



Post-secondary education budgeting in the era of COVID-19

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Many post-secondary students, both those returning to programs in the fall, and those starting new programs, may be concerned about how tuition and living expenses such as accommodation, food and transportation, will be funded. In a new CIBC poll of Canadian post-secondary students¹ (the “CIBC Poll”), 87% of those polled were experiencing one or more financial concerns. Even with the most careful advance planning, some students may find that the income from a part-time or summer job that went into their original budget has dried up. In fact, 68% of those polled indicated that their income would be impacted by the COVID-19 pandemic, compared with 36% of adult Canadians with similar concerns.²

Let’s review various sources of funds beyond traditional non-registered savings that may help you cover post-secondary education costs for the coming year.

Canada Emergency Student Benefit

Of the students participating in the CIBC Poll, 46% had already applied for a government program for students, and a further 19% were considering applying. One of these is the Canada Emergency Student Benefit (“CESB”). The CIBC Poll revealed, however, some gaps in the level of understanding of how the CESB and other government programs work. You may be eligible for the CESB if you are a current post-secondary student, if you graduated in December 2019 or later, or if you have completed (or will complete) high school in 2020 and have applied for a post-secondary educational program that begins before February 1, 2021. If you receive payments from either the Canada Emergency Response Benefit (CERB) or Employment Insurance (EI), you are not eligible for the CESB.

The CESB provides \$1,250 for each four-week period in which you earned no more than \$1,000 from (self-) employment. If you are living with a disability, or care for another person, you will be eligible to receive a higher amount of \$2,000 per four-week period. If you are able to work, you must be actively looking for work in order to be eligible for this benefit.³ The first four-week period ran from May 10 to June 6, 2020, and the last period ends on August 29, 2020.

If you completed high school after June 7, 2020, you will only be permitted to apply for two eligibility periods, starting with the July 5 to August 1, 2020 eligibility period.

¹ CIBC COVID-19 Impact on Post-Secondary Students Poll, June 2020. From May 22 to May 27, 2020, an online survey of 1,053 Canadian post-secondary students who are Maru Voice Canada panelists was executed by [Maru/Blue](#). For comparison purposes, a probability sample of this size has an estimated margin of error (which measures sampling variability) of +/- 2.9%, 19 times out of 20. Discrepancies in or between totals are due to rounding.

² COVID-19 Consumer Poll Wave 3. From May 6th to May 7th 2020 an online survey of 1,513 randomly selected Canadian adults who are [Maru Voice Canada](#) panelists was executed by [Maru/Blue](#). For comparison purposes, a probability sample of this size has an estimated margin of error (which measures sampling variability) of +/- 2.5%, 19 times out of 20. The results have been weighted by education, age, gender and region (and in Quebec, language).

³ For students applying for the CESB, the Canada Revenue Agency has indicated that [registering with the Job Bank](#) is an easy way to demonstrate that you are looking for work. See discussion below of the Canada Summer Jobs Program.

You can apply online for the CESB, using [CRA My Account](#) and you must submit your application no later than September 30, 2020. You will only be permitted to apply for one eligibility period at a time, and if you remain eligible, you will be required to re-apply for the next four week period. Application dates for subsequent periods will be staggered, so the weekday on which you should apply depends on your month of birth.⁴

CESB payments are administered through the CRA. Amounts you receive are taxable and you must report these amounts as income when filing your 2020 income tax return. To this end, the government will issue a T4A tax slip indicating the total amount of CESB paid to you. The amount of tax that you owe on the CESB will depend on your 2020 marginal tax rate, so you may need to pay tax on the CESB amounts you received when you file your 2020 income tax return.

If you received a CESB payment to which you were not entitled, you will need to either return the payment or make a repayment. This could happen, for instance, if you apply for the CESB and then find work and earn more than \$1,000 during that period.⁵

Registered Education Savings Plans (RESPs)

If you are the beneficiary of an RESP, typically established by a parent or other relative, you may be able to fund part of your education costs through withdrawals the plan subscriber directs from the plan. Savings in RESPs generally grow quicker than regular investment accounts because of grants that may have been added by the Canadian government, as well as the tax-deferred compounding inside the plan. Withdrawals of original contributions are tax-free, while withdrawals of income and grant money are generally taxable in your hands. In many cases, you will pay no (or minimal) tax on these withdrawals, owing to the basic personal amount and tuition tax credits.

Canada Summer Jobs Program

Although many summer jobs, such as those at various summer camps which will remain shuttered for the summer of 2020, have been cancelled as a result of the COVID-19 pandemic, you may be able to find employment through the Canada Summer Jobs program, which helps create summer jobs for those ages 15 to 30 years old. If you would like to find a job through this program, you can search through the youth [Job Bank](#) website.⁶

Through this program, employers can receive a wage subsidy of up to 100% (up from 50%) of the provincial or territorial minimum hourly wage for eligible employees. Job placements began on May 11, 2020 and the program has been extended to placements running until February 28, 2021.

Government Grants and Loans

If you volunteer in positions that support Canada's response to COVID-19, you may be eligible for the new Canada Student Service Grant (the "Grant"). The Grant will provide amounts ranging from \$1,000 to \$5,000 (depending on the number of hours you spend volunteering) that you can use towards your education in the fall of 2020. Details about eligibility, levels of funding and available positions are available on the government's new *I Want to Help* platform⁷. The Grant is available in increments of \$1,000 for every 100 eligible volunteer hours completed between June 25, 2020 and October 31, 2020. The government has indicated that the Grant will be taxable to the recipient. The volunteer position must be for a minimum of two hours a week for at least four weeks. You can search for a volunteer position right on the platform. You must register online and apply by August 21, 2020. If you are already volunteering, the organization that you are volunteering with can make a submission to have your volunteer hours count towards the Grant.

⁴ Details about eligibility for the CESB and the application process can be found online at: canada.ca/en/revenue-agency/services/benefits/emergency-student-benefit.html.

⁵ Instructions on how to return or repay the CESB can be found online at canada.ca/en/revenue-agency/services/benefits/emergency-student-benefit/cesb-return-payment.html.

⁶ The Job Bank website can be accessed online at jobbank.gc.ca/youth.

⁷ The I Want to Help platform can be found online at jobbank.gc.ca/volunteer.

In addition, the existing Canada Student Grants program, which offers grants in partnership with some provinces and territories, will be doubled, so you may receive up to \$6,000 if you are a full-time student, or up to \$3,000 if you are a part-time student.⁸

You may also be eligible for financial assistance through the Canada Student Loan Program, which provides repayable loans. Prior to the COVID-19 pandemic, 36% of students who responded to the CIBC Poll had received a government loan. For the 2020-2021 school year, the government will increase the maximum weekly amount that you may receive to \$350 per week, up from \$210.⁹

Scholarships

Various scholarships are available to post-secondary students. Just over one third (36%) of the students participating in the CIBC Poll had previously received a scholarship or bursary, and 35% planned on looking into what scholarships or bursaries may be available for the upcoming fall term. A good place to search for scholarships is the website of the university or college you are attending in the fall. Many scholarships and bursaries can be received tax-free.

Tax Deductions and Credits

If you have income during the year, there may be some tax credits that you can expect to receive after you file your next tax return.

Goods and Services Tax/Harmonized Sales Tax (GST/HST) Credit

The GST/HST credit is a non-taxable payment made to individuals with income below a threshold level. If you are at least 19 years of age, be sure to file your 2019 tax return so that you can receive the GST/HST credit (assuming you are eligible.) The next benefit year begins in July 2020 and income from your 2019 return is used to determine how much you can receive.

Tuition Credit

One common credit for students is the tuition credit. Exam fees paid for licensing or certification in many professions and trades may also qualify for this 15% non-refundable tax credit. Although the federal education and textbook tax credits were eliminated as of January 1, 2017 there is still the ability to carry forward unused education and textbook credit amounts from years prior to 2017 which were not claimed.

Interest paid on student loans

You also may be able to claim a non-refundable credit for interest paid on student loans. Only loans received under the Canada Student Loans Act, the Canada Student Financial Assistance Act, or a similar provincial or territorial government law qualify for this credit. Interest paid on a loan or a line of credit from a financial institution is not eligible for this credit.

⁸ Details on available grants can be found online at canada.ca/en/employment-social-development/programs/canada-student-loans-grants.html.

⁹ If you are currently in the process of repaying your Canada Student Loans and Apprentice Loans, during the period beginning March 30, 2020 and ending on September 30, 2020, you will not need to make any repayments and no interest will be added to your loan.

Moving expense deduction

If you moved to attend school, moving costs may be deducted from any taxable portion of scholarships, bursaries, research awards or similar prizes. According to the CIBC Poll, 32% of students planned on earnings from part-time employment, and 12% planned on working full-time, to support their post-secondary studies. In these cases, where it can be demonstrated that the reason for a move was for full-time attendance at a post-secondary educational institution and for employment, you may also be permitted to deduct moving expenses from employment income (e.g. a part-time job) while at school, in addition to deducting it against taxable scholarships, bursaries, etc. Finally, if you moved back home from school during the summer months to earn employment income, moving costs may be deducted against your summer employment earnings. In all cases, the move must be at least 40 kilometres closer to school or work.

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