

Understanding Repayment

Student Finance Fact Sheet (FS08)



This fact sheet will help you understand how and when you will have to repay your student loans. For more detailed information you can look at our guide '**Repaying your student loan**' available at www.studentloanrepayment.co.uk.

When do I have to start repaying?

You will only start to repay your student loan in the April after you graduate or leave your course as long as you are earning over the repayment threshold of £1,250 a month, £288 a week or £15,000 a year. So, if you graduate in May 2013, your repayments will be due to start in April 2014.

How much do I repay?

A student loan is 'income contingent' so how much you repay depends on your income, not on how much you borrow. You will only start to repay when your income goes over the repayment threshold of £1,250 a month, £288 a week or £15,000 a year. You will have to repay 9% of what you earn over this amount. If you earn less than the repayment threshold, you will pay nothing. The table below shows the approximate monthly repayments that you would need to make.

Take a look at the examples below to see how it might work for you.

Income each year before tax	Monthly salary	Monthly repayment
up to £15,000	Below £1,250	0
£16,000	£1,333	£7
£18,000	£1,500	£22
£21,000	£1,750	£45
£24,000	£2,000	£67
£27,000	£2,250	£90
£30,000	£2,500	£112

How are repayments collected?

For most people, repayments are made through the UK tax system. HM Revenue & Customs (HMRC) will collect your repayments from your salary, along with income tax and National Insurance, through Pay As You Earn (PAYE). If you are self-employed, HMRC will collect your repayments through the tax self-assessment system.

You can also make extra voluntary repayments at any time.

What if I go abroad?

You still have to repay your loan if you go abroad to live or work. If you are overseas and therefore not covered by the UK tax system, you will make repayments direct to us. It is important that you contact us before you leave the UK, and fill in the Overseas Income Assessment Form so that we can work out a repayment schedule for you. This form is available on the website at www.studentloanrepayment.co.uk.

To take account of differences in living costs, the repayment threshold in a foreign country will not necessarily be the same as in the UK. If you go abroad when you finish studying and think you may not be in regular contact while you are away you can give someone else Power of Attorney. This allows them to act on your behalf and we would recommend you consider doing this.

Do I pay interest on my loan?

You will be charged interest on your loan from when you receive your first payment until the loan is repaid in full. The interest you are charged is lower than that applied to other commercial loans. For the latest interest rate please visit www.studentloanrepayment.co.uk/interest.

More information

You can get more information on repaying your loans by visiting our repayment website at www.studentloanrepayment.co.uk or by reading the guide '**Repaying your student loan**' which is available on our website.

