



Understanding Student Finance and Postgraduate Loans 2020-2021

Introduction

A postgraduate loan can help with course fees and living costs while you study a Masters programme. It is paid directly to the student and is not based on their income or the income of the household. Payments are made after you start the programme and once the institution confirm the student has registered. **All postgraduate students must pay their own course tuition fees. There is NO tuition fee loan.**

The loan may be taken into account when working out any benefits you receive. If you apply for a postgraduate loan, you won't be eligible for an Adult Dependents' Grant, a Childcare Grant or Parents' Learning Allowance. You have to repay your postgraduate loan at the same time as any other student loans you have. You'll be charged interest from the day you get the first payment.

You can also get extra support if you have a disability (<https://www.gov.uk/postgraduate-loan/extrahelp>).

Eligibility

Whether a student can qualify for a postgraduate loan depends on:

- University - Must be studying at a UK university or college;
- Programme - Must be a postgraduate Masters programme;
- Nationality or residency status - Must be a UK or EU national or have settled status;
- Age - A student must be under 60 on the first day of the first academic year;
- Previous study - If a student already holds a Masters level or higher level qualification, then they won't be eligible for a postgraduate loan.

How much will I get?

The loan is paid directly to you. You can use it for your programme fees and living costs. The Department for Work and Pensions (DWP) may take account of the loan when working out any benefits you receive. The amount you'll get depends on when you started your course. It isn't based on you or your family's income.

If your programme starts on or after 1st August 2020, you can get up to £11,222 maintenance loan only for a year. Part-time and online programmes spread the cost over the length of the course.

You get the first payment after your programme start date, once your university or college confirms that you have registered. It will be paid in instalments throughout the year.



Repayments

Repayments on postgraduate loans depend wholly on the amount you earn; if you earn under £21,000 you'll never repay a penny. All repayments are taken directly from your salary by HMRC meaning you'll never need to worry about making or missing a payment. If you earn over £21,000 per year and your income changes to below £21,000, repayments will automatically stop. You will repay 6% of any amount over £21,000. See example below:

- **If I earn £22,000 a year, how much will I repay?**

£22,000 is £1,000 above the threshold meaning you will repay 6% of £1,000. This equates to £60 a year or £5 a month.

- **If I earn £31,000 a year, how much will I repay?**

£31,000 is £10,000 above the threshold meaning you will repay 6% of £10,000. This equates to £600 a year or £50 per month.

- **If I earn £40,000 per year, how much will I repay?**

£40,000 is £19,000 above the threshold meaning you will pay 6% of £19,000. This equates to £1,140 per year or £95.00 per month.

I'll be repaying this for the rest of my life!

Not true – after 30 years any amount you currently owe is wiped out, so if for 30 years you earn £21,000 a year you won't have repaid a penny and your debt will be clear. The reality is only those on high incomes will ever repay their loans in full. It's important to note that not repaying much because you're just over the threshold isn't a bad thing. These loans are designed as more of a graduate tax rather than a loan.

How much interest will I pay?

The interest rate is set at the rate of inflation (RPI) plus 3%. The interest rates are as follows:

- **While studying** – Your loan accrues inflation plus 3% of the outstanding balance. This continues until the first April after graduation.
- **After studying and earning under £21,000** – Your loan accrues inflation only.
- **After studying and earning between £21,000 & £41,000** – The interest rate will gradually rise from RPI to RPI plus 3%. The interest rate rises at 0.00015% per every pound earned. Or to put it another way, if you earn £1,000 more, you accrue 0.15% interest.
- **After studying and earning over £41,000** – Your loan accrues the full RPI inflation plus 3%.

Please note that all the above scenarios assume that inflation is positive (prices rising). It's not yet known what would happen in a period of deflation.



Deadlines to apply for postgraduate loans

To make sure the loan is in place for your first semester in September 2020, students need to apply as soon as the forms are available, normally in May/June 2020.

Can I repay my loans early?

Yes. In the early days of student loans, the government consulted on penalties to stop people repaying early and avoiding interest – thankfully the mass of feedback they received was against the idea and it was scrapped.

Further questions?

If you have any further questions please do not hesitate to contact us on fees@ucfb.com, 0333 241 7426 or 0333 241 7443.

Other useful contacts and links

Student Finance England Postgraduate Loan student support line - 0300 100 0031, Monday to Friday 8am to 6pm.

GOV.UK:

This website provides detailed information about postgraduate loans written specifically for students and those considering study. You can also apply online or download an application form from www.gov.uk/postgraduateloan

Student loan repayment information:

www.gov.uk/postgraduateloan/repayment

Disabled students:

www.gov.uk/postgraduateloan/extrahelp

Change of circumstances information:

Any changes in a student's circumstances can affect their eligibility for funding. Further advice and information is available at www.gov.uk/postgraduate-loan/how-to-apply

Additional means of funding:

Future Finance provide private loans tailored for students with an average APR rate of 11.2%. For more information on this, visit the Future Finance section on our website: <https://www.ucfb.com/programmes/how-to-apply/student-finance/>