical training, and no later than the last day the apprentice is enrolled in technical training.

Confirmation of Enrolment and Disbursement

The CALSC will confirm eligibility of the apprentice prior to disbursement. Apprentices receive only one disbursement per technical training period. The amount is determined by the application (without a needs assessment), with a minimum of \$500 and a maximum of \$4,000.

Maintaining a CAL

Registered apprentices are not required to make payments on their loan(s) and no interest will accrue if they:

- Are returning to technical training and apply for and receive CAL funding;
- Have their ongoing registration confirmed by their provincial/territorial apprenticeship office, whether returning to technical training or not.

If an apprentice does not confirm that he/she is still a registered apprentice in a Red Seal trade apprenticeship program by the apprenticeship end date, interest will begin to accrue on the loan and repayment will begin six months after this date.

- The apprentice end date is 12 months following an apprentice's last funded technical training end date, or the date his/her confirmation of ongoing registration was last confirmed.

Repayment

- Repayment of a CAL will begin when the apprentice:
- Has completed his/her Red Seal trade apprenticeship program;
- Is no longer registered in a Red Seal trade apprenticeship program;
- Did not confirm registration by the apprenticeship end date; or,
- Has reached the lifetime maximum of 6 years of interest-free status.

Interest will begin to accrue on the loan the day after the apprenticeship end date, however no payments are required for the first six months after the apprenticeship end date. Following that time, the borrower will be required to start making regular loan payments. Borrowers may choose between a variable (prime +2.5%) or fixed (prime +5%) interest rate.

Repayment assistance will be available through the Government of Canada for borrowers who experience financial difficulties repaying their CALs. Any repayment obligations pertaining to Canada Student Loans will also be considered in the assessment of eligibility for repayment assistance on CALs, so that borrowers are only required to pay what they can reasonably afford.