

**A Guide to Student
Finance for Higher
Education Students
September 2017**

- The important change that has happened in the last few years is that it is the STUDENT who is now responsible for any debts occurred whilst studying at university!!
 - No money is paid upfront
 - No money is paid whilst the student is studying
- The student pays for his/her university education once he/she is earning

How do students qualify?

- Students should be living in England on the first day of the first academic year of the course
- Students should have been living in England for 3 years and have "settled status" (no restrictions on how long they can stay in the UK)
- They should be taking a recognised higher education qualification
- They should be planning to attend a university that is publicly funded in the UK

What student finance is available?

- Tuition Fee Loan for students
- Maintenance Loan for students to cover Student Accommodation & Living Expenses
- Grants (if eligible) for certain benefits, for disabilities (mental health condition, dyslexia, dyspraxia) and for childcare costs.
- Travel Grant (dependent on Household Income)
- Bursaries & Scholarships
- Grants & Awards from Charitable Trusts

Tuition Fees

- Tuition Fees are the amount charged each year by the university for courses, they are up to £9,000 a year for a full-time course (2016) (Amount can vary between universities)
- No eligible student has to pay fees before they start or while they are studying
- Apply for a Student Loan to cover tuition fee costs
- Fees are paid direct to the University/College by Student Finance England (SFE)
- Loans are repaid from April 2021 or once the student is earning £21,000+
- Fees for future years will increase by the rate of inflation
- Loan is repaid at 9% of salary over £21,000

What about repayments?

- Students will start to repay their student loan in the April after they graduate (2021)
- They must be earning more than £21,000 a year (£404 a week). Repayments are based on income not on the size of the loan.
- They will repay 9% of their earnings over £21,000 (e.g. Income before tax = £25,000, repayment on £4,000 = £30 per month/£6.92 per week)
- HMRC collect repayments straight from salary with tax and NI deductions.
- Interest is charged on the loan whilst the student is studying at the rate of inflation + 3%
- Once the student is earning, the amount of interest charged will vary according to salary: less than £21,000 = rate of inflation; between £21,000 & £41,000 = rate of inflation + up to 3%; over £41,000 = rate of inflation + 3%
- If the loan is not paid off after 30 years, no further repayments are made
- Students can pay some or all of the loan at any time without an extra charge

What are living expenses?

- Accommodation - Rent & other bills (Gas / Electricity / Contents Insurance / TV Licence etc.)
- Travel - to and from university from home, also to and from accommodation to university
- Car bills / Mobile phone bills / Internet bills
- Books & stationery
- Food / Drink
- Clothes / shoes
- Household Goods & Toiletries
- Social & Sporting Activities
- These will vary from student to student and from area to area

Maintenance/Living Cost Loan

- New students can apply for a Maintenance Loan (Accommodation & living expenses)
- 44 - 49.08% non-means tested. 50.02 - 56% means tested
- Up to £8,200 if you live & study outside London
- Up to £10,702 if you live and study in London
- Up to £6,904 if you live at home
- Loan paid in 3 instalments into bank account
- Loans are repaid once the student is earning £21,000+
- Interest on loans is linked to inflation as with the tuition fee loan
- Loan is repaid at 9% of salary

Bursaries and Scholarships

- ▶ Bursaries linked to personal circumstances, Scholarships linked to academic success
- ▶ From 2013/14 a new National Scholarship Programme to help students from lower income families (household income less than £25,000 a year). (This may include reduced tuition fees, help with books or possibly a free year on some courses)
- ▶ Universities charging more than £6,000 in fees must participate in this scheme
- ▶ They are paid on top of any student loans and grants
- ▶ They don't have to be repaid
- ▶ Check the websites of universities and colleges for details - each university will decide what is on offer
- ▶ May be paid in cash and/or discounts

Extra Help

- Some Trusts and Charities provide financial help to Higher Education Students
- Check "Educational Grants Advisory Service (EGAS) for information
- Help for students with disabilities
- Help for students with dependent children

How can parents/students help?

- ▶ Savings
- ▶ Parental Contributions (money/equipment/food/toiletries)
- ▶ Part time Work (at university during term time/at home during the holidays)

When and how to apply

- 1) To find out what help students might be entitled to:
www.direct.gov.uk/studentfinance
- 2) Apply online from March/April 2017 at
www.direct.gov.uk/studentfinance
- 3) Further help from the guide "Student Loans- A guide to terms and conditions" www.direct.gov.uk/studentfinance
- 4) Complete the application form – students will need their passport, details of their university and course, their bank details and their National Insurance Number
- 5) If students are applying for Finance that depends on household income, their parents will need to supply their National Insurance numbers.
- 6) Send the Form to the Student Finance Co.

What happens next?

- Students can now link their loan application through Track (UCAS) for Student Finance England. Applicants are urged to register on the Student Finance website through Track as early as possible as the deadline to apply (if loans are to be in place at the start of the university course) is usually about:

31 May 2017

- Student Finance Direct will check the form. If students are eligible for support this will be calculated
- The form will be processed
- Student Finance Direct will inform students of their financial entitlement
- The Loan for Tuition Fees is paid direct to the university
- Other money is paid directly into the students' bank account at the start of term

- Students on a 3 year course will leave with about £30, 000 debt (if charges are £6,000) or £42,000 (if charges are £9,000)
- Average starting salary for graduates is £18,000 - £19, 000 so many will not repay anything for the first couple of years
- Independent report (2010): The Browne report: "Higher education funding and student finance"
- The Browne Report suggested that only the top 40% of earners on average will pay back the full amount of their loan over the 30 years repayment period.

- Some accountants have calculated that if you take 30 years to repay the loan, students could pay more than double the amount they have borrowed because of the compound interest that accumulates.
- If students go abroad for more than 3 months, they will still be required to repay the loan. It could possibly cost more because of interest rates and exchange rates. Students would need to contact Student Finance.
- It is possible to repay the loan early. There will be no penalties for this. Students would need to contact Student Finance England. Payments can be made by Credit Card (a surcharge is applicable), Debit Card or Cheque.