BIS | Department for Business Innovation & Skills

Frequently asked questions about Student Finance from September 2012

Who is this document for?

Unless otherwise specified, details of the student finance package described in this document relate only to students living in England studying for their first degree or other higher education qualification in England, at a university or higher education college which is directly publicly funded for teaching and/or for research.

Students considering studying at a private university or college may be entitled to some or all of the package, and should ask the university or college for details of what support they may be able to receive.

Some aspects of the proposed package are still subject to parliamentary approval and may therefore be subject to change.

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Section 1: What's new from September 2012

What's new from September 2012?

From September 2012, universities/colleges can charge up to £6,000 a year for higher education courses.

Some will be able to charge up to £ 9,000 a year. But if they do they will have to meet strict criteria to make sure that all students, regardless of background, can access those courses, if they meet the admissions criteria set by the university or college.

There have also been changes to the financial support package available to students and the introduction of a National Scholarship Programme. Read on to see what help is available.

How can I afford to go to university?

It's important to remember that if you are entering higher education in 2012 you don't have to pay for the cost of your tuition up front.

The Government will provide the money up front for any eligible student in England who secures a place in higher education. You then take out a tuition loan which you start to repay when you are working and earning more than £21,000 a year.

The tuition loan is available to all eligible students who live in England and are studying for their first degree or other higher education course.

You can also get other financial support such as loans for living costs or non-repayable grants which can help cover your living costs such as accommodation, food, travel and course materials.

Section 2: Loans to help with tuition costs

What is a tuition loan?

It's a loan from the Government to cover the cost of your higher education tuition. It's available to eligible students studying for their first degree. This means that you don't have to find the money to pay for your tuition costs before or while you are studying. And you don't have to start repaying the loan until you are earning over £21,000 a year.

Who can get a tuition loan?

Eligible full-time students in England who are studying for their first degree, or other higher education course, from September 2012 can get a tuition loan.

What do you mean by 'eligible'?

Whether you are eligible will depend on factors including where you live, the course you choose to study, where you study, and whether or not you already hold a higher education qualification.

How much money can I get?

Eligible full-time students can get a loan to cover the full amount of their tuition costs.

How do I apply for the loan?

You can apply for student loans and non–repayable grants by completing an application form online at www.direct.gov.uk/studentfinance.

If you don't have access to a computer you can call Student Finance England on 0845 300 50 90, who'll send you a paper application form.

When do I need to apply?

Don't wait until you've been formally offered a place – you can apply for your student finance in late 2011 or early 2012.

How does the money for my course get paid to the university/college?

The loan will be paid directly to your university/college. It isn't paid to you.

When will the money be paid?

You will need to take in a form when you register at your university/college. This will then trigger the payment to be made to them direct.

Can I apply for a tuition cost loan every year while I'm studying?

Yes, you can apply for a tuition cost loan for every year of your course.

When do I start repaying the loan for tuition?

If you have been studying full-time, you will start repaying the loan from April of the year after you leave university, but only if you are earning over £21,000 per year. The repayments will normally be deducted straight from your salary. See Section 5 on repayments for further detail. Repayment arrangements for part-time students are different – please see Section 11.

How do I make repayments?

If you are employed, your repayments will be taken out of your salary every month. Remember, if you aren't earning over £21,000 a year you don't make any repayments.

If you are self-employed, separate arrangements are in place with HMRC to make your repayments.

What happens if I don't finish my course?

Even if you don't finish your course you still have to pay back any money you have borrowed, but not until you are earning over £21,000 a year.

Do I pay back my tuition loan separately to my loan for living costs?

No, the two loans are added together so you only have to make one repayment.

Section 3: Loans to help with living costs – full-time students only

What is a loan for living costs?

It's a loan to help you with the other costs associated with going to university, things like accommodation, food, travel and course materials.

How much living cost loan can I get?

The amount you can get is based on where you live and study, your household income and how much non-repayable grant (previously called maintenance grants) you are entitled to. The maximum amounts you can get are:

- Living away from home and studying in London: £7,675
- Living away from home and studying outside London: £5,500
- If you live at your parent's home: £4,375

How do I apply for the living cost loan?

You can apply for student loans and non–repayable grants by completing an application form online at www.direct.gov.uk/studentfinance.

When do I need to apply for my loan?

Don't wait until you've been formally offered a place – you can apply for your student finance in late 2011 or early 2012.

How will I receive my loan?

The money will be paid directly into your bank or building society account in three instalments – one at the start of each term.

I haven't got a bank/building society account, so what do I need to do?

You'll need to set up an account with a bank or building society because this is the only way the money can be paid to you.

Can I apply for a living cost loan every year while I'm studying?

Yes, you can apply for a living cost loan for every year of your course.

When do I start repaying the living cost loan?

You don't start paying anything back until you are earning over £21,000 a year. See Section 5 for more information on repayments.

How do I make repayments?

If you are employed, your repayments will be taken out of your salary every month. Remember, if you aren't earning over £21,000 a year you don't make any repayments.

If you are self-employed, separate arrangements are in place with HMRC to make your repayments.

What happens if I don't finish my course?

Even if you don't finish your course you still have to pay back any money you have borrowed, but not until you are earning over £21,000 a year.

Do I pay back my living cost loan separately to my tuition loan?

No, the two loans are added together so you only make one repayment.

Section 4: Non-repayable financial help

What non-repayable financial help is available?

Eligible full time students with a household income of £42,600 or less can get a non-repayable living cost grant. This is money you don't have to pay back. Extra financial help is available for students with disabilities and students with child or adult dependants – see Section 12 for more information.

There will also be help available for some students under the National Scholarship Programme – this is still under development. See later in this section for more information.

If you are a full-time student with specific needs - for example if you have a disability, a specific learning difficulty or have children - you may be entitled to additional financial support. Part-time students with disabilities or specific learning difficulties may also be entitled to additional support. Please see Section 12 for more information.

What do you mean by 'eligible full time student'?

Whether you are eligible will depend on factors such as where you live, the course you choose to study, where you study, and whether or not you already hold a higher education qualification.

What is a non-repayable living cost grant?

It's a grant worth up to £3,250 that you don't have to pay back. You can use this money to pay for things such as accommodation, food, travel and course materials.

How much money can I get from a living cost grant?

A full non-repayable grant of £3,250 per year will be available if you are an eligible full-time student with a household income of £25,000 or less. Partial non-repayable grants will be available if you have a household income over £25,000 up to (and including) £42,600.

The following table shows the kind of support on offer to students living away from home and studying outside London. Figures are based on household income.

2012/13 Financial Support by Household Income

Household income	Living cost grant	Living cost loan	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

How do I apply for the living cost grant?

You can apply online for this grant at the same time as you apply for your student loan.

Do I have to pay back the living cost grant?

No, you don't have to pay this money back.

How will I receive my grant?

The money will be paid directly into your bank or building society account in three instalments – one at the start of each term.

I haven't got a bank/building society account, so what do I need to do?

You'll need to set up an account with a bank or building society because this is the only way the money can be paid to you.

When will I get the money from the living cost grant?

The grant is paid in three instalments – one at the start of each term.

Can I apply for a living cost grant every year while I'm studying?

Yes, you can apply for support for every year of your course.

What is the National Scholarship Programme?

The National Scholarship programme is a scheme that is being introduced in 2012 to help students from disadvantaged backgrounds so they can go to university.

Scholarships will be worth at least £3,000 and given to students in the form of tuition discounts and other benefits.

Each university will design its own scholarship scheme so you'll need to check to see what the university you're interested in attending is offering.

The scholarship programme could include things like:

- discounted courses;
- a free foundation year leading to progression to a professional career via a course with high entry requirements;
- discounted accommodation costs; and
- a financial scholarship/bursary – up to a maximum £1,000 cash.

Section 5: Repayment – how it is expected to work for full-time students starting their courses from September 2012

The information provided in this section applies to full-time students only. If you are studying part time please go to Section 11.

When do I start repaying my loan?

You only start to repay your loan from the April after you leave your course and only if you are earning over £21,000 a year.

If you are on a short course or you leave your course early and you would normally have been due to make repayments before April 2016, for administrative reasons your repayments will not start until that date. April 2016 is the date when most students studying a three year degree programme will be due to start making repayments. For those who finish their course earlier, the Student Loans Company will apply interest at RPI only from the April after you finish your course until April 2016. From April 2016, the interest applied to your loan balance will depend on your income.

How do I make repayments?

If you are employed, your employer will calculate your repayment and deduct it from your salary every month through the tax system.

If you are self-employed, separate arrangements are in place with HMRC to make your repayments.

How much will my repayments be?

You repay 9% of your income above £21,000. So for example, if your salary was £25,000, the 9% would only apply to £4,000, meaning you would repay £30 per month. The following table shows some salaries and typical repayments.

Salary	**Amount of salary from which 9% will be deducted**	**Monthly repayment**
£25,000	£4,000	£30.00
£30,000	£9,000	£67.50
£35,000	£14,000	£105.00
£40,000	£19,000	£142.50
£45,000	£24,000	£180.00
£50,000	£29,000	£217.50
£55,000	£34,000	£255.00
£60,000	£39,000	£292.50

How long will it take me to repay my loan?

It depends on the size of your loan and how much you earn after you have finished your course. After 30 years, any unpaid balance will be written off.

What rate of interest will I be charged on my loan?

Interest on your loan will be applied at inflation (RPI – Retail Price Index) plus 3% while you are studying, and up until the April after you leave university. From the April after you leave university if you are earning below £21,000, interest will be applied at the rate of inflation.

For graduates earning between £21,000 a year and £41,000 a year, interest will be applied between RPI and RPI + 3% on a gradual scale depending on income.

For graduates earning above £41,000, interest will be applied at RPI + 3%.

What happens if I lose my job or take a career break?

If your salary falls below £21,000 a year your repayments stop. So if you take a career break or are unemployed your repayments will be suspended until you are earning over £21,000 again.

What if I decide to take a pay cut and my salary falls below the £21,000 threshold?

If your salary falls below £21,000 a year your repayments will be suspended until you are earning over £21,000 again.

Do I have any control over how much I pay back every month?

You don't have control over how much you repay each month as when you are employed and earning over £21,000 a year it will come directly out of your salary.

If you are self-employed, separate arrangements are in place with HMRC to make your repayments.

Can I pay back my loan early?

Depending on the outcome of the Government's forthcoming consultation, a charge may be applied to any additional payments to repay part or all of a loan early. We will make sure we communicate any changes to the people who are affected.

Why should I pay so much more than students currently at university?

Although the amount universities and colleges can charge for tuition is increasing, it's important to remember that you still do not need to pay any tuition costs up front. The new £21,000 repayment threshold is higher than the current threshold of £15,000. So your monthly repayments will be lower than they are for today's generation of students and graduates.

Section 6: Existing students and students starting in Autumn 2011

I'm an existing student/I will be starting university in Autumn 2011 and I'm confused about what I will have to pay.

The changes will not affect you if you are an existing student or if you start your course in 2011.

I'm an existing student / I will be starting university in Autumn 2011 – do the changes affect my repayments?

If you are an existing student and you start your course before September 2012, your repayment threshold will be £15,000. We aim to increase this threshold by RPI (Retail Price Index) each year from April 2012 up to and including April 2015. Your repayments will continue to be calculated at 9% over and above the repayment threshold. Your interest will be calculated at the rate of inflation.

Section 7: Graduates

I'm a graduate – do the changes affect me?

No. If you are currently repaying an Income Contingent loan, you will not be affected by the new student finance package. Your repayment threshold will be £15,000. We aim to increase this threshold by RPI each year from April 2012 up to and including April 2015. Your repayments will continue to be calculated at 9% over and above the repayment threshold. Your interest will be calculated at the rate of inflation.

I already have a degree and want to return to Higher Education – can I get financial support?

Any previous study is taken into consideration when making an assessment for student financial support. If you already hold an honours degree you do not usually qualify for any further support. There are some exceptions to this. Those students who choose to study certain qualifications as a second undergraduate degree for example, medicine and dentistry may qualify for some financial support. You will need to talk to your university about this.

Section 8: Students taking a gap year in 2011

I am taking a gap year from September 2011– will the changes affect me?

Yes. If you are taking a gap year in 2011/12 you will be treated as a 2012 entrant.

Refer to Sections 1 - 4 for more information about the financial support that is available.

I took a gap year from September 2010 – will the changes affect me?

No, if your gap year was from September 2010 – August 2011 and you start your course in 2011 then the changes will not affect you. The increase in the cost of tuition only applies to students entering higher education for the first time in September 2012 or later.

Section 9: Students studying in Northern Ireland, Scotland & Wales

I currently live in England but want to go to university in Northern Ireland or Scotland – how much will I have to pay for my course?

Details of tuition costs that will apply from 2012 for English students studying in Northern Ireland or Scotland have not yet been announced. An announcement is expected later this year. More information will be available in due course at:

Scotland – http://www.scotland.gov.uk/Topics/Education/UniversitiesColleges

Northern Ireland – http://www.delni.gov.uk/index/further-and-higher-education/higher-education.htm

I currently live in England but want to go to university in Wales – how much will I have to pay for my course?

From 2012, as in England, Welsh universities and colleges will be able to charge up to £6,000 a year for their higher education courses. Some will be able to charge up to £9,000 a year. If they do they will need to meet certain criteria set by the Welsh Assembly Government.

I currently live in England but want to go to university in Northern Ireland, Scotland or Wales in 2012 – can I apply for financial support?

Yes, you can apply for the following financial support:

- a loan for tuition for the full amount of your course costs;
- a living cost loan; and
- a non-repayable living cost grant.

Section 10: International students

I'm an EU student intending to study in England – will the new arrangements apply to me?

Yes. If you are an eligible EU student from outside the UK you will have access to a loan to cover the cost of your tuition. You will generally not be entitled to support for your living costs.

What do you mean by 'eligible'?

Eligibility will depend on factors such as where you live, the course you choose to study, where you study, and whether or not you already hold a higher education qualification.

I'm a student from outside the EU intending to study in England – will the new arrangements apply to me?

No. Universities and colleges will continue to set their tuition costs differently for students from outside the EU. You will generally not be entitled to support for your tuition costs or for your living costs.

Section 11: Part-time students

I'm a part-time student – what financial support can I get?

Eligible part-time students in England who start their course in 2012/13 can apply for a tuition loan.

The tuition loan replaces the previous means-tested fee grant and study grant. It will not be means-tested.

Part-time students will not generally be entitled to a loan or grant to cover living costs.

Extra financial help is available to part-time students who have a disability via the Disabled Students Allowance. See Section 12 for more information.

What do you mean by 'eligible'?

Eligibility will depend on factors such as where you live, what course you choose to study, where you study, and whether or not you already hold a higher education qualification.

Eligibility for part-time students also depends on the 'intensity' of your part-time course being at least 25 per cent of a full-time course. For example, if your course takes six years to complete and the full-time equivalent takes three, the intensity will be 50 per cent. Ask your university or college if you're not sure of the intensity of your course.

How much money can I get?

The Government plans to limit the tuition costs which universities and colleges can charge part-time students. This would mean that, for eligible part-time students, your loan would cover the full cost of your tuition. The amount of money you can get would therefore depend on the cost of your course, and you would not be expected to pay any of the tuition costs yourself up front.

How do I apply for the loan?

See Section 2 for more information on how to apply.

When do I start repaying the loan for tuition?

As a part-time student you will be liable to start repaying your loan from the April three years after you began studying, even if you continue to study.

But repayments will only begin if you are earning £21,000 or more. As long as you earn less than this amount, you will not make any repayments.

If your part-time course lasts less than three years, then you will repay from the April after you leave your course. See Section 5 for more information on repayments.

What interest rate will I be charged?

Like full-time students, interest on your loan will be applied at inflation (RPI, the Retail Price Index) plus 3% while you are studying, and up until the April you become liable to repay. From that date, if you are earning below £21,000, interest will be applied at the rate of inflation.

For those earning between £21,000 and £41,000 interest will be applied between RPI and RPI + 3% on a gradual scale depending on income.

For those earning above £41,000, interest will be applied at RPI + 3%.

Section 12: Students with special needs

I have a disability – can I get any extra financial support?

Disabled Students' Allowances (DSAs) are available to help you if are doing a higher education course and will incur extra costs because of a disability (including a long-term health condition, mental health condition or specific learning difficulty such as dyslexia).

DSAs are paid in addition to the standard student finance package and are available if you are studying on a full-time or part-time course. They are not dependant on income and do not have to be repaid.

I've got children – will I get extra financial support?

A Childcare Grant is available for full-time higher education students who have dependent children in registered or approved childcare.

The grant pays 85% of actual childcare costs in term times and holidays up to a maximum amount per week.

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

Is there help available if I get into financial difficulties?

The Access to Learning Fund is a discretionary fund administered by universities and colleges which can provide help for students in financial difficulties who may need extra financial support to stay in higher education.

I want to study for a medicine or dentistry degree – what financial support can I get?

Responsibility for providing student support for medicine and dentistry degrees is shared between the Department of Health (DH) and the Department for Business, Innovation and Skills.

If you are taking a first degree in medicine or dentistry you can apply for the main package of support for the first four years of your course. After that the level of support decreases as you then become eligible for the NHS bursary scheme.

The Department of Health also has sole responsibility for providing financial support to students studying a number of healthcare-related subjects, including nursing, midwifery, physiotherapy and radiography. This support includes an NHS Bursary.

For further information go to: www.nhsbsa.nhs.uk/students

Section 13: General questions

I'm worried that I'm going to be saddled with a lifetime of debt as a result of the changes

A graduate earning £25,000 a year would repay their loan at a rate of £30.00 a month. If your earnings fall, then your repayments will fall as well. If you are in lower paid work or unpaid work (which may include time bringing up a family) you won't make any repayments.

You don't have to pay anything back until you are earning more than £21,000 a year. The £21,000 earnings threshold will be increased every year in line with earnings from April 2017.

Any outstanding loan will be written off after 30 years.

There's no point in getting saddled with debt because there are no graduate jobs to go to

The current jobs market is a tough one. But having a degree does improve your chance of getting a job and research shows that over the long term graduates earn more than non-graduates.

Research also shows that graduates are considerably more likely to be in a job than people with lower qualifications. And, on average, a university graduate earns £100,000 more during his or her lifetime – net of tax – than someone who leaves school at 18.

Will loan repayments affect my ability to get a mortgage?

The Council of Mortgage Lenders has advised that a student loan is very unlikely to impact materially on an individual's ability to get a mortgage. The amount of mortgage available may depend on net income.

Will loan repayments affect my ability to take out a loan?

This will be a decision for the loan provider, but student loan information won't be shared with credit reference agencies by Student Finance England.

We're paying more, but we're getting nothing in return

The reforms will make the experience of going to university better as it puts power in your hands.

In future student choices will shape higher education. So, it will be in every university's interest to persuade potential students that its teaching arrangements, facilities and undergraduate support are worth investment.

Universities will have to provide you with more information about things like contact time and the jobs that their graduates go on to.

I'm worried that the course/university I want is going to be axed because only the most popular courses will survive

Students will ultimately decide which courses are offered because universities will need to respond to demand – where there are courses that attract students they will run. There is already a very diverse choice of courses and there is no reason why these will not continue. However some courses are of strategic importance to the country and we will put in place measures to protect those.

Where can I go to find out how much courses will cost?

You should contact the relevant university for further information.

How will I know which course is the best value?

Each university will publish clear, comparable information on its website about each of its courses. This will include the course costs, satisfaction rates, graduate salaries and where their graduates are employed.

Universities will also have to show how students learn - how many hours per week are spent in lectures and seminars and how much private study is expected.

It will be in every university's interest to make sure that its teaching arrangements, facilities and undergraduate support are worth students investing in.

Over time, popular and successful institutions will be able to grow and we expect new higher education providers to enter the sector as long as they can offer a teaching experience to the high standards students will expect.

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