Educational Policy Institute

I Love You, Brad, But You Reduce My Student Loan Eligibility

The Perils of Marriage in Canadian Student Assistance Programs

Alex Usher

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The Educational Policy Institute

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Executive Summary

This short paper examined the effects of marriage on eligibility for student assistance programs. Being married as a student has a number of possible effects on eligibility for student assistance depending on one's age and the employment status of one's partner. A few are positive; they result in greater eligibility for assistance. Some are neutral; they result in no change in student assistance eligibility. Among the most common results, however, is vastly decreased eligibility for student assistance. In some cases, the marriage penalty is so extreme that in can legitimately be called a disincentive to marriage.

Outside Quebec, outdated student assistance regulations effectively assume that all married students are married to other students. Where this is true, current rules concerning spousal contributions make perfect sense. In those cases where it is not true, and the spouse is in the labour force, expected spousal contribution rules are so punitive that it is virtually impossible for married coupes with combined incomes over $40,000 to obtain a student loan. In effect, governments have set up rules that require the spouses of married students to pay close to 90 percent of any marginal income over $20,000 in taxes or contributions to their spouse. If the spouse does contribute this amount, the student will be left with a funding shortfall that governments refuse to make up.

More striking that the raw levels of expected contribution is the fact that these levels are far in excess of what is demanded of parents in contributions. In fact, at any given level of income, spouses are required to contribute $15,000 more than parents to a family member in post-secondary education. The net effect is to exclude married students with working spouses from student loans.

The effects of this policy are clearly ageist but also appear to be unintentional. Publicly, no policy case has ever been made to the effect that spouses are responsible for a greater share of costs than parents. Now that the 2004 federal budget has required a revision of contribution requirements to the Canada Student Loans Program, the Government of Canada has an opportunity to improve loan eligibility for married students by copying the Government of Quebec and putting spouses and parents on an equal footing.

I Love You, Brad, But You Reduce My Student Loan Eligibility

The Perils of Marriage in Canadian Student Assistance Programs

Introduction

According to survey data, roughly one in ten students in Canada is married. Married students, on average, are older than their non-married counterparts; roughly two-thirds of all married students are over the age of 25, compared to less than one in five students overall.[1]

Married students receive very little attention as a student sub-group. If they have children, they become "students with dependents" and suddenly become eligible not only for a special set of grants but also – in many provinces – higher assistance limits as well. And yet married students deserve some further inquiry because student assistance programs treat them very differently than they do non-married students. In a few cases, this separate treatment is to the benefit of the student. In most cases, however getting married is just about the worst financial decision one could ever make. This is because there is a significant "marriage penalty" built into most of the Canadian student assistance system.

The purpose of this paper is to understand the financial implications of marriage for Canadian students, especially the "marriage penalty" that affects so many students. It will do so first, in the first section, by explaining government rules around need assessment, particularly those related to parental and spousal contributions. It will continue, in the second section, to look at the various possible ways in which marriage affects student assistance eligibility, and end in a summary with policy recommendations in the conclusion.

[1] Data taken from the *2001-2 Student Income-Expenditure Survey*, conducted by Ekos Research Inc for the Canada Millennium Scholarship Foundation.

I. Understanding Student Assistance and "Expected Contributions"

In order to understand the specific ways in which marriage affects a student's eligibility for student assistance, one must first understand the how student assistance eligibility is calculated. In particular, it is important to understand the assumptions built into government programs concerning the "contributions" that students, their parents and their spouses make towards the cost of education when evaluating a student assistance application. The basic concepts of student assistance and contributions are shown in part A, followed by a description of parental contributions in part B, and finally of spousal contributions in part C.

A. Need-Based Assistance and the "Contributions" Concept.

Eligibility for student assistance programs in Canada is based on need. Need, in the Canadian context, is defined as costs minus resources. As soon as one is determined to have need, (i.e. when costs are determined to be greater than resources) one becomes eligible for a student loan. If need is high enough, one also becomes eligible for a grant, either through the Canada Millennium Scholarship Foundation or a provincial student assistance program.[2]

A key concept, therefore, is that of "resources." At any given level of costs, an increase in resources decreases one's "need" and hence lowers one's eligibility for student assistance. In Canadian student assistance jargon, "resources" are the sum of all required "contributions." Contributions come from three sources: students, parents and spouses.

All students have to make a contribution on their own behalf. This contribution includes:

- a minimum fixed contribution from summer income
- 100 percent of all in-school employment income over $1,800/year
- All scholarship income over $1,500/year
- all liquid assets
- all RRSP assets (minus a $2,000 deductible for every year a student is over 18)

Additional rules may pertain to other non-liquid assets such as automobiles, but these vary somewhat by province.

[2] Other grants are available, primarily through the Canada Student Loans program, for a variety of targeted need-related reasons. These tend to be quite small, however, and need not concern us here.

In addition to the student contribution, some students are "expected" to receive funds from one of two other sources: parents or spouses. (This is an either/or situation: contributions are never expected from both sources.) If a contribution is "expected" from either of these sources, then a student's assessed resources will rise and his/her eligibility for student assistance will fall. It does not matter whether or not this contribution actually occurred or not. As we shall see, in fact, there are many cases in which the assessed contribution is so ludicrous that it simply *could not* occur. To student aid programs, the occurrence/non-occurrence of the contribution is irrelevant – it is simply assumed to take place, and the amount of public assistance available is reduced accordingly.

B. How Parental Contributions Work

Parental contributions are only expected of students who are "dependent" on their parents (a description that is meant to cover the "traditional" undergraduate student. In Canadian student assistance programs, a student is deemed to be dependent if he/she meets all of the following criteria:

- It has been four years or less since he/she left secondary school[3]
- He/she is not married
- He/she does not have a dependent child[4]
- He/she has not spent more than 24 consecutive months full-time in the labour force

The threshold for parental contribution is based on something known as the "Moderate Standard of Living" (MSOL). In effect, governments have certain expectations with respect to how much after-tax income a family needs in order to survive in a "moderate" fashion. This essentially becomes the "deductible" and contributions are only expected on marginal income above this level. The MSOL amount varies by province (due to different tax rates and costs of living) and family size. In general, however, the threshold is much lower in Quebec than it is in the rest of the country.

Above the MSOL threshold, expected contributions rise very quickly. In the case of the country's largest student assistance program (the Canada Students Loans Program, hereafter referred to as "CSLP"), expected contributions rise quickly from 45 percent of marginal after-tax (hereafter "MAT") income to 75 percent of MAT income. In Quebec, the contribution rate does not rise as quickly, but the low threshold at which parents are required to contribute means that at any given level of income, parents in Quebec are required to contribute several thousands of dollars more than parents in the rest of the country. The treatment of parental income is shown in Table 1.

[3] In Ontario, five years; The equivalent regulation in Quebec states that students who have completed less than 90 credits at the university are considered "dependent"

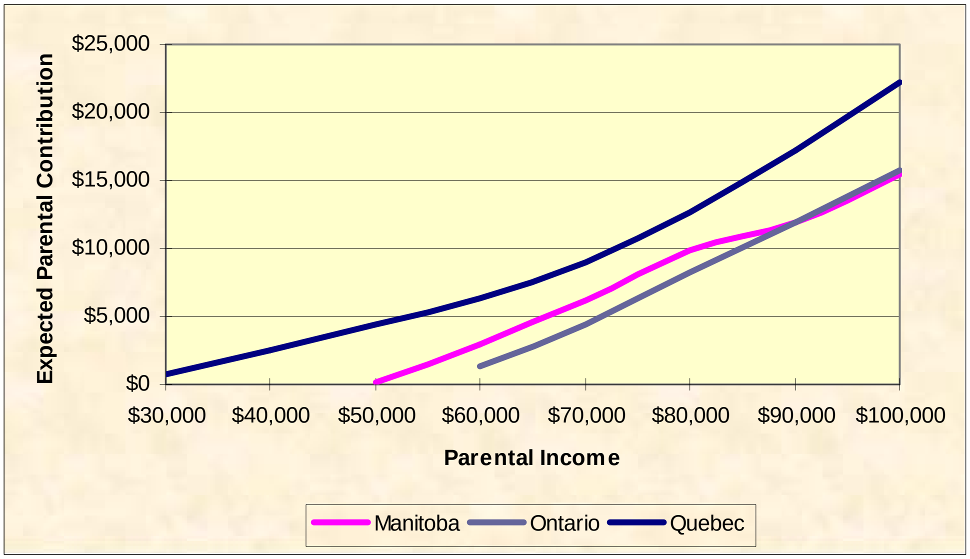
Table 1. Parental Contribution Rules in Canada

Program	Parental contribution rate	Treatment of parental Assets
Canada Student Loans Program, plus all provinces except AB, BC, ON, and QC	45% of the first $3,000 of after-tax income above the exemption level, 60% of the next $3,000 of after-tax income above the exemption level, and 75% of all income above that	At the discretion of each province, but generally assets are not considered as resources and so no contribution from assets is required
AB	Same as above	5% of net worth of parental business assets over $250,000
BC	Same as above	1% of personal assets (excluding RRSPs, vehicles, and principal residence) over $150,000
ON	If after-tax income is between $30,000 and $40,000, the contribution is $100 plus 5% of income over $30,000. If after-tax income is above $40,000, then contribution formula is identical to that of the Canada Student Loans Program above.	No contribution from assets is required
QC	The contribution is 19% of the first $36,000 of pre-tax income above the exemption level, 29% of the next $10,000 in income, 39% of the next $10,000 in income, and 49% of any income above that.	Assets under $90,000 ($250,000 for farmers and fishers) are exempt; parents are required to make a contribution equal to 2% of the value of their assets above this level.

A better way of examining the effect of parental contribution rules is to show it graphically. Figure 1 shows expected family contributions in three provinces: Ontario (an example of a high cost-of-living province within the CSLP), Manitoba (an example of a low cost-of-living province within the CSLP), and Quebec (which has its own student assistance program). As noted earlier, parents in Quebec are expected to contribute significantly more money to their children than parents elsewhere in the country.

[4] In Quebec, dependent student status ends after the 20th week of pregnancy.

Figure 1. Expected Parental Contributions in Quebec, Manitoba and Ontario

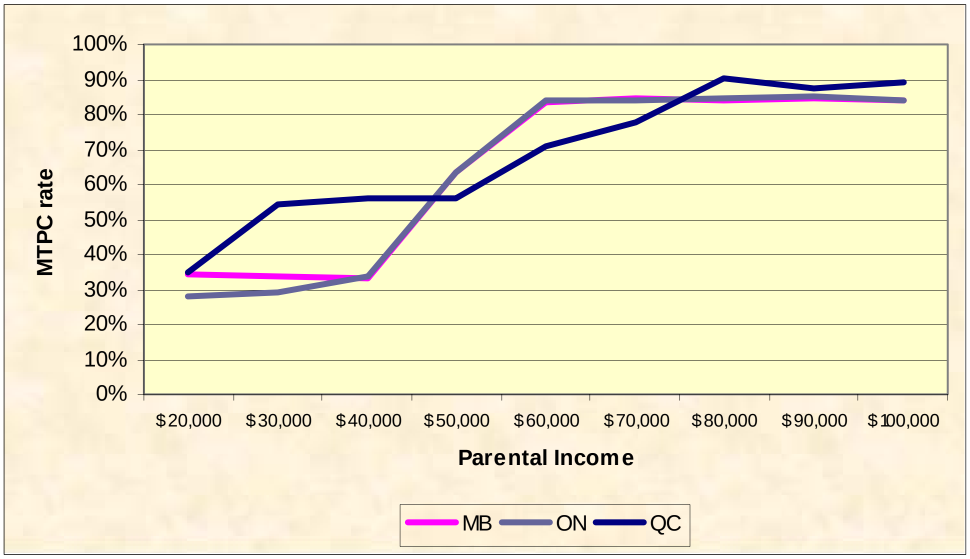


Source: Student Loan Estimator at www.canlearn.ca, Une Aide a Votre Portee, Aide Fianciere aux Etudes
Note: Assumes a 2-income family with one spouse earning $10,000 more than the other.

As Figure 1 shows, expected parental contribution rates are quite high in Canada. Implicitly, they appear to be designed to eliminate families with over $60,000 (in Quebec) or $80,000 (in the rest of Canada, hereafter called the "CSL Zone") from student loan eligibility.

However, Figure 1 simply shows the effects of parental contribution on its own. As important form the point of view of families is the marginal tax and parental contribution (hereafter "MTPC") rate implied by the combination of expected contribution, income taxes, and payroll taxes (Employment Insurance and the Canada Pension Plan). This term may seem arcane, but it is the real tax rate facing parents: if they choose not to contribute the expected amount, then their child faces a funding gap of precisely the same amount because student assistance will not compensate. Figure 2 shows the notional rates of marginal taxes including expected parental contributions.

Figure 2. Marginal Tax plus Parental Contribution (MTPC) Rates



Source: Student Loan Estimator at www.canlearn.ca, Une Aide a Votre Portee, Aide Fianciere aux Etudes, Ernst and Young Tax Calculator
Note: Assumes a 2-income family with one spouse earning $10,000 more than the other.

Figure 2 shows that both the Canada Student Loans Program and the Quebec program top out at an MTPC rate of around 85 percent. The Quebec program requires the most of families with under $40,000 in annual income, with MTPC rates in this income bracket of 56 percent compared to around 30 percent in the rest of Canada. The CSL-zone provinces are more punishing in the middle-income zone, with MTPC rates as high as 84 percent compared to around 70 percent for Quebec.

By any rational measure, these MTPC rates are extraordinarily high. In effect, Canadian governments appear to think that families making $60,000 per year (which is just around the national median) are quite capable of devoting 85 cents of every pre-tax dollar to government coffers or to relieving government of the obligation to lend money to their children for the purpose of obtaining a higher education. Yet, as shocking as these rates appear to be they are mild compared to what governments assume regarding the ability of spouses to contribute.

C. How spousal contributions work

The Canada Student Loans Program and Quebec's Aide financière aux études take two different approaches to spousal contributions and must be described separately.

The **Canada Student Loans Program** rules (which include all provinces in the CSL-zone) require spouses of married/common-law students to contribute the greater of:

- the minimum student contribution for spouses/common-law partners of married/common-law students in the study period, is equal to:

$$\boxed{\begin{array}{c}\text{Minimum wage by province *}\\ \text{Number of weekly work hours}\\ \text{by province * 4.3 weeks}\end{array}} \quad - \quad \boxed{\begin{array}{c}\text{monthly tax rate * number of}\\ \text{months in the study period}\end{array}}$$

which is between $780 - $1,000 a month depending on the province, or

- An amount equal to 80 percent of their net income (i.e. after tax) during the study period.

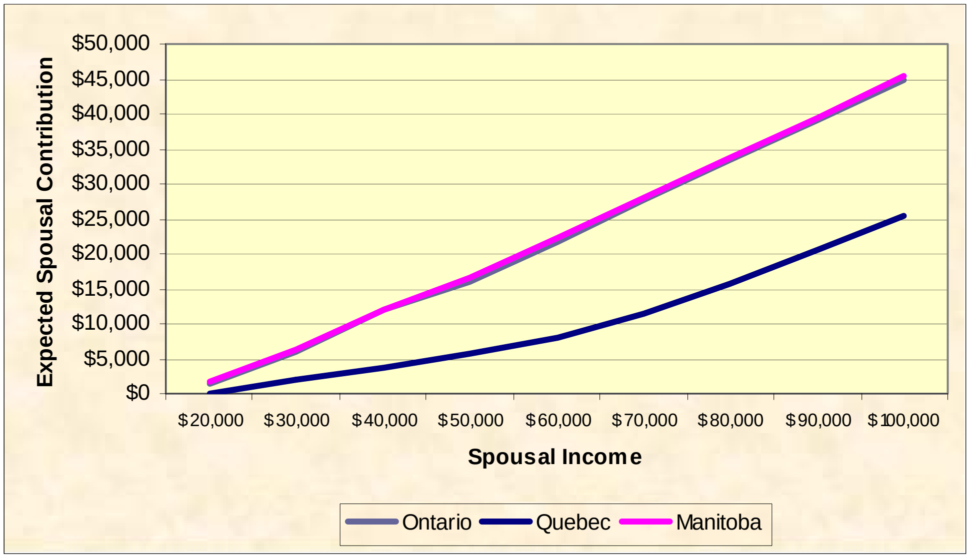
This contribution is offset by a larger student living allowance for married students. In practice, the extra living allowance is worth between $4,800 and $8,000/school year effectively cancels out most of the "minimum contribution" from the first bullet. As a result, in most provinces, therefore, the effective expected contribution rate is 80 percent of everything a spouse earns over about $12,000/year.

Note that the 80 percent rate is the same as for student's own income. In effect, the Canada Student Loans Program *assumes* that all spouses of students are students themselves. Where this is the case, the rules have the effect of treating two married students as a single family entity, which makes sense. Where this is not the case, the rate of expected contribution is punishingly high.

Quebec's **Aide Financière aux Etudes** takes a different approach. If a student is married to another student, each submits a separate application which is assessed without reference to the other. If a student has a spouse who is not a student, the spouse is expected to contribute at the same rate as a parent is expected to contribute (see Table 1, above, for details).

Figure 3 shows how these rules play out in practice for spouses in different provinces. In Ontario and Manitoba, for instance, a spouse earning $40,000 in pre-tax income is expected to contribute roughly $12,000 to his or her spouse's education; in Quebec a spouse with similar pay would be expected to contribute roughly $5,700.

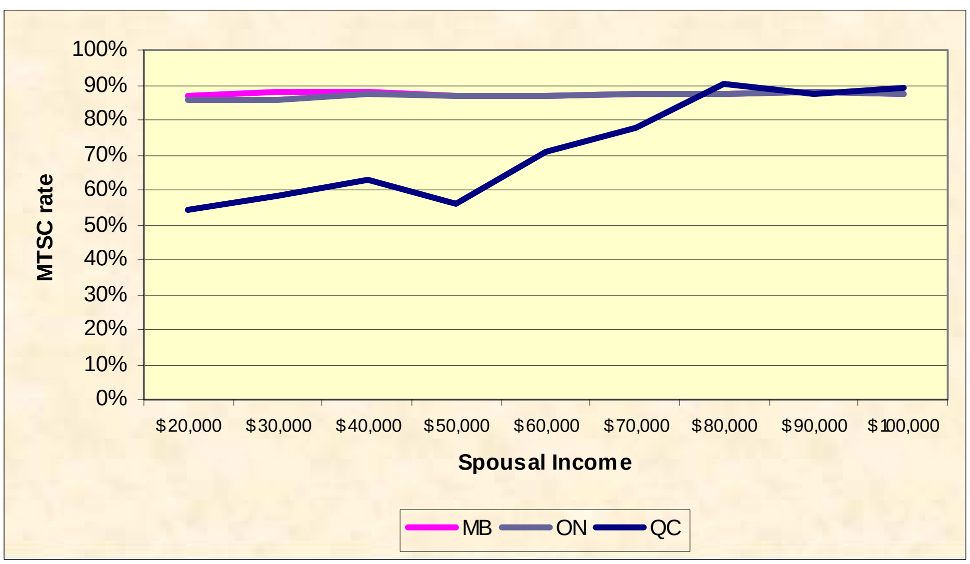
Figure 3. Expected Spousal Contribution, Manitoba, Ontario and Quebec



Source: Student Loan Estimator at www.canlearn.ca, Une Aide a Votre Portee, Aide Fianciere aux Etudes.

As with parental contributions, of course, spousal contributions are only half the story; the other half, of course, is the tax rate that spouses face. Figure 4 shows the combined marginal tax plus spousal contribution (hereafter MTSC) rates in Manitoba, Ontario and Quebec.

Figure 4. Marginal Tax plus Spousal Contribution (MTSC) Rates



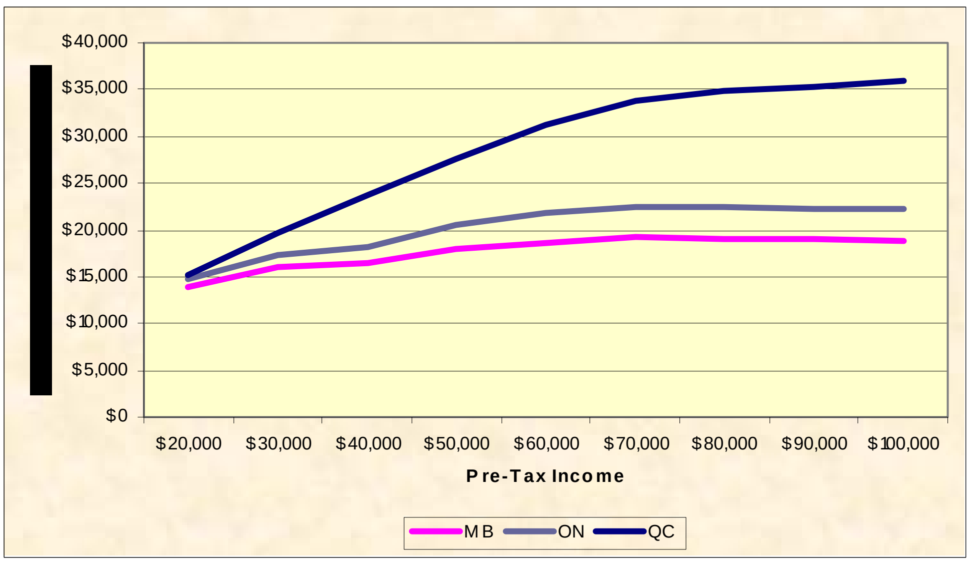
Source: Student Loan Estimator at www.canlearn.ca, Une Aide a Votre Portee, Aide Fianciere aux Etudes, Ernst and Young Tax Calculator

The maximum notional MTSC rate is 87 percent, only slightly higher than the maximum MTPC seen in Figure 2. The difference in the CSL zone, however, is that MTPC rates do not hit this level until parental income reaches roughly

$60,000 in income. For spouses, the MTSC rate kicks in virtually from the first dollar earned.

Another way of looking at the effects of the spousal contribution rule is to look at a spouse's net income after taxes and expected contributions, as shown below in Figure 5. Here we see that in Ontario and Manitoba, the spouse of a married student (and hence, effectively a married family) is effectively not allowed to retain *any* of their income beyond about $70,000. In effect, what Figure 5 shows is that no matter how much income a student and his/her spouse has, they are never allowed to retain more than about $20,000/year if they wish to obtain as much student assistance as their need assessment says they require. This is very definitely what an economist would call a "disincentive to work." Given the circumstance, however, it could also be seen as a very strong incentive for divorce.

Figure 5. Married Students' Family Pre-tax vs. "Post-tax and Spousal Contribution" Income



Source: Student Loan Estimator at www.canlearn.ca*, Une Aide a Votre Portee, Aide Fiancière aux Etudes, Ernst and Young Tax Calculator, author's calculations*

Figure 5 also shows that in practice, contrary to what is shown in Figure 4, MTSC rates are 100 percent or even higher in CSL provinces beyond $70,000 in income. This is because when calculating expected contribution rates, CSL program rules *impute* average tax rates rather than look at real after tax income. At very high levels of income these imputed tax rates start to seriously underestimate real average and marginal rates; as a result, expected contribution rates are higher than they "should" be and result in actual MTSC rates exceeding 100 percent. In practice, a student whose spouse has an income this high tends to be disqualified from loans anyway; as such, expected contributions on this scale are theoretical rather than real.

This short look at rules surrounding contributions shows the extent of the demands that Canadian student assistance systems place on students' families. While the overall thrust of policy is similar with respect to student and parental contributions, a deep divide exists between Quebec and the rest of Canada in terms of how to treat spousal contributions. Quebec treats spouses as having responsibilities equal to parents. CSL-zone governments seem to think that spouses have responsibilities that are exponentially larger than parents and effectively deem it necessary that the family unit as a whole must live at or near the poverty level in order to obtain a loan, regardless of their actual income. Given much of the rhetoric about student assistance being a "helping hand" to students – particularly those with family responsibilities, who are usually married – wishing to improve themselves through higher education, this policy orientation is counter-intuitive, to say the least.

II. The Benefits Matrix of Student Assistance

As can be seen from the preceding discussion on contributions, the effects of marriage on a student's eligibility for student assistance depends on two basic factors: the student's dependent/independent status at the time of the marriage and the amount of money earned by the spouse (alternately, this can be simplified by simply looking at whether or not the spouse works – technically, whether or not the spouse is also a student is irrelevant). The effects of marriage on student assistance eligibility can therefore easily be summarized in a simple two-by-two table, as in Table 2 below.

Table 2. The Effects of Marriage on Student Aid Eligibility

	Spouse does not work	**Spouse works**
Student is Dependent	No change if parents are low-income; otherwise eligibility increases.	Depends on spousal and parental income; in most cases, eligibility decreases.
Student is Independent	No Change	Eligibility decreases in all cases.

Each of these four possible outcomes is explored in greater detail below.

A. Dependent Student Marries a Non-working Spouse

As soon as a student marries, he/she automatically becomes "independent." No longer considered "dependent", the expected parental contribution disappears and hence eligibility for assistance increases. Since the spouse does not work, there is no contribution required from him/her that would offset the decrease in parental contributions.

The effect of marriage in this instance is uncertain. If the student being married had no expected parental contribution to begin with (i.e. he/she came from a low-income family), then marriage changes nothing – a zero parental contribution has been replaced by a zero spousal contribution. If the student comes from a middle or high-income family, then a positive parental income contribution is replaced by a zero spousal contribution, thus decreasing resources and increasing student assistance eligibility. The amount of increased eligibility would depend on the size of the initial parental contribution (see figure 1); basically, the higher the family income, the larger the marriage "bonus". Under no circumstances is a student in this situation worse off.

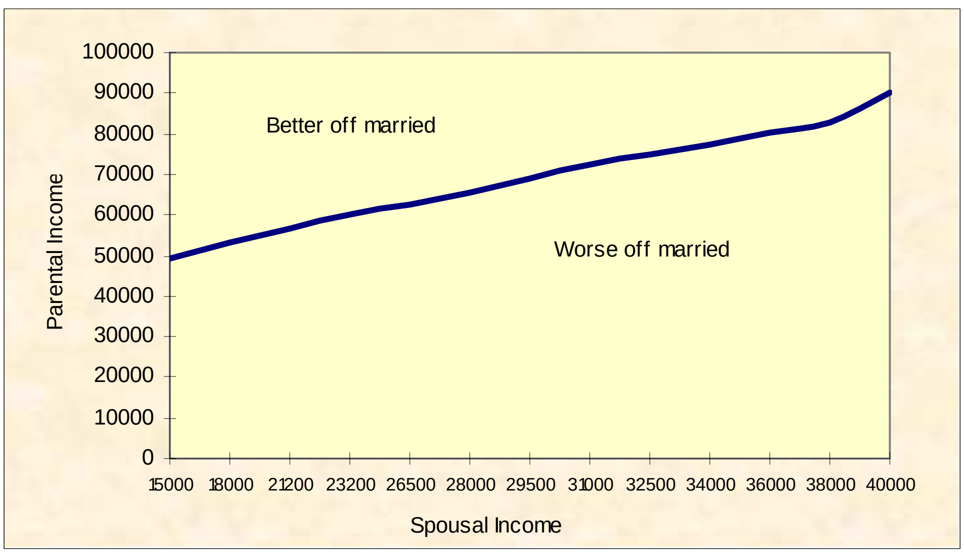
While it is not known specifically how many students fall into this category, it is known that less than 20 percent of married students are under 22 years of age and hence likely to be "dependent" if they were not married. This situation is therefore not likely to be especially common among married students.

B. Dependent Student Marries a Working Spouse

As in the previous example, a dependent student who marries becomes independent and thus "loses" the expected parental contribution. Unlike the previous example, this drop in parental contribution is off-set by a spousal contribution. The effect on student loan eligibility then depends on the relative sizes of the parental and spousal contributions.

In Quebec, where parental and spousal contribution rates are the same, the answer to this question is straightforward. In the CSL zone, the picture is more complicated. Figure 6 shows the trade-off between parental and spousal contributions in the CSL zone. Any trade-off can be evaluated by plotting spousal income on the X-axis and parental income on the Y-axis. The blue line sloping upwards diagonally across the graph is an "indifference curve," where parental and spousal contributions would be equal. Above the line, eligibility for student assistance is increased by marriage; below the line, eligibility is reduced by marriage. Thus, a student whose parents' combined income is $70,000/year and whose future spouse's income is $40,000 will find him/herself with less access to student assistance after getting married. Conversely, a student whose parents make $70,000/year but whose future spouse earns only $21,000 will find him/herself with more student assistance after the wedding.

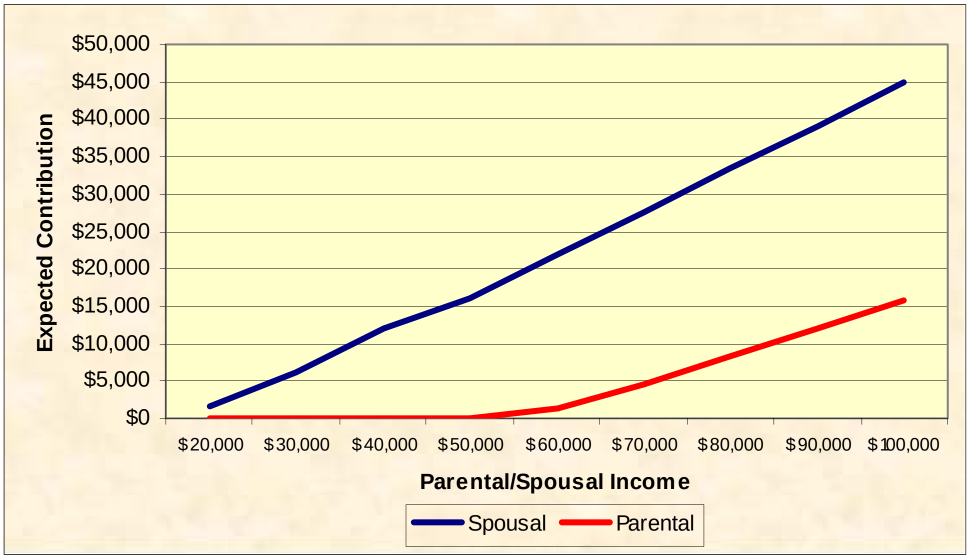
Figure 6. Marriage Indifference Curve for Dependent Students Marrying a Working Spouse, CSL zone only



Source: Student Loan Estimator at **www.canlearn.ca**, *Une Aide a Votre Portee, Aide Fianciere aux Etudes, author's calculations*

Another way of looking at the data presented in Figure 6 is simply to examine how much assistance parents and spouses, respectively, are expected to contribute at any given level of income. As noted above, Quebec expects contributions that are effectively identical; in the CSL zone, the differences can be quite startling, as can be seen from Figure 7.

Figure 7. Spousal vs. Parental Contributions, Ontario



Source: Student Loan Estimator at **www.canlearn.ca**,

Figure 7 shows the difference between expected spousal and parental contributions in Ontario (The province of Ontario is used for simplicity; the gap would be identical in all provincial systems except for Quebec). At and income of $50,000/year, a level where few if any parents are expected to contribute a cent to their children's education, spouses are expected to contribute upwards of $15,000. Thus, within the CSL zone, a dependent student whose parents and spouse both earn $50,000 would find him/ herself eligible for $15,000 less in assistance simply by getting married. After a student's own contribution is made and in the absence of dependent children, assessed need rarely exceeds $15,000; this is effectively equivalent to being barred from student loan eligibility.

While it is not known specifically how many students fall into this category, it is known that less than 20 percent of married students are under 22 years of age and hence likely to be "dependent" if they were not married. This situation is therefore not likely to be especially common among married students.

C. Independent Student Marries a Non-working Spouse

This is the simplest outcome to describe and effectively captures the most common "student-marries-student" arrangement. As an independent student, the student has no parental contribution to begin with, so there is no "gain" by losing that expected contribution. On the flip side, since the spouse has no income, there is no "loss" from gaining an expected spousal contribution. Result: no change in eligibility at all.

While it is not known specifically how many students fall into this category, it is known that over 80 percent of married students are over the age of 22 and hence likely "independent." This situation is therefore likely fairly common among married students.

D. Independent Student Marries a Working Spouse

In this case, the effect of marriage is certain: under no circumstances is it beneficial to the student in terms of student assistance eligibility. Moreover, it is probably the most common of the four outcomes, for not only does it include every student who marries someone who is in the labour force, it also includes anyone who married a student who *subsequently* moved into the labour force.

When the independent student was single, he/she had no parental or spousal contribution. When married, he/she now loses eligibility for student assistance in line with the size of the expected spousal contribution shown in Figure 3. In practice, this means that students with spouses earning over $50,000 are effectively ineligible for a student loan, and even at that level would only be eligible for a loan of they were in an expensive discipline such as law or medicine. In most college or university or college programs, eligibility for assistance would drop to zero at an income of around $40,000 – even less if the student him/herself also works.

Over a single year, this might not seem like a big deal, but over a longer period of time it becomes a serious problem. The problem really comes in professional programs. Take, for example, the story of Scott and Ciara, both of whom are currently in the labour force in Ontario. Ciara decides to go to law school. Tuition is very high in her program – roughly $11,000/year, all included. As a single independent student, she would be eligible every year for a loan of $6,350, and in addition would be eligible for $3,000/year in bursaries from the Millennium Scholarship Foundation. Her net student assistance over her three-year program would therefore be just over $19,000 in loans and $9,000 in grants.

However, just before Ciara enters law school, she and Scott get married. Scott is working as a journalist, making $40,000/year, rising to $45,000 and then $50,000 over the two subsequent years. Even assuming that Ciara does not work (an act which primarily serves to decrease student aid eligibility), she would only be eligible in the first year for $5,865 in loans, $3,792 in the second year and $1,719 in the third, for a total of $11,376. In no year would her need be high enough to obtain Millennium Scholarship Foundation bursaries. Marriage, in this case, cost Ciara roughly $8,000 in loans and $9,000 in grants. In her case, the marriage penalty is worth $17,000 over three years.

While it is not known specifically how many students fall into this category, it is known that roughly 80 percent of married students are over 22 years of age and hence likely "independent." It is also likely that some students who marry into one of the other three situations discussed above (i.e. dependent & working, dependent & non-working, independent & non-working) move into the independent & working situation at some point. Thus, while it is not certain, this is perhaps the most common situation of all among married students.

E. The Worst-case Scenario: Independent Student Marries a Working Spouse with an Outstanding Student Loan.

As bad as the previous scenario was, it can get worse; the student's spouse could have a student loan of his or her own. Expected spousal contribution tables do not take into account the spouse's repayment responsibilities. If a student marries a recent graduate, the odds are about even that the spouse has a student loan in repayment. According to the most recent National Graduates Survey average debt among those university students who borrow is $20,500. At an interest rate of 6.5 percent this amounts to a monthly payment of $229, or $2,748 per year.

Yet this $2,748 per year in loan payments does not result in a flat reduction of after-tax and contribution income. This is due to the interaction effects between the CSLP Interest Relief program and the expected spousal contributions regulations.[5] Due to the generous provisions of the interest relief program, no loan repayment would be required on a debt of this size until income rose above $34,000/year. Interest relief has an "on-off" eligibility criteria – either one receives it in its entirety or not at all. This means that the effective marginal tax rate approaches infinity at the specific dollar value where one loses eligibility for interest relief.

This is a problem for all borrowers, but it is especially difficult one for borrowers whose spouse is a current student and who already faces MTSC rates of over 85 percent. If one includes the effect of loan repayment and the interest relief cut-off point in the MTSC, calculation, one finds that borrowers in this situation face MTSC rates so high that those who earn $50,000/year earn have no more post tax and contribution income than borrowers who earn $30,000/year .

[5] Quebec also has an interest relief program, but as eligibility for this program ceases at a monthly income level below that where spousal contributions are required there is no interaction between this program and spousal contribution and so is excluded from this discussion.

Conclusion

There is a basic principle in student assistance that families should contribute to the costs of a student's post-secondary education. This principle is widely-accepted, well-entrenched and well-enunciated in Canadian student assistance programs.

There does not appear to be a similar principle that spouses should pay thousands of dollars more than parents at equivalent levels of income, for the very simple reason that no one in government actually believes that this should be the case. Despite this, CSL Zone governments continue to burden spouses – and hence married students – with contribution rates that can only be described as punitive and confiscatory. The most plausible explanation for this absurd policy is that the current rules are a hangover from a time where married students were always married to other students (in which case the current rules make perfect sense). It is likely a case of policy drift rather than flawed policy making.

As part of the package of measures announced in the 2004 Budget, the Government of Canada is currently looking at contribution rules, especially as they apply to parental contribution. It should therefore take this opportunity to extend its review to spousal contributions as well. The current policies – presumably unintentionally – are unjustified and discriminatory to married students. The model used by Quebec is simple, easy and fair, and deserves to be adopted by other governments at the earliest opportunity.

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Appendix A – Parental Tax and Contribution Tables

MB Income	Income after tax (incl. CPP +EI)	Spousal contribution	Income After Tax + Contribution	Average Tax +Contribution rate	Marginal tax + Contribution rate
$20,000	$17,293	$0	$17,293	13.54%	33.62%
$30,000	$26,314	$0	$24,586	18.05%	33.62%
$40,000	$33,538	$0	$31,234	21.92%	33.14%
$50,000	$40,800	$207	$37,713	24.57%	63.23%
$60,000	$47,934	$2,974	$41,504	30.83%	83.55%
$70,000	$54,789	$6,175	$44,582	36.31%	84.30%
$80,000	$61,506	$9,858	$47,012	41.24%	83.97%
$90,000	$67,906	$11,976	$51,006	43.33%	84.72%
$100,000	$74,306	$15,501	$53,565	46.44%	84.00%

ON Income	Income after tax (incl. CPP +EI)	Spousal contribution	Income After Tax + Contribution	Average Tax +Contribution rate	Marginal tax + Contribution rate
$20,000	$17,597	$0	$17,597	12.02%	27.81%
$30,000	$27,041	$0	$25,313	15.62%	29.10%
$40,000	$34,717	$0	$32,413	18.97%	33.94%
$50,000	$42,513	$0	$39,633	20.73%	63.67%
$60,000	$50,257	$1,350	$45,451	24.25%	83.88%
$70,000	$57,598	$4,432	$49,134	29.81%	84.25%
$80,000	$64,887	$8,196	$52,055	34.93%	84.55%
$90,000	$71,773	$11,958	$54,891	39.01%	84.93%
$100,000	$78,657	$15,720	$57,697	42.30%	84.21%

QC Income	Income after tax (incl. CPP +EI)	Spousal contribution	Income After Tax + Contribution	Average Tax +Contribution rate	Marginal tax + Contribution rate
$20,000	$17,058	$0	$17,058	14.71%	35.12%
$30,000	$20,604	$776	$19,828	31.32%	54.12%
$40,000	$26,997	$2,537	$24,460	32.51%	56.12%
$50,000	$33,285	$4,437	$28,848	33.84%	56.12%
$60,000	$39,228	$6,337	$32,891	39.58%	70.63%
$70,000	$45,037	$8,972	$36,065	44.48%	77.75%
$80,000	$50,913	$12,607	$38,306	48.68%	90.25%
$90,000	$56,759	$17,242	$39,517	50.24%	87.37%
$100,000	$62,734	$22,142	$40,592	52.77%	89.37%

Appendix B – Spousal Tax and Contribution Tables

MB Income	Income after tax (incl. CPP +EI)	Spousal contribution	Income After Tax + Contribution	Average Tax +Contribution rate	Marginal tax + Contribution rate
$20,000	$16,764	$1,680	$13,950	30.25%	86.72%
$30,000	$24,036	$6,262	$16,073	46.42%	87.95%
$40,000	$30,753	$12,074	$16,411	58.97%	87.75%
$50,000	$37,153	$16,499	$18,034	63.93%	86.63%
$60,000	$43,553	$22,258	$18,675	68.88%	86.84%
$70,000	$49,783	$28,018	$19,145	72.65%	87.44%
$80,000	$55,443	$33,777	$19,046	76.19%	87.18%
$90,000	$61,103	$39,536	$18,947	78.95%	87.78%
$100,000	$66,763	$45,296	$18,847	81.15%	87.20%

ON Income	Income after tax (incl. CPP +EI)	Spousal contribution	Income After Tax + Contribution	Average Tax +Contribution rate	Marginal tax + Contribution rate
$20,000	$17,359	$1,490	$14,735	26.33%	85.56%
$30,000	$25,154	$6,034	$17,419	41.94%	85.56%
$40,000	$32,444	$11,932	$18,244	54.39%	87.38%
$50,000	$39,329	$16,078	$20,631	58.74%	86.79%
$60,000	$46,191	$21,851	$21,720	63.80%	87.10%
$70,000	$52,784	$27,624	$22,540	67.80%	87.40%
$80,000	$58,443	$33,397	$22,426	71.97%	87.64%
$90,000	$64,102	$39,170	$22,312	75.21%	87.94%
$100,000	$69,761	$44,943	$22,198	77.80%	87.36%

QC Income	Income after tax (incl. CPP +EI)	Spousal contribution	Income After Tax + Contribution	Average Tax +Contribution rate	Marginal tax + Contribution rate
$20,000	$16,454	$47	$15,273	23.64%	54.03%
$30,000	$23,423	$1,947	$19,775	34.08%	58.03%
$40,000	$29,837	$3,847	$23,722	40.70%	63.04%
$50,000	$36,000	$5,748	$27,632	44.74%	56.12%
$60,000	$41,974	$8,071	$31,283	47.86%	70.63%
$70,000	$47,737	$11,396	$33,721	51.83%	77.75%
$80,000	$53,166	$15,720	$34,826	56.47%	90.25%
$90,000	$58,595	$20,620	$35,355	60.72%	87.37%
$100,000	$64,024	$25,520	$35,884	64.12%	89.37%

- end -

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