

# Lesson plan for student finance - duration 40 minutes+

## Learning objectives

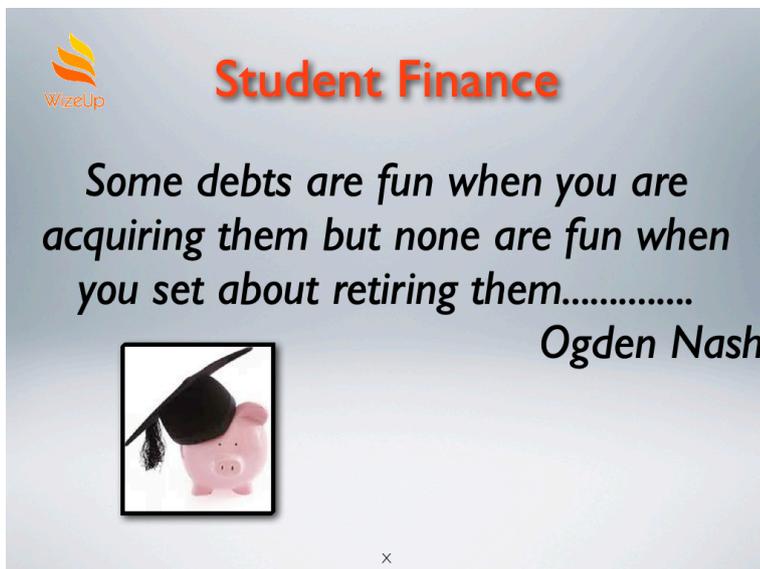
- To understand how students are going to receive financial support at university
- To impress on them that they may not get enough money just from their student loan
- To explain how the application process takes place.

## Resources

- WizeUp powerpoint presentation
- Worksheet
- Videos
- Kahoot! quiz

## Content & teaching activity

### Slides



**Student Finance**

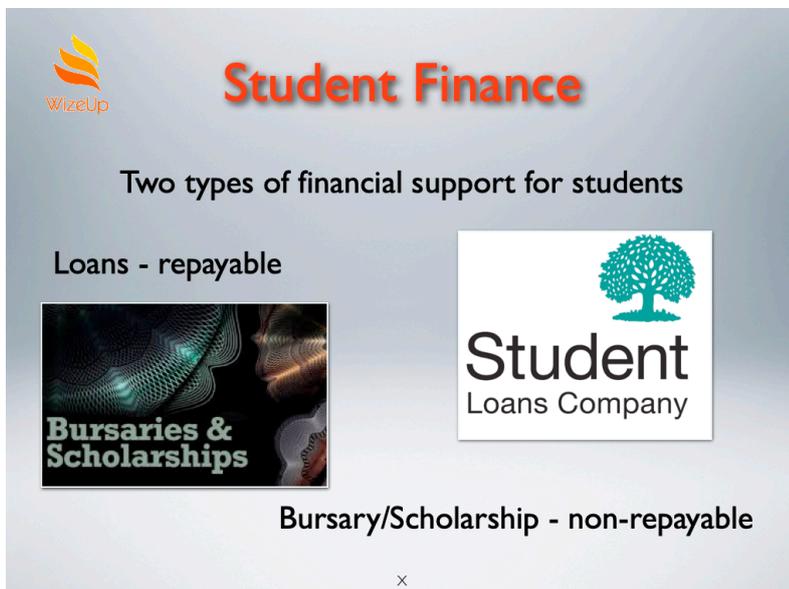
*Some debts are fun when you are acquiring them but none are fun when you set about retiring them.....*

*Ogden Nash*



### •**Starter**

Explain that this is for English universities only. NI, Scotland and Wales slightly different.



**Student Finance**

Two types of financial support for students

Loans - repayable



Bursary/Scholarship - non-repayable

There are two ways to receive financial support whilst at uni. **Students loans - repayable - from the student loan company which is government backed. Bursaries and scholarships which are not repayable and may be given by universities and or businesses.**



## Applying

### When?

Earliest - February for that year, Latest - 9 months after the start of the academic year

### Where?

Online

### How often?

Every year - but if circumstances haven't changed its one click online not the full process.

x

The application process starts around the late Feb. early March of the year you go to uni.

You will open up an online account with the SLC - probably from school or college.

Part of this application will need to be completed by parents as it will be means tested.

Even if it is a known 3 or 4 year course the application is only for that year.

A new application has to be completed for each year.

Provided circumstances haven't changed it is just a mouse click.



## Loans for tuition fees



Maximum £9,250 per year

Full time

Maximum £11,100 per year

Accelerated course

Maximum £6,935 per year

Part time

Universities achieving TEF (Teaching Excellence Framework) status will be allowed to increase their fees in line with inflation - capped at £9,250 for 2020/21

Paid directly to your college or university each term

25% - 25% - 50%

x

Go through slide.

Worth shopping around as some universities will charge less than others for the same course.

Explain that these figures can change.

Students can only borrow up to the cost of their course - not more.

Even if uni. Is granted TEF it cannot raise Financial education and employability skills by more than the ceiling.

Students will not see the money - it is paid directly to the university but they can check their online account.

**Ask if there are any questions here**



## Loans for living costs



Maximum £7,747 per year

Minimum £3,410 per year

x

Amount students can borrow for their living costs (maintenance loan) depends on where they are living and studying and what household income is.

This then equates to the amount they can borrow with this being the maximum and minimum.

These figures are for living at home and studying locally - not popular.

But the cheapest option as there is no rent, no, bills no food so loan only has to cover fares, equipment, books, clothes and socialising.



## Loans for living costs



**Maximum** £9,203 per year

**Minimum** £4,289 per year

×

Living away from home but outside of London gives this maximum and minimum. But halls costs and room costs will vary widely depending on where in the country to study. Could be anything from £300 a month to £750 a month Remember that rent will not include bills or food or anything else.

Good chance that the amount you can borrow will not cover rent, bill and food even without other costs.

Good chance students will have to augment loan income with some other income.



## Loans for living costs



**Maximum** £12,010 per year

**Minimum** £5,981 per year

×

Living away from home and in London gives this maximum and minimum.

Higher amounts but more expensive - up to £1100 a month rent.



## Loans for living costs

Summary from April 2020

Living at home

**Maximum** £7,747 **Minimum** £3,224 per year

Living and studying outside London

**Maximum** £9,203 **Minimum** £4,289 per year

Living and studying in London

**Maximum** £12,010 **Minimum** £5,981 per year

Paid directly to your bank account - 1/3 each term

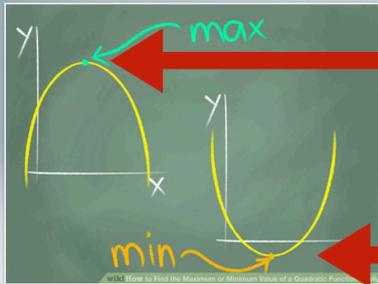
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Summary.

This is paid into students bank account one third of the total amount each term.



## Loans for living costs



If combined household income of  $<£25,000$

If combined household income of  $>£69,000$  (varies)

x

This is how the maximum and minimum works.  
 If household income less than £25k then you will get the max.  
 If more than £59k outside of London or £69k inside of London then only minimum.  
 Household income isn't just salaries. It also includes interest on savings, dividends, pensions and benefits. All of these figures are calculated gross - ie before tax.  
 If there are more dependents living at home then these figures will increase - but not enormously.



## Loans for living costs

Other circumstances which may affect the amount you can borrow are if:

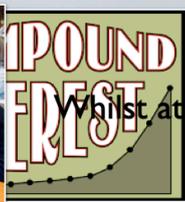


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There are four ways whereby you may be able to get a larger maintenance loan  
 If you have your own child  
 If you are a full time or part time carer  
 If you have physical or learning difficulties  
 If you live on your own



## What will it cost?



Whilst at Uni.....

**RPI +3%**

Currently 2.6% for academic year 2020/21) + 3%  
 This is fixed at March RPI for the following academic year

If you take an average loan out of £45,000 it could cost you £2,520 per year just in interest at today's rates!

x

The cost of your loan may be different once you graduate to when you are at university.  
 At uni you will be charged 3% over RPI.  
 RPI will be fixed every April for the next academic year.  
 Mean amount of student loan is around £45k.  
 Interest at today's rates will be around £2.5k per year.



## What will it cost?



After graduation.....

Earnings < £26,575 = RPI

£26,575 < Earnings < £47,835 = RPI + up to 3%

Earnings > £47,835 = RPI + 3%

x

After uni you may be charged just RPI, RPI + 0-3% or RPI + 3% depending on earnings. These are gross earnings - before tax



## Repaying the loan



<£26,575 no repayments

If interest is £26,575 you will have 9% of earnings above you earn > £52,000 before £26,575 is paid off principal on a loan of £45,000

x

If gross earnings are below threshold then no repayment of loan due  
Interest will still accrue though 9% of any earnings above threshold will HAVE to be repaid to SLC  
Employers will do this for you  
If you are self employed this has to be done by you annually.  
Fines for late payment  
If you move abroad the repayments still have to be made  
If rates stay the same then earnings will need to be >52k just to cover the accruing interest on a £45k loan



## Student Tax X

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This acts like a loan in only two ways  
Has a principal  
Accrues interest  
Doesn't act like a loan because repayment schedule doesn't change irrespective of size of loan.  
Doesn't effect your credit score  
Acts more like a 9% tax on earnings above the threshold.  
Better to look at it as a student tax rather than a student loan.



## When will it all end?



Jennifer Aniston



Matthew McConaughey

30 years after loan repayments are due to commence.  
(April after graduation.)

At this point the loan is cancelled and the debt wiped out.

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Your debt will be repaid when you have paid back the amount you borrowed plus the interest which has accrued

Or

30 years from the April after you graduate the entire loan, irrespective of size will be wiped out.

So at aged 51 you will be free of students debt.

If that seems old these two are both 51 and they look good!



## Disabled Student Allowance

Apply via [DirectGov](#)

Extra support will be available to those students with a mental health problem, long term illness or any other disability.

Specialist equipment allowance Up to £5,849 for the whole course

Non-medical helper allowance Up to £23,258 a year

General allowance Up to £1,954 a year

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Students with physical disabilities are entitled to extra help.

Go through the slide



## Bursary/Scholarship



College  
University  
Employer

x

Scholarships given by the faculty of the university.

Less now than there once were

Everyone can apply

If you are lucky enough to get one then its unlikely to be repeated the following year.

Bursaries given by industry in return for a commitment to work with the company for a period of time after graduation

Ask lots of questions before signing up for this as there have been cases where graduates have to repay all of the money earned whilst at university in order to buy their freedom!

Could show a film from the website here is time allows

**Test Knowledge**

Kahoot! Quiz on the website

**Plenary**

Get students to research costs for their chosen university town

Invite students to open a discussion with parents to ensure that they realise that the student loan is unlikely to cover all costs associated with a degree.