



Higher Education Finance

The picture so far...



1st – A few questions

- How many of you are worried about the finance of university?
- How many of you know how the graduate contribution scheme works?
- How many of you know how the interest rates on the loans work?
- How many of you know whether your child will qualify for the maintenance grant?
- How many of you know if your child can will get a maintenance loan?
- How many of you feel you know enough information to make informed decisions?



Cash in Hand

Payback





Tuition Fees

Fees

- Between £6k & £9k/year to cover the cost of the removal of govt. funding for teaching
- Different courses at the same HEI may have different fees
- Cambridge, Oxford, Exeter and Imperial = £9k for all
- Some HEIs may charge <£6k
- HEIs to set fee rates by Mid April and they are to be agreed by July

Tuition Fee Loan

- Same as fee amount/year
- Paid directly to the HEI
- Apply through Student Finance England





Maintenance Grant & Loan

Maintenance Grant

- Non-repayable “free” money
- Available to students with a household income of between £0 and £42k/year
- Household incomes of below £25k will get the full grant of £3,250/year and then it’s a sliding scale

Maintenance Loan

- A student’s household income determines how much they get
- A loan of up to £5,500 will be available if you live away from home and study outside London
- A larger loan of up to £7,675 will be available if you live away from home and study in London
- A loan of up to £4,375 will be available if you live with your parents





Maintenance Grant & Loan

Household income	Non repayable grant	Maintenance 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



Bursaries and the National Scholarship Programme

Bursaries

- Up to each HEI what they offer
- Probably only be available for very select groups for particular things
- E.g. Care leavers, disabled students and to buy computers etc...
- HEIs to announce bursaries by Mid April and they are to be agreed by July – will need to look on each HEI's website for more details

NSP

- Only for students with household incomes below £25k + other criteria
- HEI sets own criteria and what it will offer – need to look on their website for more details
- Menu of options but no < £3k worth of provision per student
- Only available for 1st year of course

Cash in Hand Summary

Tuition Fees

Tuition Fee Loan

Maintenance Grant

Maintenance Loan

Bursaries

National Scholarship Programme



Graduate Contribution Scheme

Start paying back the debt once
you are earning money

Amount you pay back is related to
amount you earn not how much
you owe

The debt is subject to interest





Interest rates

- Your student debt will start to accrue as soon as you take out any loans
- Whilst you are studying and until the April after you graduate the interest rate on your loan will be in line with inflation – RPI (Retail Price Index) - + 3%
- If you earn below £21K/year interest will be applied at the rate of inflation
- Once you earn over £21k/year you will be on a sliding scale of interest until you earn £41/k year
- The scale of interest for those earning between £21k/year and £41k/year is between RPI and RPI + 3%. Once you earn over £41k/year the rate of interest is fixed at RPI + 3%
- The current rate of inflation – RPI – is 4.5% (this is different to CPI that the Bank of England like to keep at around 2%)



Loan Repayments

- You only start paying back the debt once you are earning over £21k/year
- You only pay back at a rate of 9% of anything you earn over £21k/year
- If you your earnings fall or increase then your payments follow suit
- Question: If your child is earning £30k/year how much money would they pay back per month?

£30,000 - £21,000 = £9,000

9% of £9,000 = £810 (9,000/100*9)

Annual rate of loan repayment = £810

Monthly rate of loan repayment = £810/12

= £67.50/month



A few other things...

- Any outstanding loans will be cancelled 30 years after graduation or if you die
- Part time students (studying a $\frac{1}{4}$ of the full time equivalent) will be eligible for student finance
- The government still seem to like the idea of “payment holidays” where you can stop paying back your debt for up to 5 years to buy a house or similar
- There will add itional financial support for students with particular needs (e.g. a disability, children of their own, care leavers etc...)
- This type of debt should not count against getting a mortgage etc...
- You need to consider the value of a Higher Education qualification

Payback Summary

Loan repayments

Interest rates

Additional information





Further information

Department for Business,
Innovation and Skills website:

www.bis.gov.uk

Student Finance England:

direct.gov.uk/studentfinance

Any Questions?