

Financing adult learning database

Name of the instrument - Local language	Opintotuki
Name of the instrument - English translation	Study grant and loan guarantee
Scheme ID	84
Country	 Finland
Reporting year	2020
Type of instrument	Loan
Sub-type of instrument	Loan for HE expanded to adults
Type of entry	Single instrument

Short description	Finnish students can apply for a study grant from Kela to cover their living costs. Finnish students can also take up a study loan in order to cover their living costs. The cost-sharing element is a government guarantee for these student loans, which also allows banks to use lower interest rates. Student financial aid is available for full-time post-comprehensive school studies lasting at least 8 weeks at an upper secondary school, folk high school, vocational school or institution of higher education. Student aid is also available for studies abroad. No preferential treatment is applied. The amount of study grant depends on age, housing circumstances, marital status and education/school. The interest and other terms connected to the study loan are agreed upon between the bank and the student. The recommended period for payback of the loan is twice the duration of studies. The maximum repayment period is 30 years.
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Level of operation	National
Name of a part of the country	Not applicable
Name of the region (for regional instruments)	Not applicable
Name of the sector (for sectoral instruments)	Not applicable
Relevance	Key instrument

Legal basis	Opintotukilaki ('Act on Student Financial Aid')
Objective(s) and target(s)	Allow students to study without financial difficulty
Year of implementation	1969
Year of latest amendment	2020
Operation/management	Student applies for a study grant annually from Kela. Eligibility for the first grant depends on the student status (proof of admission) and income. Subsequent annual grants depend on study progress and income. Both can reduce or completely eliminate the grant. Student applies for the study loan from a bank of their choice, providing evidence of being a student and thereby eligible for the loan. The bank issues the loan according to the existing rules and thereby receives automatically the government guarantee from Kela.
Eligible group(s)	Finnish citizens or EU/EEA-citizens that rank in the same category as Finnish citizens according to EU law and individuals with a permanent residence permit or with refugee status. To qualify for a government loan guarantee, the student must receive a study grant or adult education subsidy. Kela will not normally provide loan guarantees to students who have previously defaulted on a student loan, thus requiring Kela to pay it back, or who have an impaired credit record.
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	Student financial aid is available for full-time post-comprehensive school studies lasting at least 8 weeks at an upper secondary school, folk high school, vocational school or institution of higher education. Student aid is also available for studies abroad.
Source of financing and collection mechanism	Grant component: State guaranteed. Loan component: Mostly funded by the individual through repayment with future income, but partly state funded through loan subsidies.
Financing formula and allocation mechanisms	Study grant: The amount of study grant depends on age, housing circumstances, marital status and education/school. Secondary education / higher education: - married or has dependants: 249 / 335 - aged 20+ and lives alone: 249 / 335 - aged 20+ and lives with parents: 81 / 137. There is a limitation on how much the student may earn besides the study grant. For each month during which you receive study grant or housing supplement, the exempt amount is on average EUR 660, and for each aid-free month EUR 1,970. Assuming that you received aid for 9 months, you would be allowed to have up to EUR 11,850 a year in other income. The income may be earned at any time during the calendar year. Loan guarantee: The interest and other terms connected to the study loan are agreed between the bank and the student. Kela provides the loan guarantee. The amount of loan guaranteed

	depends on age and level of education. It is up to the individual to choose the size of the loan. - Loan guarantee for students above 18 (secondary or higher education): 400 - Loan guarantee for recipients of adult education allowance: 400 (studying in Finland) or 700 (studying abroad). The recommended period for payback of the loan is twice the duration of studies. The maximum repayment period is 30 years. In case of default, Kela (the state) pays the amount due to the bank and then collects this amount from the student. Study loan compensation / tax deduction exist.
Eligible costs	Students can use the grant and loan any way they choose, no reporting requirements.
Volumes of funding	Study grants 2017: EUR 128 707 1642018: EUR 119 388 3902019: EUR 122 624 435
Beneficiaries/take up	Study grants:2017: 91 429 2018: 94 800 2019: 98 396 Some form of student financial aid (government guarantees for student loans included)2017: 92 013 2018: 95 463 2019: 99 012
Organisation responsible for monitoring/evaluation	Kela
Monitoring/evaluation reports available	Not available
Most relevant webpage - in English	https://www.kela.fi/web/en/students
Most relevant webpage - local language	https://www.kela.fi/opiskelijat
Recent changes	01-01-2020. The provider supplement to the study grant will be increased by EUR 25 and will be EUR 100 per month starting from January 2020. If for student loans: August 1, 2017 The amounts of government guaranteed student loans were raised. The most typical loan amount of EUR 400 per month went up to EUR 650. Credit report problems no longer prevent students from qualifying for a government loan guarantee. Access to student loans is also eased by allowing secondary-level students to take out all of their loan funds for one term at once, just as is currently case with students in higher education. To raise the level of student financial aid and to increase the use of student loans. Recent changes in response to COVID-19 No changes
Sources	https://www.kela.fi/opiskelijat https://www.kela.fi/web/en/statistics-by-topic/financial-aid-for-studen... https://www.kela.fi/web/en/students https://www.kela.fi/web/en/financial-aid-for-students

