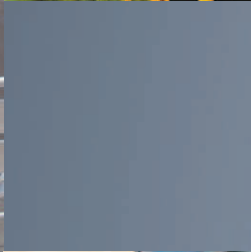


Higher Education Update for Students

A Guide to Student Finance Changes



A guide to Student Finance Changes

There has been a lot in the news about the big increases to Higher Education fees from 2012. This short guide sets out the key things you need to know about the changes and what it will mean in real terms. We hope the information provided will help you make informed decisions about your future based on the facts about student finance.

Higher Education is not just for the better off. Loans and grants mean you don't need to find the cash upfront to go to university. A large amount of student loan debt may seem daunting but we will explain how repayment works in real terms.

We will explain:

- the key changes to student finance from 2012
- the costs of going to university
- what financial support is available to help meet these costs
- how student loans work and how much you will have to repay
- give links for further information and help

Please bear in mind...

The proposed changes to student finance are subject to parliamentary approval and details are still emerging. There are some useful links given at the end of this booklet to give you more detailed information and help you stay up to date.

Who is affected?

The changes only affect new undergraduate starters beginning a programme on or after 1st September 2012.

Applicants taking a gap year and starting a course in 2012/13, instead of 2011/12, will still have to pay the new fees, even if they have a guaranteed place under the deferred entry scheme.

The changes to tuition fees outlined apply to universities and colleges in England.

The proposed package of student loans and grants only applies to UK students who normally live in England.

The fees English students will have to pay to study in Scotland and Wales will also increase and are likely to rise to a maximum of £9000.

Why go on to Higher Education?

Employment and Earnings

Despite the current economic climate, graduates are still much better off in terms of getting a job and the salary they can earn.

Having a degree improves your chance of getting a job and earning more. Research shows that graduates are more likely to be in a job than those with lower qualifications.

On average, a university graduate earns £12,000 per year more than someone who leaves school at 18 and does not go on to higher education (Office of National Statistics, 6 April 2011).

The average graduate will earn over £100,000 more than a similar individual who achieved university entrance qualifications but did not go into HE – this premium is holding up despite the recession (Foskett, Roberts and Maringe 2006).

Other benefits

Universities give students unique opportunities to study subjects they are truly interested in and develop skills which will benefit them for a lifetime.

Research shows graduates are more healthy, more active in the community, and more likely to pass on generational benefits to children.

Higher Education: The Costs

As a student, you will have to meet the cost of the tuition fees for your course and living costs such as accommodation, food, books, travel and entertainment.

Tuition fees

From September 2012, universities and colleges will be able to charge up to a maximum of £9,000 in tuition fees.

This is because universities' funding from central government will be cut drastically.

Fees will vary between courses and different universities and colleges. You can find fee information at www.ucas.com/students/coursesearch

Universities that charge over £6,000 will have to ensure they offer help to students from lower income families. This will include bursaries and scholarships from the university or college and you can get details from the university or college directly.

Part time Students

Part time fees are rising but tuition fee loans are now available for part time students.

What help can I get with meeting the costs?

To help with the cost of university or college, applicants can apply for loans which have to be paid back and grants which don't. Here is a summary of what's available.

Loan/Grant	Full time Students Entitlement	Part Time Students Entitlement
Tuition Fee Loan	Full cost of course, not affected by family income	Full cost of course, not affected by family income. Amount available is based on study hours which must be at least 25% equivalent of the full time course to qualify.
Maintenance Loan	Up to £5500 if studying away from home (£7675 London), up to £4375 if living with parents – partly family income assessed	Not eligible
Maintenance Grant	Up to £3250, for students with family income between £25,000 and £42,6000	Not eligible
National Scholarship Programme	Up to £3000 grant for students with family income less than £25,000	Up to £3000 grant for students with family income less than £25,000
Disabled Students Allowance	Supplementary grants available for students with a disability or specific learning difficulty	Supplementary grants available for students with a disability or specific learning difficulty
Dependents allowance	Supplementary grant available	Not eligible
University/College Bursary	May be eligible if qualify for maintenance grant	Not eligible

Student loans and grants

You can find full information at www.yourfuture.direct.gov.uk but here are some key points:

Tuition Fee Loan: this covers course fees, and is paid by the Student Loan company directly to the university or college. You need to apply each year.

Please be aware that support will not be available to those who already hold a higher level qualification. Rules and restrictions to loans also apply when changing courses. The advice is – choose your course carefully.

Maintenance Loan: this is to help with living costs. The amount available will depend on where you live, what you study and your household income. The loan is paid into a student's bank account at the start of each academic year and students must apply each year.

Students living at home should take the cost and availability of public transport into account when thinking about living costs whilst studying.

Maintenance Grant: this is to help with living costs and is paid into a student's bank account. At the moment household income needs to be £42,600 or less to qualify. The maximum grant is £3250. This grant does not have to be repaid.

How much help students could get with living costs depends on the household income as shown in the table below.

Household income	Non repayable maintenance grant	Living cost loan	Total support for living costs
£25,000 or less	£3,250	£3,875	£7,125
£30,000	£2,341	£4,330	£6,671
£40,000	£523	£5,239	£5,762
£45,000	£0	£5,288	£5,288
£55,000	£0	£4,288	£4,288
Over £62,500	£0	£3,575	£3,575



The National Scholarship Programme: will help students from lower income families with fees and living costs from 2012. These scholarships are part funded by the Government so there are a limited number available. Students should check with universities and colleges who is eligible to apply. This support will be worth at least £3,000 in the first year, with no more than £1,000 will be in a cash payment.

Supplementary Grants

Extra support is available if a full time student has a disability or has dependents.

Loans and Grants for Part time Students

Part time students can apply for a Tuition Fee Loan to cover their tuition fees from 2012.

The Tuition Fee Loan - the amount a part time student gets depends on the number of hours studied each week. To qualify, study hours must be equivalent to at least 25% of a full time programme.

Part time students may also be eligible for additional fee support under the National Scholarship Programme - contact the university or college for details.

Part time students who have a disability may qualify for Disabled Students' Allowances.

Subject specific support

Social Work students are eligible for a bursary in addition to the above loans and grants. Visit www.nhsbsa.nhs.uk/students for details.

Funding for students on courses leading to certain health professions including nursing, midwifery and 5th year Medical students is different from that outlined above. Fees are paid by NHS, NHS Bursary, NHS grant, NHS supplementary grants and reduced rate maintenance Loan. Visit www.nhsbsa.nhs.uk/students for details.

PGCE students may qualify for a training bursary. Visit www.tda.gov.uk for details.

Some key points about Student loans:

- They are repaid through the income tax system
- Repayment does not start until graduates are earning at least £21,000
- Repayment will stop if earnings drop below £21,000
- Repayment levels depend on earnings
- Monthly repayment levels are lower than at present but repayments will continue over a longer time period
- Debt is written off after 30 years
- Student Loan debt should not affect credit rating or mortgage applications

Repaying the Student Loan

Full time students start repaying their loan in the April after their course finishes, depending on their salary.

Graduates don't start paying anything until they earn over £21,000 per year.

If the salary falls below £21,000 repayments stop and will only start again once earnings go back to over £21,000.

Any balance which has not been repaid after 30 years will be written off.

Part time students who study for more than three years start repaying their loan in the April after they've finished three years of study. This applies even if they are still studying. Repayments begin once they are earning over £21,000.

How much will repayments be?

At the moment graduates repay 9% of everything they earn above £15,000.

For 2012 starters interest will only apply to earnings above £21,000. This means lower monthly repayments and more disposable income for graduates.

The flipside of this is that the interest rates will be higher so that overall you will pay more. However the cost will be spread over a much longer period making repayments more manageable.



Whether the course costs £6000 or £9000, monthly repayments will be the same because they are based on income.

The table below shows some salaries and typical repayments under the old and new system.

Salary	Amount of salary from which 9% will be deducted	Monthly Repayment (new 2012 system)	Monthly repayment under old system
£21,000	£0	£0	£45
£25,000	£4,000	£30	£68
£30,000	£9,000	£67	£113
£40,000	£19,000	£142	£188
£50,000	£29,000	£217	£262

Source: <http://www.bis.gov.uk/studentfinance>

For more details on calculating repayments and costs go to:
www.yourfuture.direct.gov.uk

Useful links:

yourfuture.direct.gov.uk
direct.gov.uk/studentfinance
ucas.co.uk
moneysavingexpert.com
studyyork.org

Some local providers of Higher Education courses:

Askham Bryan College
askham-bryan.ac.uk

Craven College
craven-college.ac.uk

The University of York
york.ac.uk

York College
yorkcollege.ac.uk

York St John University
yorks.j.ac.uk

Useful links:

yourfuture.direct.gov.uk
direct.gov.uk/studentfinance
ucas.co.uk
moneysavingexpert.com
studyyork.org

Aimhigher...
York and North Yorkshire

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