Understanding Student Finance:
The Basics

Going to university is an exciting experience that offers huge opportunities, but it can also be worrying, especially if you are not sure how the finance works. This guide gives you the basics and explains where more detailed information can be found.
You can also contact Mrs Sharon Smith (Careers Leader) at sharon.smith@thomasclarksonacademy.org and Mr Ryan Hall (Careers Adviser) at ryan.hall@thomasclarksonacademy.org, at TCA for further assistance.

First things first…
Student Finance comes in two parts:

Tuition Fee Loan:
This is paid directly to the university and covers the cost of teaching – approx. £9,250 per year.

Maintenance Loan:
This is paid to the student to help cover living costs, such as rent, food and books.
The amount varies depending on where you are studying, if you are living at home and your family income.

Student Finance England manage this process and they have a calculator to help you understand how much you could claim. The website is: www.gov.uk/student-finance-calculator.
The loans are added together to form the total amount you will owe at the end of your studies.

Paying back…..
FACT: You only start to pay back your student loan when you earn over £27,295 per year (from 6th April 2024).
FACT: If you have not paid back your loan it is wiped off after 30 years, from the April **after** graduation.
FACT: You only paya fixed 9% on earnings above £27,295 per year. If you earn less then you do not repay anything.
FACT: Payments **DO NOT** change depending on how much you owe – you could do a 3, 5 or 7 year course – you will still only pay 9% on any earnings over £27,295.
FACT: 'Above-inflation' interest will be charged. Inflation rates are currently around 3.4% (as of April 2024) and capped at 7.8% (as of April 2024).
FACT: Student loans **DO NOT** go on your credit file or impact on you getting a mortgage.

So here's how it works…..

Jenny goes to university and accumulates a total student loan of £60,000 (tuition fees & maintenance)
Jenny graduates and starts a job earning £22,000 – she does NOT make any loan payments.
Jenny gets promoted after 2 years and earns £28,000 - this is £705 above £27,295 and therefore she will pay 9% of £705 = £63.45 per year (approximately £5.29).

Sarah gets a job earning £35,000 – this is £7,705 above the threshold, 9% of £7,705 = £693.45 per year (approximately £57.79).

Parents can 'top up' maintenance loan payments & students are also able to work, both whilst at university and during the long holidays (university terms are much shorter than school).

In addition, students can apply for **bursaries and scholarships**. These funds **DO NOT** need to be paid back – it is FREE money – however you have to be eligible and each university has their own system, so you apply once you have your place.

More information can be found at the websites below. Moneysaving Expert is very helpful and provides 'Myth Busting' and more detailed financial information. There is also a handy .gov curated YouTube video.
Websites:

Student finance in England - Everything you need to know (ucas.com)

SFE - Student Toolkit (studentfinance.campaign.gov.uk)

Student loans 2012-22: the truth about uni fees, loans & grants - MSE (moneysavingexpert.com)

Student Finance Explained 2024 to 2025 (youtube.com)