



April 2023

Dear Student and Parent/Carer

Re: INFORMATION ABOUT STUDENT FINANCE FOR UNIVERSITY

Finances and the myths surrounding student finance can be a barrier for students and parents when important decisions are being made about future aspirational pathways.

In addition, these finances are often the biggest area of confusion and concern for students and parents, so I am writing to provide some information which I hope will help you all in your decision-making process.

- Students get two loans, a **Tuition Loan** which pays for their education at the university they attend, and a **Maintenance Loan** which is for living on (accommodation, food etc).
- Students never receive or handle the Tuition Loan – this goes direct to the university.
- The amount of the Tuition Loan is **not** means-tested (dependent on income).
- The Maintenance Loan **is** means-tested and is also variable on whether a student chooses to stay at home and study or live away and study (students get more if they leave home).
- Students apply annually for their loan/s (don't have to take a Maintenance Loan if they are earning enough to support themselves), the Maintenance Loan is paid in three lump sums to help students budget.
- The Loan/s only become repayable when the student graduates and is employed and earning more than £25,000 a year.
- Once they earn over £25,000 a year (which is £480 a week or £2,083 a month) they only pay **9%** of what they earn over £25,000 - Example: Earning £2,250 a month [£27K], minus £2,083 = £167, 9% of £167 = £15 a month repayment.
- If a graduate works in a sector of employment where they never earn over £25,000, then they pay **nothing** and the Loan is written off after 40 years.

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Principals Mark Gilmore & Rachael Merritt



There is a wealth of information online regarding this topic, you can search Student Finance England, UCAS and student forums such as The Student Room if you wish to explore this further.

In addition, please see the information on the page below and please do not hesitate to contact the college if you would like to speak to someone regarding this issue, we are always happy to help.

Yours sincerely

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TUITION FEES LOAN	MAINTENANCE LOAN (Living costs)
Maximum a university can charge is £9,250 a year	<p>Amount of loan you can get This is determined by two factors: 1)household income 2)if the student is living at or away from home <u>Example of sliding scale:</u> <i>Min £25K or less household income = £8,171 a year loan if living at home, £9,706 if living away but outside London; if in London £12,667.</i> <i>Max £70,022+ household income = £3,597 a year loan if living at home, £4,524 if living away but outside London; if in London £6,308.</i></p>
Payments go directly from Student Finance England to the University (never into student's accounts)	<p>Applying for the loan MUST apply online: www.gov.uk/studentfinance Usually goes live in April (we will notify students as soon as we know). Recommend students do this by MAY. CANNOT start university without this in place.</p>
Only becomes repayable after graduation	<p>Repaying the Loans Your child will be on a Plan 5 loan. Their threshold for when they start to repay the loan is set at £25,000 i.e., they must be earning (post-graduation) that amount or more before repayments start. They only pay a percentage (9%) of what they earn over £25,000 (that's £480 a week or £2,083 a month). <i>Example: Earning £2,250 a month, minus £2,083 = £167, 9% of £167 = £15 a month repayment.</i> THEY PAY NOTHING IF THEY EARN ON OR UNDER £25,000. Loan is written off after 40 years.</p> <p>Living expenses – You would expect to pay approximately £120-40 a week for accommodation, and students should be able to live on approximately £30-50 a week.</p>
Useful websites for more information are: www.gov.uk/studentfinance or www.thestudentroom.co.uk/studentfinance	

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