

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	2015
Type of instrument	Grant for individuals Loan
Type of entry	Single instrument

Short description	Finish students, including adults, can take up a State-guaranteed study loan to cover their study-related costs and living expenses. The loan adds up to a grant given by the government. The loan is provided by retail banks. The loan terms (including interest and other repayment conditions) are agreed between the student and the bank.
Short description of the related instruments	nap

Level of operation	National
Name of a part of the country	nap
Name of the region (for regional instruments)	nap
Name of the sector (for sectoral instruments)	nap
Relevance	Key scheme
Legal basis	Opintotukilaki (Act on Student Financial Aid)
Objective(s) and target(s)	To provide financial support towards study-related costs and living expenses
Year of implementation	1994

Year of latest amendment	2014
Operation/management	Financial aid can be granted from the beginning of the month in which application was received by KELA or the school. Students can apply for a loan guarantee for the entire duration of their studies, but KELA will grant it one year at a time and check the eligibility before each academic year. Once the student has been granted a loan guarantee, he/she can contact a bank of choice and agree on the loan terms (including interest and repayment). The bank is notified by KELA of the loan guarantee details. To qualify for a government loan guarantee, a student has to be in receipt of a study grant or adult education subsidy. Students in higher education who are being paid study grant are awarded the government loan guarantee without application.
Eligible group(s)	<p>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.</p> <p>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.</p>
Group(s) with preferential treatment	See financing formula
Education and training eligible	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; also studies abroad.
Source of financing and collection mechanism	Grant component: State funded Loan component: Retail banks (current financing - providing loans), State (loan subsidies, loan guarantee), individual (repayment from future income)
Financing formula and allocation mechanisms	<p>The interest and other terms connected to the study loan are agreed between the bank and the student (the interest rate is normally between 2% and 3%). KELA provides the loan guarantee. The amount of loan guarantee 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): EUR 400; loan guarantee for recipients of adult education allowance: EUR 400 (studying in Finland) or EUR 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.</p> <p>The study grant which is a prerequisite for the loan works as follows: the amount of study grant depends on age, housing circumstances, marital status and education/school. Secondary education / higher education: married or has dependants: EUR 249 / EUR 335; aged 20+</p>

	<p>and lives alone: EUR 249 / EUR 335; aged 20+ and lives with parents: EUR 81 / EUR 137. There is a limitation on how much the student may earn besides the study grant. For each month during which student receives study grant or housing supplement, the exempt amount is on average EUR 660, and for each aid-free month EUR 1 970. Assuming that a person received aid for 9 months, he/she 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.</p> <p>Allocation: Applications filed by students of upper secondary-level schools are usually determined by KELA's local offices. Applications from students attending a Finnish polytechnic/university of applied sciences (with some exceptions) or a foreign educational institution are handled by the KELA Centre for Student Financial Aid.</p>
Volumes of funding	<p>The total volume of study grant paid out in 2014 was EUR 752 700 000; in 2013, EUR 731 800 000; in 2012, EUR 738 500 000.</p> <p>The total volume of student debt (outstanding debt) in 2014 was EUR 1 766 000 000; in 2013, EUR 1 609 500 000; in 2012, EUR 1 517 600 000.</p>
Beneficiaries/take up	<p>In 2014, 319 381 persons received the grant; in 2013, 319 502 persons; in 2012, 323 159 persons.</p> <p>Recipients of government loan guarantee in 2014 was 226 199 students; in 2013, 223 807 students; in 2012, 224 984 students.</p> <p>Persons with outstanding study loan debt in 2014 were 325 321 persons; in 2013, 308 006 persons; in 2012, 297 791 persons.</p>
Organisation responsible for monitoring/evaluation	KELA.
Monitoring/evaluation reports available	na
Most relevant webpage - in English	http://www.kela.fi/opintotuki
Most relevant webpage - local language	http://www.kela.fi/web/en/financial-aid-for-students
Recent changes	No recent substantial changes. Grant and loan guarantee sizes are determined regularly.
Sources	<p>http://www.kela.fi/opintotuki</p> <p>http://www.kela.fi/web/en/statistics-by-topic_statistics-on-financial-a...-</p>