

## **IMPORTANT**

This form will assist you in calculating the parental contribution requested for those families who choose to provide their 2006 income tax information to ensure their dependent student(s) are considered for all available federal and provincial programs.

If parents do not submit their 2006 income tax information, their dependent student(s) will only be eligible for a New Brunswick Student Loan. If the period of study start date is prior to August 1<sup>st</sup>, 2007, parental income information must be provided.

## **HOW DO YOU KNOW IF YOUR CHILD IS CONSIDERED DEPENDENT?**

Students are considered to be dependent on their parent(s)/step-parent(s)/legal guardian(s) if they:

- have not been out of high school for 4 years; and
- have not been in the labour force for 2 periods of 12 consecutive months, while not studying full-time at a post-secondary educational institution; and
- have never been married and do not have legal custody of any children.

Neither you nor your son/daughter may arbitrarily declare the student to be independent.

**NOTE:** If you are separated or divorced, the parent with whom your child normally resides or who provides the majority of their living expenses is considered to be the custodial parent. If the custodial parent remarries before the student turns 18 years of age, or if the step-parent has legally adopted the student, the step-parent's income tax information is also required.

## **HOW IS YOUR PARENTAL CONTRIBUTION DETERMINED?**

In determining your son/daughter's eligibility for student financial assistance, a table developed by the Department of Human Resources and Social Development Canada (see Table A) will be used to calculate the parental contribution, if any.

For the purpose of assessing parental contribution, parents include natural parent(s), step-parent(s) and legal guardian(s).

To calculate the expected parental contribution, lines 150, 308 or 310, 312 and 435 of the 2006 tax return(s) will be used. The parental contribution is based on a portion of the parents' income after deducting taxes, Canada Pension Plan (CPP) or Québec Pension Plan (QPP) contributions and Employment Insurance (EI) premiums paid, and a moderate standard of living. The declared income tax information will be verified with the Canada Revenue Agency for accuracy.

Any misrepresentation of income may result in cancellation of future assistance to your son/daughter.

## **HOW DO YOU CALCULATE YOUR PARENTAL CONTRIBUTION?**

To assist you in determining the amount expected as a parental contribution, please refer to the following explanation:

**Step 1:** You must first calculate your discretionary income (from the total family gross income on line 150 of your 2006 Income Tax Return(s)), by subtracting the following:

- the total CPP or QPP contributions and EI premiums paid (lines 308 or 310 and 312);
- the total income tax payable (line 435); and
- a moderate standard of living for New Brunswick based on your family size (see Table A).

Total Family Gross Income (line 150)	-	Total CPP or QPP & EI Contributions (lines 308 or 310, 312)	-	Total Income Tax Payable (line 435)	-	Moderate Standard of Living (see Table A)	=	Discretionary Income
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**TABLE A**  
Moderate Standard of Living (MSOL – 2007)

Family Size	2	3	4	5	6	7	8	9	10
MSOL	31,766	39,419	44,851	49,063	52,504	55,415	57,935	60,157	62,143

**Step 2:** Knowing your family's discretionary income and referring to the Weekly Parental Contribution Formula (see Table B), calculate the weekly amount of parental contribution expected. You would then multiply by the number of weeks in the program to determine the amount expected in support of your dependant's educational costs.

**TABLE B**  
Weekly Parental Contribution Formula

If Annual Discretionary Income Equals	Weekly Parental Contribution Equals
0 - 7,000	(15% of DI) / 52
7,001 – 14,000	[1,050 + 20% of (DI - 7,000)] / 52
over 14,000	[2,450 + 40% of (DI - 14,000)] / 52

DI = Discretionary Income

**NOTE:** If more than one dependent child is attending a post-secondary institution on a full-time basis, divide the weekly contribution by the number attending and then multiply by the number of weeks to determine the parental contribution for each student.

**EXAMPLE**

John is attending a 34-week university program and his parents have one other dependant living at home.

Total Family Gross Income ▼ \$74,770	-	Total CPP or QPP & EI Contributions ▼ \$2,448	-	Total Income Tax Payable ▼ \$11,778	-	Moderate Standard of Living for N.B. ▼ \$44,851	=	Discretionary Income ▼ \$15,693
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Using Table B, based on a discretionary income of \$15,693 the weekly parental contribution is:

[2,450 + 40 % of (RD – 14,000)] / 52	=	Weekly Contribution
[2,450 + 40 % of 1,693] / 52	=	Weekly Contribution
2,450 + 677.20 / 52	=	\$60.14
Weekly Contribution x Weeks of Study	=	Parental Contribution
\$60.14 x 34	=	\$2,044

John's parents would be expected to contribute \$2,044 based on their 4-unit family earning \$74,770.