

# Garnishments For Student Loan Debt

written by vickyp | March 3, 2014



*Student loan default rates of 14% can lead to garnishment orders*

We often hear stories in the news of excessive student debt and high student loan default rates. The good news is that often in Canada student debt is not a significant problem collectively. In Canada students can go into debt but the average debt of a Canadian student, upon completion of education, is just under \$13,000. This data does not include students who borrow on their credit cards, take personal lines of credit, or, borrow from their parents to cover expenses. This solely includes data for official student loans supported by the Canada Student Loan Program.

Since the beginning of the recession, debt numbers have remained fairly consistent while the student debt default rate has actually gone down. In 2010-2011 the default rate was about 14%.

In 2011-2012, the Canada Student Loans Program provided financial assistance to approximately 35% (or 447,000) of full-time students and 6,500 part-time students (nearly double the numbers of 2009). The total assistance provided in 2011-2012 was \$2.4 billion, while in 2009 it was \$11.2 million. In 2011-2012, 185,000 students had difficulty making loan repayments.

## **Garnishment of Wages for Student Debt**

Given the reality that 185,000 individuals had difficulty making loan repayments in 2011-2012, the odds are that some of these defaults have resulted in a court order for repayment. As an employer this means the odds are some of these will result in garnishment orders arriving on the doorstep of your organization. When this occurs an employer will have to act to garnish the wages of their employee the same as with any other court ordered garnishment.

Because the garnishment will be a court ordered action employers will be tasked with responding to each order as it arrives. This means verifying, calculating and remitting payments for each order. At the end of this article we have provided resources for managing a garnishment order.

## Canadian Student Loan Data Trends

Average Student Loan Upon Completion of Education By Location					
By Province/Territory	2007-08	2008-09	2009-10	2010-11	2011-12
NFLD/Lab	12,991	13,166	12,775	12,451	11,976
Prince Edward Island	15,534	16,588	16,595	17,062	17,115
Nova Scotia	15,380	16,061	16,520	16,748	16,472
New Brunswick	13,301	13,206	13,920	13,225	13,010
Ontario	12,326	12,638	13,020	12,699	12,724
Manitoba	11,015	11,266	10,999	10,208	9,865
Saskatchewan	14,063	14,699	15,116	14,925	14,408
Alberta	12,825	13,369	13,450	12,322	12,315
British Columbia	13,775	14,336	14,033	13,680	13,674
Yukon	13,143	12,722	13,768	11,966	12,825
<b>Canada Total</b>	<b>12,881</b>	<b>13,222</b>	<b>13,404</b>	<b>13,013</b>	<b>12,972</b>

Average Student Loan Upon Completion of Education By Institution					
Institution Type	2007-08	2008-09	2009-10	2010-11	2011-12
University	16,269	16,341	16,872	16,634	16,572
College	9,939	10,085	10,135	9,601	9,520
Private Institution	10,152	10,624	10,602	10,467	10,742

Canada Student Loan Three-Year Cohort Default Rates							
2003-2004	2004-2005	2005-2006	2006-2007	2007-08	2008-09	2009-10	2010-11
28.0%	19.4%	16.6%	15.8%	14.7%	14.3%	14.9%	14.4%

(Data from the Employment and Social Development Canada Statistical Review: Canada Student Loans Program 2012-2013)

### HRInsider Resources

[Garnishment Rules Around the Provinces](#)

[Garnishment Orders: Act Fast and With Diligence](#)