

## From “Factors Affecting the Repayment of Student Loans”

by Constantine Kapsalis, Statistics Canada, March 2006

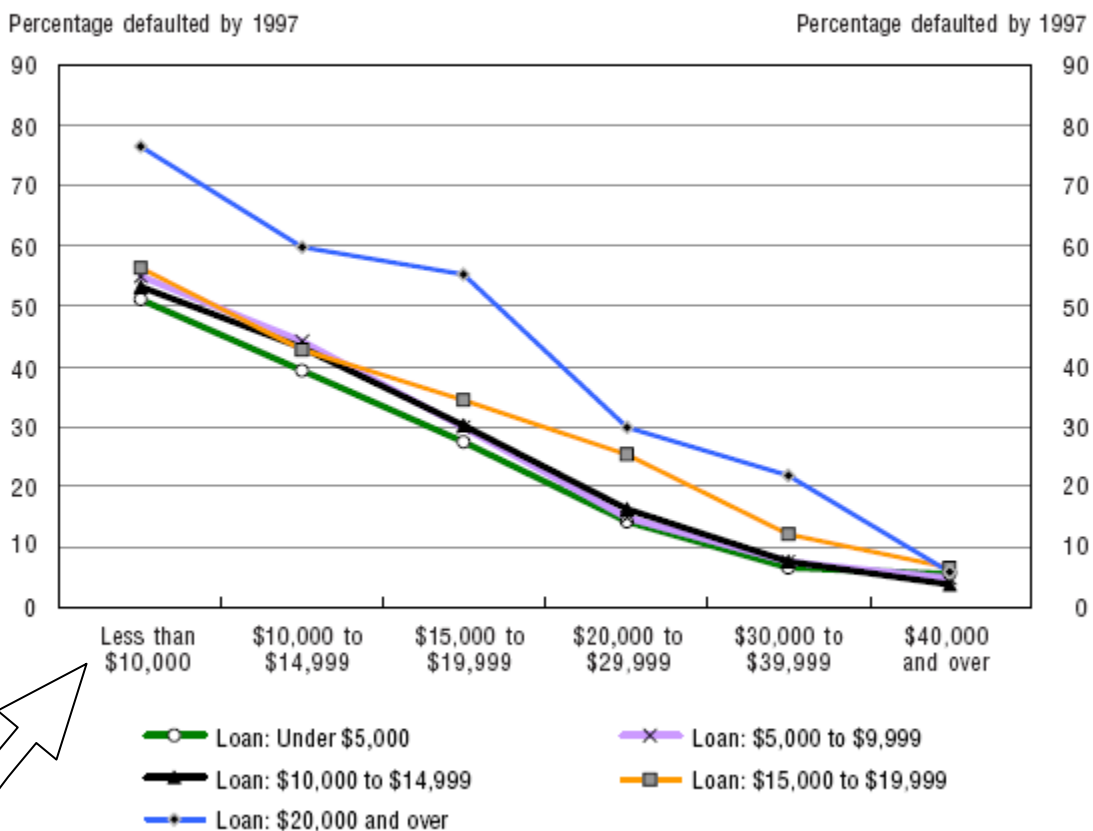
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Kapsalis linked one year of Canada Student Loan consolidations to the Longitudinal Administration Database — of loanholders’ income tax returns in the three years following graduation.

**Chart 2**

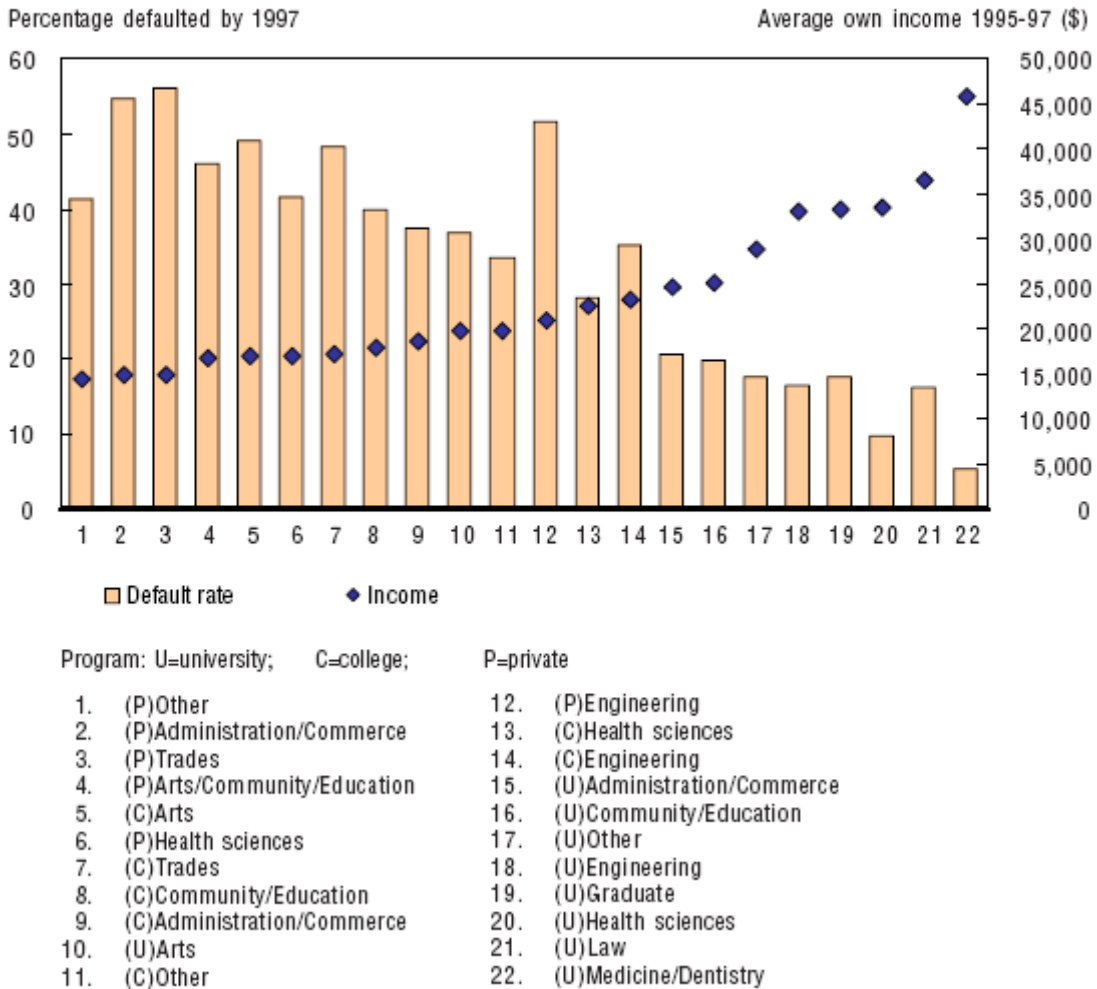
### Three-year default rates by loan amount and own income 1994-95 consolidations



Bottom axis: Average Annual Income in the three years following loan consolidation.

**Chart 3**

**Three-year default rates and average incomes by type of program  
(1994-95 consolidations)**



*Quotations from Kapsalis' report:*

- **“This analysis shows that the ability of students to repay their CSLP loans depends primarily on their future earnings.”**
- **“The relationship between income and default emerges soon after graduation and is a strong predictor of the final repayment outcome.”**
- **“Future earnings, as well as the probability of loan repayment, are strongly correlated with the type of education (type of degree, field of study, and type of institution).”**
- **“The type of program [referring to Chart 3 above] and local labour market conditions can be used to predict the risk of default of loans.”**