

STUDENT FINANCE EXPLAINED

A quick note



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- I do not work for the UK Government!
- This presentation **is not** designed to 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?
 Management receiving student loans could reduce loans

Students face loans chaos
 Thousands without funding at the start of new academic year

More than 100,000 students are expected to start university in September but thousands are expected to be without funding at the start of the new academic year. The problem is caused by a combination of factors, including a delay in the release of student loan money and a shortage of places on some courses.

Cornwall student considers studying medicine in Romania

Students face cost-of-living crisis, suggests NUS data
 By Judith Burns

Wednesday, March 17, 2010
 BRITAIN'S BEST-SELLING QUALITY DAILY
 with Republic £1.20 No. 46,144 £1.30

Student fees cap must go, says Patten
 Chancellor of Oxford calls for £3,200 limit to be abolished so British universities can maintain their world-class status



(2010)

Student finance in the headlines:

84%

WORRY



**ABOUT MONEY AND
STUDENT FINANCE**



61%
SAY
DIET
SUFFERS



50%
SAY
**MENTAL
HEALTH**
SUFFERS



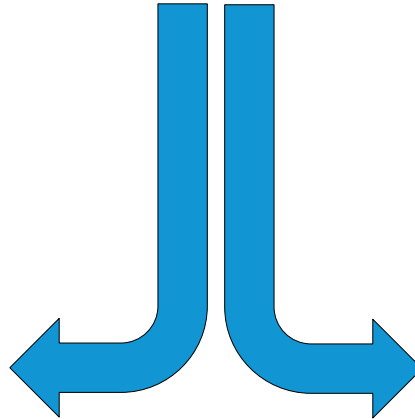
42%
SAY
RELATIONSHIPS
SUFFER



34%
SAY
GRADES
SUFFER

The cost of university

1. Tuition Fees



2. Living Costs

1. Tuition Fees

- Universities can now charge up to £9,250 per academic year.
- The Teaching Excellence Framework 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!

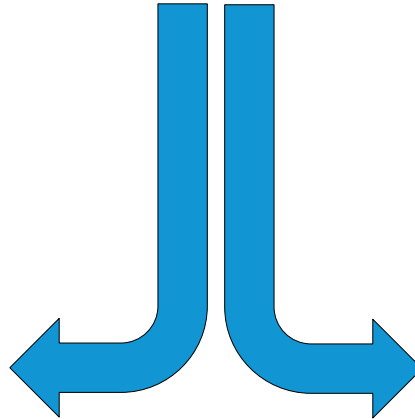
1. Tuition Fees

NHS Bursary



The cost of university

1. Tuition Fees



2. Living Costs

2. Living Costs – Maintenance Loan

- All full time students can apply for a loan to cover living costs.
- Paid at the start of every term directly into student's bank account.
- This money has to last!
- Rates apply according to household 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.

2. Living Costs – Maintenance Loan

- Student is living....

At home:

£7,324

Away from

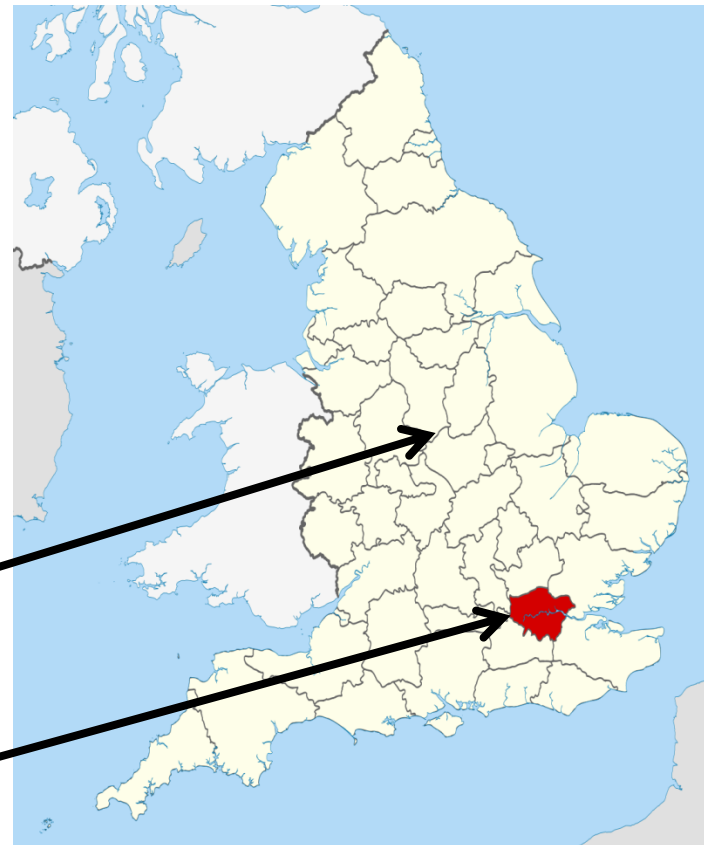
home/independent*:

Outside Greater London:

£8,700

Inside Greater London:

£11,354



*Independent = care for someone under the age of 18, are 25 or older, married or in a civil partnership (even if now divorced/separated), have no living parents/parents cannot be traced or contacted/permanent estrangement from parents, you have supported yourself financially for three years, an income assessment would put you in jeopardy or you have been looked after by a local authority for at least three months ending on or after 16.

**Maintenance
Grant**

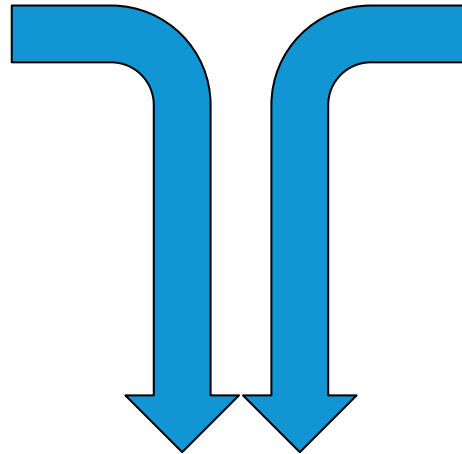


Tuition Fee

Maintenance

Loan

Loan



Student Loan

Repayment of Loans

- You will only start repaying your student loan:
 - When you are earning over £25,000.
 - The April after you graduate/leave university.
- Repayments are **always** dependent on your income
- Deducted automatically from your pay through the tax system.
- 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 of Loans - Examples

- Repayment rate is 9% of earnings above £25,000

£25,000: £0.00 per month

£30,000: £37.00 per month

£35,000: £75.00 per month

£40,000: £112.00 per month

- Interest rates do apply to your student loan (not more than RPI + 3%).

Repayment of Loans - Examples

£25,000

£35,000

£45,000

£0

£9,000

£18,000

10 YEARS

10 YEARS

10 YEARS

After 30 years, you would have paid off £27,000
(that's £900 a year)

How to apply

- You must reapply **every** academic year!
- You can usually apply after submitting your UCAS application (although these are not linked!)
- Student Finance England - www.gov.uk/student-finance
- Apply by **30th May** to guarantee your funding is ready for the start of your course
- For specific university bursaries, you'll need to apply directly to the respective university and deadlines will vary.

Summary

- Nothing is 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). The level of support will depend on your individual circumstances.
- Repayments are manageable and are only paid when you are earning over £25,000 (wiped after 30 years).
- **The cost of university can be daunting, but do not let this be the reason you don't go!**

Any questions?