WHAT EVERY PARENT NEEDS TO KNOW ABOUT STUDENT FINANCE IN 2012

PARENTS' GUIDE

The true cost of full-time higher education study in England from 2012

The Taskforce was launched in June 2011 and is headed by Martin Lewis of MoneySavingExpert.com and deputised by Wes Streeting, NUS President 2008-2010 and Chief Executive of the Helena Kennedy Foundation. It is made up of university and student groups including UCAS, Universities UK and NUS, among others. The Taskforce is independent of, but backed by, government, and will set its own agenda. No one on the Taskforce operational group is remunerated for their role.

Information in this booklet is correct at time of writing (October 2011) and can be subject to change

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You've done your job ensuring your children attend school and do their homework. Now they're planning on going to university. Yet they'll be the first year of the big changes to the student funding system and with the headlines blasting "£50,000 debts" no parent could be blamed for being worried.

Yet while it's not all flowers and chocolates, much of the information out there so far has focused on the politics and not the practical impact on your children's pockets – which isn't nearly as harsh as many fear.

Frankly there are myths and misunderstandings everywhere. University is still affordable and many students will repay far, far less than the headlines have made out.

The taskforce I head and this guide, isn't here to sell the system, nor the political solution behind it, but to quite simply try and ensure every student who goes to university (and their parents) at least has an understanding of how it works from a practical basis.

After all, if you don't know how much it costs – how can you work out if it's worth it?

MARTIN LEWIS
Money Saving Expert

Head of the Independent Taskforce on Student Finance Information

Trebling tuition fees doesn't always mean tripling costs

This is a scary sum, but it's often not as frightening as it sounds as the repayments are solely based on earnings, not on the amount borrowed. It's important that parents know the following five key facts:

1 You don't have to pay for tuition fees

The fees aren't for parents to pay for; they belong to the student, or more accurately the graduate. Absolutely no money is needed up front by you or them - first-time undergraduates get them paid for them by the Student Loans Company and will only need to repay them if they earn enough once they've graduated.

If you're saying "but I don't want my kids to be in debt", please read the section it's more like an extra tax not a loan in section 3.

2 The nightmare scenario – borrowing elsewhere to fund fees

Never consider commercial borrowing so your child does not have to get a student loan. As will be explained in more detail later, student loans are one of the cheapest forms of long term borrowing possible, yet the massive advantage over normal borrowing is you only repay if you earn enough and if you lose your job repayments stop. To get a commercial debt to replace a student loan is almost always a bad decision.

KEY FACT

The changes ONLY hit new undergraduate September 2012 starters; existing and 2011 students stay on current system

The information in this guide is for parents of students starting a higher education course in September 2012 with no previous history of higher education. If your child has previously studied on a higher education course, they should contact the advisory service at the university they are applying to.

3 Paying the fees upfront, may be throwing the money away

Even if you have the money saved up, it may be a mistake to pay the tuition fees up front. The obvious example is if you paid the maximum three year £27,000 fees, yet your child's earnings were never high enough to need to pay any back – the cash would've been thrown away unnecessarily. A less extreme example is that they will need to repay some of the fees but not all, in which case you still could be onto a loser. If this is a realistic likelihood - for more info on how to decide see **www.mse.me/payupfront**

Key Fact - They will repay 9% of everything earned over £21,000

If they never earn above £21,000, they never repay. After 30 years, the remaining debt is wiped. This £21,000 threshold will rise with average earnings from 2017 (the year after most full time graduates start repaying) so as people earn more, the threshold goes up.

4 They only repay if they are earning enough

Once they leave university, graduates will only repay the loan if they are earning above a certain threshold. For 2012 starters, this amount will be £21,000 a year. And if they never earn enough (although we hope that they do) they'll never have to repay a thing.

£21,000+
A YEAR

5 There may be no increased cost of a £9,000 course over £6,000

Graduates' monthly repayments are the same whether they took a £6,000 or £9,000 course as they depend solely on earnings. Also because the debt will be wiped after 30 years, and many students won't repay in full in that time at the £6,000 level – there is no additional total cost of £9,000 courses (this is explained in full in part 3). So don't automatically encourage your child to plump for the cheaper course if it's not the right one.

Part-time fees are rising, but tuition fee loans are now available

Part-time students, often forgotten, make up 40% of all undergraduates. Fees for part-timers are likely to rise in 2012 too, with all universities being able to charge up to £4,500 and some £6,750 provided they offer bursaries. However for the first time loans to part-timers will be available on the same basis as full-timers – for most first time undergraduates

See the taskforce's part-time student guide for more information.

There is a range of financial support out there for those wanting to go into higher education. This falls into two main categories – government support and direct money from universities and colleges.

The amounts available often depend on household income – which usually means you, the parents' income.

i. Government funding – Loans and grants for tuition AND living

Government funding is paid by Student Finance England (part of the Student Loans Company and covers two elements (though it is up to the student to decide whether they want one or both - it isn't compulsory to take either)

1 Tuition fee loan

For first time, full-time undergraduates this covers the entire tuition fees charged by the university or college. In this case, the amount does not depend on your household income and is paid direct by the Student Loans Company to the university or college.

2 Maintenance loans (Living cost loans)

The second type of loan – also from the Student Loans Company – is to help cover day-to-day cost of living, such food, rent and travel. These loans are usually paid in three instalments (one at the start of each term) directly into your child's bank account. The amount students can apply for depends on whether they intend to live at home when they study or away.

The amount is dictated by two elements:

In 2012/13 the maximum annual loan is £4,375 if a student lives with their parents or £5,500 if they live away from home (£7,675 if they live away from home in London or £6,535 overseas).

- **The Guaranteed bit.** Up to 65% of the maximum 2012 living cost loan is available to everyone in 2012 regardless of their parental income (for 2011 starters it was 72%).

- **The Income Assessed bit.** The remainder is means tested depending on their or their parents' residual income (i.e. pre-tax income minus pensions). The rule of thumb is, the higher the income the less they're entitled to, although...

Students with household income under £42,600 get maintenance grants

University grants sound like something of a museum relic but actually, if your household income is beneath £42,600 a year, then your child will also be entitled to a grant, that's non-repayable (except in some circumstances where they leave their course early).

Bear in mind though that if your child is entitled to a full grant, the maximum loan available will be reduced, though by less than the amount of the grant.

NB: Full-time students with a household income under £25,000 qualify for the biggest grant of £3,250 for living costs.

How is household income calculated?

Income used for student finance is called residual income. This is the gross annual income (income before tax) of the prior tax year of parents or step parents the student lives with. The only deductions allowed are any payments into a pension and some allowances for each younger sibling) of the parent(s) they live with

Yet there are a few situations that mean the testing is based on the student's own income (or the income of husband, wife or civil partner) including if they are over 25, are married, have financially supported themselves for more than three years, have no living parents or are caring for a child. See www.direct.gov.uk/studentfinance for more information.

Example

A student with a £25,000 household income or less living away from home (outside London) would get a grant of £3,250 and a maximum loan of £3,875 (not the full £5,500) If their household income is between £25,000 and £42,600 they get a smaller grant - though the maximum loan amount increases to make up for it.

See the table opposite for more information

HOUSEHOLD INCOME	PACKAGE OF SUPPORT		
	Non-repayable maintenance grants	Maintenance loans	Total
£25,000 or less	£3,250	£3,875	£7,125
£30,000	£2,341	£4,330	£6,671
£35,000	£1,432	£4,784	£6,216
£40,000	£523	£5,239	£5,762
£45,000	£0	£5,288	£5,288
£50,000	£0	£4,788	£4,788
£55,000	£0	£4,288	£4,288
£60,000	£0	£3,788	£3,788
over £62,500	£0	£3,575	£3,575

What if i'm divorced / seperated?

The income of the parent your child lives with most of the time will be used (if that's not clear, this is normally whoever claimed child benefit before university. Student Finance England will decide whose income to base the assessment on when you apply). If the parent mainly lived with remarries or has a cohabiting partner, their joint income will then be looked at.

How do they apply for a loan?

Application forms can be filled in online at
www.direct.gov.uk/studentfinance
But your kids don't need to wait until they've been formally offered a place – they can apply once they've sent their UCAS applications off.

KEY FACT

Don't just tell your kids to budget – tell them what their income is…

Admit it; you were planning to send them off to uni with a firm financial prudent cry of "STICK TO A BUDGET!" Yet that simply isn't enough info; think about this for a moment.

A working person shouldn't spend more than they….
OK that's easy – the answer is EARN. Now answer this
What shouldn't a student spend more than?

It's this piece of the budgeting jigsaw many people miss, but it's crucial - without your child knowing what their income is they can't budget.

So here's an easy rule of thumb – they shouldn't spend more than their student living loan, any grants, any income from working and any money given by you, or relatives.

It's worth noting this means we're in the rare financial situation that a loan is counted as income – but that's because it's a special type of loan. Do note 0% interest overdrafts handed out by the banks aren't in there – as overdrafts usually have to be repaid soon after graduation – at best they should be used to help when cash flow is low.

Fee waiver or bursary? Go for the bursary!

As part of the conditions for being allowed to charge fees above £6,000, many institutions have to put money aside for students from homes with lower incomes and those who would be considered less likely to attend university.

If your household income is low or your child would be considered unlikely to attend university, they may well be offered further incentives to go. Part of the help that institutions offer comes from The National Scholarship Programme (NSP) for those from household earning under £25k, but amounts and eligibility varies from institution to institution, so it's worth encouraging your child to check wherever they intend to go.

Generally, the money is likely to be given in one of three ways and could be worth up to £3,000 for some full-time students.

- **Fee Waiver** A reduction each year on their tuition fees meaning the loan needed is reduced.

- **Bursary** This is some form of cash, or gift in kind. It could range from £1,000 in cash or help with living costs depending on their situation.

- **Scholarship** Similar to a bursary, it is usually a form of cash or gift in kind. Yet here getting it depends on your child's academic ability (usually A' level grades) rather than income.

KEY FACT

Choose bursaries over fee waivers

If given a choice, and some universities will offer one; with everything else being equal it is usually far better for your child to pick a bursary.

The reason for this is quite simple. As will be explained in the next section, many graduates will never repay in full even at the £6,000 level - so in real terms, unless your child becomes a higher earner, the fee waiver is unlikely to significantly reduce the amount repaid, if at all.

So while it may feel like the fee and debt is lower (and does therefore have some psychological advantages) there is no material impact on a graduate's pocket. Contrast this to a bursary that provides definitive cash now, which is a boon and could reduce the need for any commercial borrowing.

Student loans must be repaid when your children have left the course and started work, and are earning over £21,000 - whereas grants and bursaries do not need to be repaid, regardless of circumstances.

Students starting at English universities in 2012 could graduate with loans of anything up to £50,000 if they take both tuition fee loans and maintenance loans.

Graduates repay 9% of their pre-tax annual earnings above £21,000 salary.

This means, no matter how much they take out in loans – they'll pay the same back each month.

Example... If they earn £22,000 a-year, they'll repay £90 a year or £7.50 a month (9% of the £1,000 earned above £21,000). If they earn £31,000, they pay £900 a year (£75/month).

Earn under £21,000 and they never repay

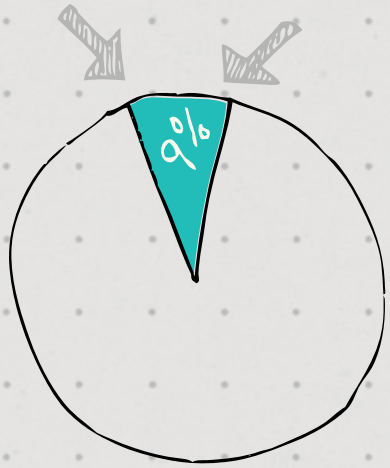
The £21,000 threshold is designed to rise in line with average earnings, and this will start in April 2017 (the first anniversary of when graduates start repaying) so they'll repay 9% of everything above that threshold. But if a graduate never gets a job earning over this threshold, then they'll never repay.

And if they lose their job or take a pay cut, when they have already started repaying the loan, repayments simply stop or drop accordingly, no questions asked.

After 30 years any remaining debt is wiped out

Graduates stop owing when they've cleared the debt or 30 years pass (from the April after graduation), whichever comes first. If they therefore never get a job earning over the threshold, they'll never repay.

In the horrid circumstances that they were to die or be permanently incapacitated (in receipt of disability benefits and unable to take on any work) the debt is also wiped out, meaning it will never be passed on to you, or their dependants.



No debt collectors!

Most student loans are repaid through the payroll – the money is taken off just like tax, so never goes into your child's hands. Thus unlike with commercial loans, no debt collectors will ever be involved with student loans and if your child ever earns under the threshold amount, or loses their job or takes a career break, their payments will simply stop – no questions asked.

'Above-inflation' interest will be charged

One other major change to the 2012 system is a higher interest rate is charged. For the first time, students won't just pay for the cost of their education – sadly they'll pay for financing it too.

While studying:

Students will accrue RPI inflation plus 3% on the outstanding balance. This starts as soon as they get the loan and continues until the 1st April after graduation when it changes to...

After studying they earn under £21,000:

Accrue RPI inflation.

After studying they earn £21,000 - £41,000:

The interest rate will gradually rise from RPI to RPI plus 3% the more that is earned (the interest rises 0.00015% for every extra pound they earn or, put another way, if they earn £1,000 more, they accrue 0.15% extra interest). These thresholds are likely to rise with average earnings from 2017.

After studying they earn over £41,000:

Accrue RPI inflation plus 3%.

This, coupled with the fact that graduates from 2012 will be repaying less, stretches even further the time it will take graduates to repay. But as those on lower incomes are unlikely to ever repay the loan, for them at least, this won't have an impact.

An easy way to explain inflation

If you're discussing this with your child – here's a handy way to explain inflation... It is a measure of the rate at which prices change over time. Usually, though not always, they are increasing. So if inflation is 4%, then a basket of shopping costing £100 this year will cost £104 next year.

Therefore, if the interest on a loan is set at the rate of inflation it's like saying you were lent a 'basket of shopping' worth a certain amount this year, but when it comes to repaying you'd only have to give the cash that'd buy that same basket back. This means your actual spending power hasn't been diminished by taking out the borrowing so it hasn't cost you anything.

Monthly repayments are the same on £6,000 or £9,000 courses

Whether choosing a course that costs £6,000 or £9,000, graduates will repay the same amount each month, as that purely depends on what they earn (9% above £21,000). Of course, the more they borrow the longer they could be repaying.

This is the crucial question and one of the many fears that are putting people off going to university – the 'how will they afford to live with this debt' question. The actual answer is different for everyone, but the following three points should help clear it up.

1 They will repay £540 a year LESS than current graduates

It's important to note that 2012 graduates will actually have more money in their pockets than current graduates – so in cash flow terms at the very least that's an improvement. At the moment, graduates repay 9% of everything above £15,000, yet for 2012 starters that threshold will increases to £21,000,

This means those earning above the £21,000 threshold will have £540-a-year more in their pockets than now. The chart opposite helps demonstrate this...

Calculate how much they'll pay

Encourage your child to use this tool to find out a rough estimate of how much they will repay based on their tuition fee loans, living loans and estimated starting salary. Get them to look at whether the amount changes as you move the sliders depending on what tuition fee loan and what maintenance loan they take out www.studentfinancecalc.com.

This means those earning above the £21,000 threshold will have £540 more in their pockets every year than now. This chart helps demonstrate this:

EARNINGS	CURRENT SYSTEM		NEW 2012 SYSTEM	
	Annual repayment	Monthly pay packet reduction is equivalent to	Annual repayment	Monthly pay packet reduction is equivalent to
£15,000	**Nothing**	**Nothing**	**Nothing**	**Nothing**
£16,000	**£9**	**£7.50**	**Nothing**	**Nothing**
£21,000	**£540**	**£45**	**Nothing**	**Nothing**
£22,000	**£630**	**£52.50**	**£90**	**£7.50**
£30,000	**£1,350**	**£112.50**	**£810**	**£67.50**
£40,000	**£2,250**	**£187.50**	**£1,710**	**£142.50**
£50,000	**£3,150**	**£262.50**	**£2,610**	**£217.50**

NB: For simplicity we've compared 2012 starters (who'll start repaying in 2016) with current graduates. Actually a fairer comparison is with 2011 starters – the last on the old system. While it's likely those repaying under the new system will still have more disposable income in the years following graduation, the gap is likely to be very roughly half that as the £15,000 starts to rise with inflation from 2016.

2 They WILL owe money for longer and MAY pay a LOT more

The obvious flip-side of repaying less every month due to the £21,000 threshold (increased from £15,000 for 2012 university entrants) is that it will take much longer for them to pay off the loan.

This is compounded by the fact that the original debt is bigger and the interest rate higher. The cost is effectively being spread over a much longer period – and most will pay more, though those who gain least financially from their education may find their total repayments are less due to the higher threshold.

For many there's no additional cost of doing a £9,000 course

Even if your child STARTS work on a salary of £30,000, which is well above average, and with good salary progression after that, they would not repay in full at £6,000 course fees and the maximum living away from home maintenance loan.

That means there is no additional cost to them of opting for a £9,000 course. The calculator (above) can show this in more detail. Overall it means no one should be scared of opting for a higher fee course, if it's the right one for them because of 'what if I don't get a well paid job after university, how would I afford £9,000 fees'.

3 Many people will NEVER repay in full

Calculations show the lower repayments and higher borrowing means all but high earners will be making repayments for the entire thirty years before the debt is wiped out, and won't come close to repaying in full what they borrowed plus the interest.

Take a look at the examples opposite of what a graduate on a £9,000 a year course would expect to repay depending on salary:

Estimate of total repayments in todays money.
Bases on £9,000 annual fees and £5,500 maintenance loan

Starting salary (Sep 2015)	Total amount repaid (in todays prices)	Will I fully repay it?
£10,000	Nothing	No
£20,000	£7,000	No
£30,000	£43,000	No
£40,000	£77,000	No
£50,000	£68,000	Yes - 21 years

ASSUMPTIONS:

RPI 3%, graduate salary increases by RPI + 2%, tuition loan and maintenance loan are £9,000 and £5,500. Average earnings assumed to grow by RPI + 2% (based on ONS figures 2000 - 2010). Source: www.studentfinancecalc.com

Think of it more like an extra tax not a loan!

The maximum possible loan combining tuition fees and maintenance is £16,675 a year, or £50,000 over a three-year course. This is a frightening amount, and indeed many are frightened of it. But it may help to think of your kids as facing an additional tax, rather than a loan, for the following reasons:

- ***It's repaid through the income tax system***
- ***They only repay it if they earn over a certain amount***
- ***The amount repaid increases with earnings***
- ***It does not go on credit files***
- ***Debt collectors will not chase for it***
- ***Bigger borrowing doesn't increase repayments***
- ***Many people will continue to repay for the majority of their working life.***

In summary, you can basically view repayments as a form of tax but one that simply ends once they've repaid what they borrowed plus interest.

The reason for stressing the tax concept is because as a parent you may wrestle with 'how will I pay for my child to go to university?' and then risk your own financial solvency and security to do so.

Let's be clinical for a moment: it could sound callous but you need to decide whether paying for it really is your responsibility.

The system is set up so that the cost is met by the beneficiary of the education - your child. When this is referred to as a 'loan' many parents feel guilty and become desperate to avoid their child getting into this debt, even though they may not need to repay it.

Yet if we'd called this system a form of tax, would you still feel compelled to prevent your child paying a higher tax rate? Of course there is a balance to be struck but it's worth thinking this through to judge your own reaction.

Student loans do not go on credit files

When people borrow from a bank for a credit card, loan or mortgage, to evaluate whether they'll make money from them, lenders look at three pieces of information – their application form, any previous dealings they've had with them, and crucially the information on their credit reference files.

Most normal financial transactions and credit relationships are listed on these files - yet student loans are not included (with the exception of students who started university before 1998 under the old loans system and have defaulted).

The new system is unlikely to affect your child getting a mortgage

The ability of your child to get a mortgage is one of the big fears many parents have about the change to the system.

Actually the impact is likely to be negligible, or even marginally more positive for some compared to the current set up. The key is the fact they'll have more disposable income because they only need to repay based on earnings above £21,000 not the current £15,000.

This means in the early years it makes saving for a deposit and repaying a mortgage in the years after graduation slightly easier as they will have more disposable income.

Though this is balanced by the fact that there comes a point where those under the current system will have repaid their loans but 2012 starters will still be paying – once that happens they will effectively have less disposable income.

Why has the system changed?

The funding which used to be provided to universities has been radically cut by the government (sometimes by more than the extra fees received will make up for)

Education has to be paid for by somebody – and universities have buildings to maintain, staff to pay and administration costs to think about too.

In the past the bulk of the cost was met by the taxpayer, so everybody who worked and paid tax helped fund the cost for those who went. The new government policy has decided to shift this cost onto individual students who benefit from the education.

There are different views on whether this is a good idea or not, but it is important to understand how the changes affect anyone considering university.

Is university worth the cost?

Going to university is an individual choice, while on average graduates are higher earners than those who don't go to university, there are no guarantees. Yet higher education is about more than just financial gain, it can be an incredible and enjoyable experience both socially and culturally.

After the heated political debate about tuition fees, it is vital that potential students can make informed choices about going to university based on the facts about the new system.

No one can help them decide whether it's right for them or not, it's an individual life choice. Yet by explaining the likely cost, you can help them work out the value.

Will it be possible for my child to repay their student loan early?

They will be able to, but at the time of writing (October 2011) it is still to be decided whether penalties may be levied for doing so. Yet it is important to note, making early repayments to student loans, even without penalties may be futile for some students. As many won't repay in full over thirty years, reducing the amount owed voluntarily may not end up reducing the amount you pay. It is a complex decision.

What happens to repayments if your child has other income?

If your child has additional income of £2,000+ from savings interest, say, or shares and dividends, then this will also be treated as part of their income for repayment purposes and they'll need to repay 9% of that too through the self-assessment tax system.

What about if my child is from, or going to, a Welsh, Scottish or Northern Irish university?

Scottish, Welsh and Northern Irish students, including those who decide to study in England, receive their financial support from their "home" devolved administration.
It's a matter for the devolved administrations to decide how they wish to support their students and in some cases this is still being decided.

Scotland: Subject to consultation, it's looking likely that Scottish students studying in Scotland will carry on not paying any tuition

fees from 2012, while English and Northern Irish students studying in Scotland will be charged up to £9,000 per year. English students will be able to take out a loan to cover the cost of fees. Welsh Students will be able to take out a fee loan for £3,465 and will receive a fee waiver grant for any balance over and above that. Northern Irish students can take out a loan to cover the full tuition fee up to £9,000.

Northern Ireland: Students from Northern Ireland will have tuition fees of up to £3,465 and will be able to take out a loan to cover the cost of these fees. English, Scottish and Welsh students will have tuition fees of up to £9,000. English students will be able to take out a loan to cover the whole cost of fees. Welsh Students will be able to take out a fee loan for £3,465 and will receive a fee waiver grant for any balance over and above that. For Scottish students the fee financing arrangements and maintenance package are still to be determined.

Wales: Tuition fees at Welsh universities follow the English pattern and will be increased up to £9,000 from 2012. However, the Welsh Assembly will cover the increase for Welsh resident students – i.e. they won't have to pay any more than the current cost plus inflation, likely to be £3,465. English students will be able to take out a loan to cover the whole cost of fees. Northern Irish students can take out a loan to cover the full cost of tuition fees up to a maximum of £9,000. For Scottish students the fee financing arrangements and maintenance package are still to be determined.

What other forms of funding are there?

In addition to 'official' financial support, other funding sources are also available from scholarship sites such as www.scholarship-search.org.uk www.family-action.org.uk www.turn2us.org.uk www.studentcashpoint.co.uk and www.unigrants.co.uk

If my child has a disability, can they get any extra financial support?

If you have a child with a disability or specific learning difficulty– which could mean anything from a mental health condition to dyslexia – they can get extra financial help. The Disabled Students' Allowances (DSAs) are for those who face added costs because of a disability or other condition. DSAs are paid on top of the standard student finance package and even better, they are not dependent on income and do not have to be repaid.

What if my child has children?

There is a Childcare Grant that is available for university students who have dependent children in childcare. The grant pays up to 85% of actual childcare costs in term times and holidays up to a maximum amount per week.

If they are a parent studying on a full-time course they may also be entitled to the Parents' Learning Allowance to help with costs. The Childcare Grant and Parents' Learning Allowance are both income-assessed and they also don't have to be repaid.

If my child wants to do a distance learning course – can they get a living cost loan?

In this case they can't. From September 2012, if they begin full-time distance learning courses they can get a loan to cover the full amount of their tuition costs, but cannot apply for living cost loans.

What happens if they ditch their course?

If students leave their course early for whatever reason, any loans they have had up to the point of leaving for either tuition fees or maintenance costs will still need repaying. The repayments and interest work in the same way as if they completed the course – in other words they repay 9% of everything earned above £21,000 starting in the April following the three years after they started.

Can my child apply for every year while studying?

Yes, they can normally apply for a loan for tuition for every year of their course. There are some exceptions, for example for longer courses such as medical degrees where different packages of support are available in later years. They should check with their university or college if they are unsure what support is available to them.

What happens if my child looses their job or takes a career break?

If later on, after university they are working and their salary falls below £21,000 a year then repayments stop. So if they take a career break or are unemployed then repayments will be suspended until they are earning over £21,000 again.

How do those who are self-employed repay the debt?

If your child sets up their own business or works for themselves, their repayments will be collected via HMRC's Self Assessment scheme. This means they will need to make payments at the appropriate deadline to fulfil their legal obligations. If they do not pay, HMRC will pursue them for any amounts overdue.

Do they still have to repay if they move abroad?

Yes is the simple answer. They're still obliged to repay the student loan based on 9% of all earnings above the equivalent of £21,000 in the country they are in and can face a fine if they don't. By taking out the loan they have a contractual relationship to repay it.

Some people may have heard that some people don't repay loans when they move abroad. If that happens it's because there are practical difficulties in the government pursuing their repayments – but that doesn't stop them owing the cash.

Bright Knowledge
www.brightknowledge.org
- the essential guide to careers, education and student life

MoneySavingExpert
www.moneysavingexpert.com/students2012
- key facts and figures about student finance and tuition fees

DirectGov
www.yourfuture.direct.gov.uk/
- information about applying to university in 2012/2013 and www.direct.gov.uk/studentfinance - everything you need to know about student finance, full and part-time, how and when to apply, student finance calculator and loads of resources. This is the website students use to apply for full-time student finance.

NASMA
www.NASMA.org.uk
- the National Association of Student Money Advisers who work in universities, student unions and further education colleges.

NUS
www.nus.org.uk
- National Union of Students a voluntary membership organisation which represents the interests of students.

UCAS
www.ucas.com
- the organisation responsible for managing applications to higher education courses in the UK.

See our other guides for specific details

- **Full-time students' guide**
- **Part-time students guide**
- **Parents guide**