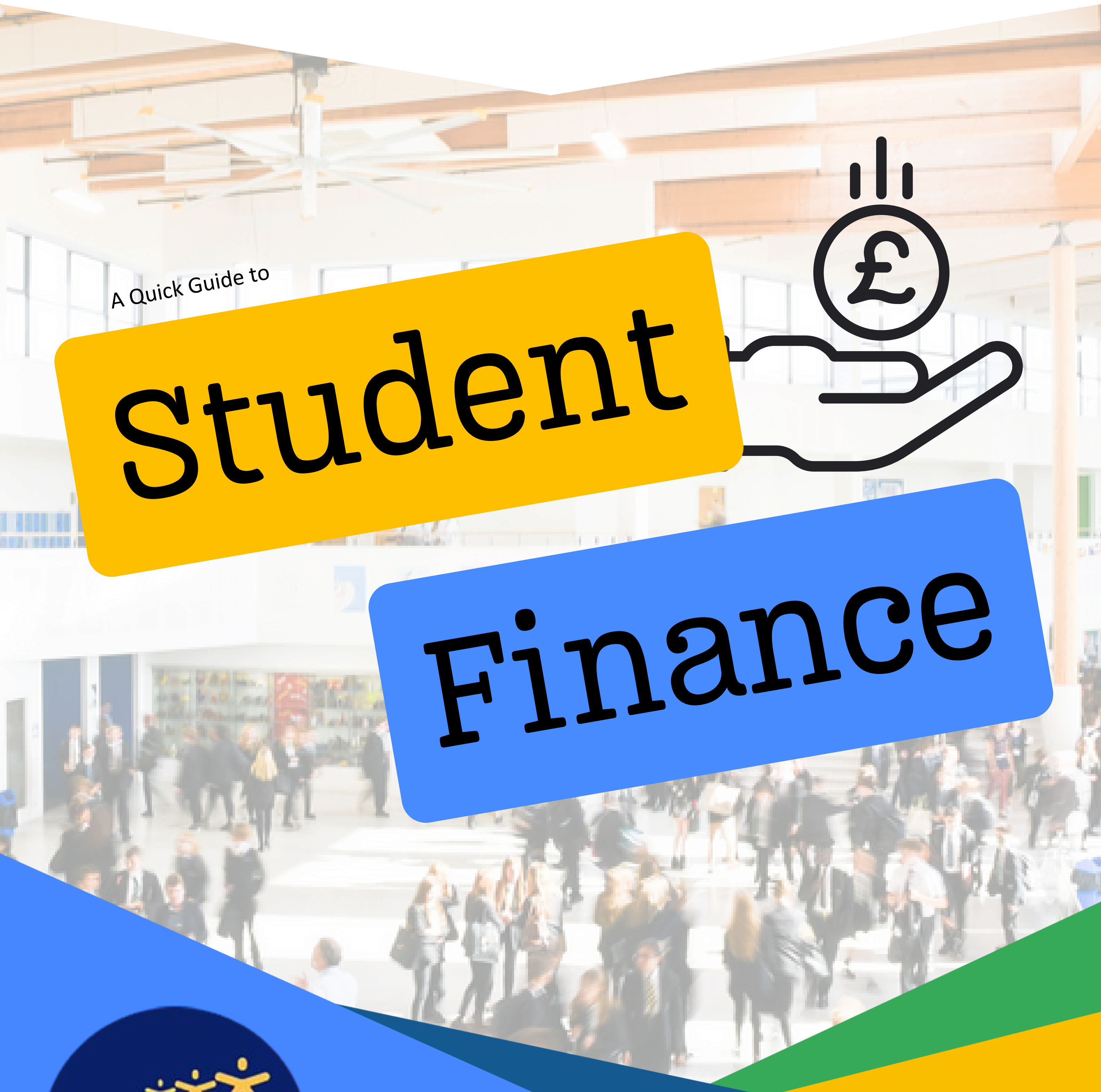
Thomas Clarkson Academy

Thomas Clarkson Academy Sixth Form



A Quick Guide to

Student Finance

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First Things First

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. This information is based on payments made by Student Finance England (SFE)

Student Finance is available in two parts. Student Finance England pays out a government-led loan to full-time and part-time students, covering tuition fees and most living costs. These payments differ under certain circumstances, which we will cover.

SFE Checklist

- Tuition Loan
- Do I need Maintenance?
- Work out household income
- Any extras?
- Get money £££

Tuition Fee Loan:
This is paid directly to the university and covers the cost of teaching – up to £9,535 per year.

Maintenance Loan:
This is paid to the student in three instalments 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. A table at the end of this document breaks down the 2024/25 figures as an example.

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.
The deadline for SFE Applications for new students 2025/26 is 16th May 2025.

Maintenance Loans

Maintenance loan payments are based on a number of criteria, primarily household income as well as benefit payments and disabilities.

Household Income	Living at home	Living away from home (outside of London)	Living away from home (in London)
£25,000 or less	£8,610	£10, 227	£13,348
£30,000	£7,887	£9,497	£12,606
£35,000	£7,163	£8,766	£11,863
£40,000	£6,440	£8,035	£11,120
£45,000	£5,716	£7,304	£10,377
£50,000	£4,993	£6,573	£9,634
£55,000	£4,269	£5,842	£8,891
£58,291	£3,698	£5,229	£8,191
£60,000	£3,790	£5,111	£8,148
£62,347	£3,790	£4,767	£7,799
£65,000	£3,790	£4,767	£7,405
£70,000	£3,790	£4,767	£6,662
£70,098+	£3,790	£4,767	£6647

Based on 2024/25

Payback Time

If you're from England and have started your degree on or after 1st August 2023, your loan will be on Plan 5. Plan 5 loans currently have an interest rate of 4.3%. The interest rate for Plan 5 loans is usually based on the RPI rate (a measure of inflation) both during and after university. In March 2024, RPI was 4.3%. Remember, this figure normally changes every September, but rates can also change throughout the year. Below you will find some 'myth-busting' facts to help you understand how this works.

Under 'Plan 5' (courses starting after 1st August 2023) you only start to pay back your student loan when you earn over £24,996 per year, or £2,083 a month.

Under 'Plan 5' if you have not paid back your loan it is cancelled after 40 years, from the April after graduation.

You only pay a fixed 9% on earnings above £24,996 per year. If you earn less, then you do not repay anything.

'**Above-inflation'** interest will be charged. Inflation rates are currently around 3.4% (as of January 2025).

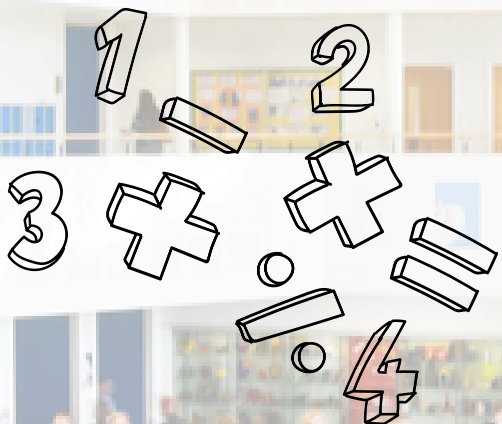
Payments DO NOT change depending on how much you owe. Regardless of if you do a 3, 5 or 7 year course you will still only pay 9% on any earnings over £24,996.

Student loans DO NOT go on your credit file or impact on you getting a mortgage. This is a government loan, not a bank loan.

If a student is eligible for Disabled Student Allowance (DSA) this extra payment does not need repaying. This is funding from the government for extra support.

How does it Work?

The maths around student loan repayments can appear a bit complex. A student loan is less a conventional bank loan and behaves more like a 'tax', deducted from student's wages from approximately a year after graduation. When repayment starts, and how much, is based on earnings, not on how much is 'borrowed'. Below is a working example;



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 £3,004 above £24,996. At the fixed repayment rate of 9% she will repay £22 a month. This is deducted from Jenny's wages, much like a tax would be.

Jenny then gets a new job earning £33,000 – this is £8,004 above the threshold. Jenny's new 9% repayment monthly is now £60 a month.

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). This does not influence the amount of student loan payable.

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;

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

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

Plan 5 Student Loan | New Repayment Plan Guide | CIPP

Notes and Research