

■ STUDENT FINANCE EXPLAINED



A quick note

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- I do not work for the UK Government!
- This presentation **is not** designed to sell, advocate, endorse or promote the current system.
- I simply want to make sure everyone who is thinking about university (plus their parents or guardians) has a basic understanding of how student finance works.

Student finance in the headlines



(2016)

Are university degrees an expensive mistake?

Students face loans chaos

Thousands without funding at the start of new academic year

Many thousands of students will be unable to start their courses at the start of the new academic year because of a funding crisis, it has been revealed. The problem is being caused by a combination of cuts to university funding and a rise in the cost of living. The situation is particularly acute for students who are on low incomes and who are relying on student loans to cover their living costs. The government has announced that it will increase the student loan limit to £10,000 per year, but this will not be enough to cover the rising costs of living. The result is that many students will be unable to afford to go to university.

Cornwall student considers studying medicine in Romania

Students face cost-of-living crisis, suggests NUS data

By Judith Burns



(2010)

Student finance in the headlines

79%



WORRY ABOUT MONEY

Student finance in the headlines



53%
SAY
DIET
SUFFERS



79%
SAY
SOCIAL LIFE
SUFFERS



35%
SAY
GRADES
SUFFER



35%
SAY
RELATIONSHIPS
SUFFER



41%
SAY
SLEEP
SUFFERS



57%
SAY
MENTAL HEALTH
SUFFERS

“Ignore everything you’ve read in the papers. Ignore the political spittle that flies across Parliament. And in some cases, ignore what parents tell you too.

There are more myths and misunderstandings about student finance than another other subject.”



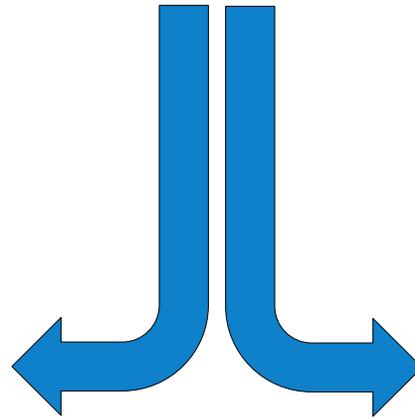
Martin Lewis

Founder and Chair of MoneySavingExpert.com

INCOME & FAMILIES >> STUDENTS

The cost of university

Tuition Fees



Living Costs

Tuition Fees

- Universities can charge up to £9,250 (or £11,100 for accelerated (two year) degrees) per academic year.
- The Teaching Excellence Framework (TEF) allows universities to increase their Tuition Fees in line with inflation.
- Students will not have to pay any tuition fees upfront!
- Both full and part-time students can have their fees covered by a **Tuition Fee Loan** (providing it's their first degree).
- Non-means tested.
- You do not see this money!

Tuition Fees

NHS  **Course**

Foundation Diploma in Art and Design

Foundation Diploma in Art and Design

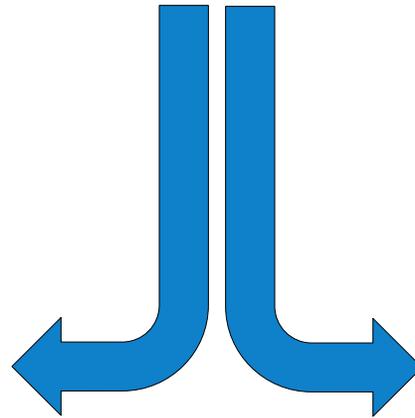


Foundation Year or Foundation Degree

- The Foundation Diploma in Art and Design is classed as a Further Education course (Level 3).
- You are therefore not eligible for funding via SFE.
- Students **under 19** on 31st August of the year of entry will not be charged a tuition fee.

The cost of university

Tuition Fees



Living Costs

Maintenance Loan

- Full time students can apply for a loan to help cover their living costs.
- The average student is £267 a month short ([Save the student](#)).
- Paid at the start of each term directly into your bank account.
- Amount depends on residual/household/family income (means tested), where in the UK you study and if you move out of home.
- As a result, everyone will receive a different amount.
- You need to tell SFE if there is a change in your circumstances.
- You will not receive your Maintenance Loan until you have registered with your university (enrolment).

Maintenance Loan

- Student is living:

At home:
£3,314 - £7,529

Away from
home or independent*:
Outside Greater London:
£4,168 - £8,944

Inside Greater London:
£5,812 - £11,672



*Independent = care for someone under the age of 18; you are 25 or older; you are married or in a civil partnership (even if you are now divorced/separated); you have no living parents; your parents cannot be traced or contacted; you are permanent estrangement from parents; you have supported yourself financially for three or more years.

Expected parental contribution

MoneySavingExpert.com

[How much the Govt expects you to give your children for university](#)

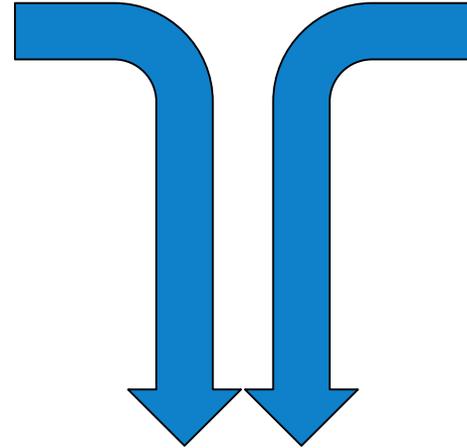
[YouTube](#)

**Maintenance
Grant**



**Tuition Fee
Loan**

**Maintenance
Loan**



Student Loan

Repayments

- You will only start repaying your student loan:
 - When you are earning over £26,575 (up from £25,725).
 - The April after you graduate or leave university.
- Repayments are **always** dependent on your income
- Deducted by HMRC automatically from your pay.
- Monthly repayments amounts are **not** affected by the amount borrowed.
- Having a student loan will not affect your credit rating.
- After 30 years, **any** outstanding repayments will be written off!

The Institute For Fiscal Studies estimated that 83% of (English) students will not clear their student loan (Tuition Fees Loan, Maintenance Loan plus interest) within 30 years.

[Institute for Fiscal Studies New higher loan repayment threshold is a big \(and expensive\) giveaway to graduates \(3rd October 2017\)](#)

Repayment Examples

- Repayment rate is 9% of earnings above £26,575.

£26,575: £0 per month

(£3,425) £30,000: £25 per month

(£8,425) £35,000: £63 per month

(£13,425) £40,000: £100 per month

- Interest rates are charged on your student loan (not more than RPI + 3%) and apply from the day the first payment is made to you or your university.

Repayment Examples

£25,000

£35,000

£45,000

£0

£7,560

£16,560

10 YEARS

10 YEARS

10 YEARS



After 30 years, you would have paid off £24,120
(that's £804 a year)

Repayment Examples

£20,000

£30,000

£40,000

£0

£3,000

£12,000

10 YEARS

10 YEARS

10 YEARS

After 30 years, you would have paid off £15,000

(that's £500 a year)



Repayment Examples

£30,000

£30,000

£30,000

£3,000

£3,000

£3,000

10 YEARS

10 YEARS

10 YEARS

After 30 years, you would have paid off £9,000

(that's £300 a year)



Repayments – what if I move abroad?

- Yes - you are still responsible for repaying your student loan!
- Save the Student – [“Repaying your student loan from abroad”](#).
- If you are moving overseas for **longer than three months** then you need to contact the SLC to sort out your student loan repayments.
- It is up to you to tell the SLC your earnings and provide evidence for that. SLC will then set your repayment schedule accordingly.
- Overseas Income Assessment Form.
- The UK Government are taking stricter measures to catch up with graduates who are not repaying their student loan.
- It will catch up with you eventually; **it’s really not worth the risk!**

Applying

- You must apply and reapply **every** academic year!
- Apply after submitting your UCAS application (January = normal launch) although these are not linked!
- Student Finance England - www.gov.uk/student-finance
- You don't need to wait until you have a confirmed place (preferred choice)!
- Apply by **24th May** to guarantee your funding is ready for the start of your course (1.8M; min. six weeks).
- For specific university bursaries, you'll need to apply directly to the respective university and deadlines and eligibility will vary.

Summary

- No Tuition Fees are paid upfront!
- Tuition Fees are paid on your behalf by the UK Government.
- Lots of support is available to help with living costs (Maintenance Loan) and the level of support will depend on your individual circumstances.
- Repayments are manageable and are only paid when you are earning over £26,575 (completely wiped after 30 years).
- **The cost of university can be daunting, but do not let this be the sole reason you do not go!**



Questions?