YOU CAN AFFORD TO GO TO UNI

PART-TIME STUDENTS' GUIDE

What every part-time student needs to know about student finance in 2012

The Taskforce was launched in June 2011 and is headed by Martin Lewis of MoneySavingExpert.com and deputised by Wes Streeting, NUS President 2008-2010 and Chief Executive of the Helena Kennedy Foundation. It is made up of university and student groups including UCAS, Universities UK and the National Union of Students (NUS), among others. The Taskforce is independent of government and sets its own agenda. No one on the Taskforce operational group is remunerated for their role.

Information in this booklet is correct at time of writing (April 2012) and can be subject to change.

Written by Martin Lewis and Guy Anker

If you only read the headlines you'd think all students were 18 years-old, leaving home, drinking beer and doing full-time degrees. Yet 40% of those who go into higher education are studying part-time, aged 18 to over 100, and I suspect there's a huge variety in the choice of tipple too.

The changes to English tuition fees for new 2012 starters are in many ways far more radical for part-timers than they are for any other students, yet little is being done to explain this to you.

The bad news is fees are rising. Universities in England will be able to charge part-time undergraduate students up to £6,750-a-year from September 2012. The good news is for the first time ever, rather than needing to stump up the cash up-front, government-backed student loans will be available to part-time undergraduates on the same basis as two full-time undergraduates – and only need be repaid if you earn enough.

One good thing about studying part-time is you can carry on working and earning at the same time, which may be necessary as you won't be eligible for maintenance loans or grants to help with your living costs, unlike full-time students.

So the aim of this guide is pretty simple: to take you through how the new system works and what you'll really pay to study part-time. After all, if you don't know the cost how can you decide if it's worth it?

MARTIN LEWIS
Money Saving Expert
Head of the Independent Taskforce on Student Finance Information

Higher fees don't always mean higher costs

Student loans are a bizarre contradiction. Everyone talks about the price tag – yet the repayment system and interest charges mean that the figures bear little resemblance to the actual amount you will repay.

Nearly all higher education institutions will be charging higher fees from September 2012, higher than they ever have in previous years. Of course higher fees (which could add up to tens of thousands of pounds) are scary – yet they're not as frightening as they sound. Your repayments are solely based on your earnings, not on the amount you borrowed.

This guide will take you through it all in detail, but if you read nothing else, it's important to understand the following five key facts:

1 You don't need the cash to pay for tuition fees

Those eligible for a loan do not need to provide the money to pay the fees upfront. Most part-time first-time undergraduates will receive a loan from the Student Loans Company and only need to repay this if they earn enough once they've graduated.

If you're thinking 'but I don't want to be in debt', please read 'Think of it more like an extra tax, not a loan' in section 4.

2 The nightmare scenario – borrowing elsewhere to fund fees

Student loans are one of the cheapest and safest forms of long-term borrowing possible. The massive advantage over normal borrowing is you only repay if you earn enough, and if you lose your job, repayments stop.

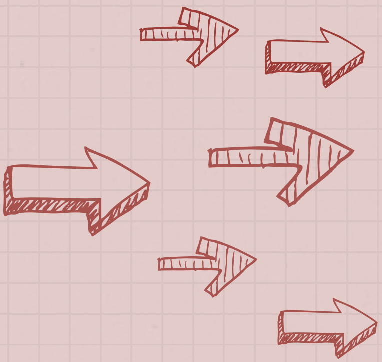
Apart from the very financially savvy (people playing the system to get short-term lending they can repay quickly), to get a commercial debt to replace a student loan is almost always a bad decision.

3 You only repay if you earn enough money

Once you leave university, you will only repay the loan if you earn above a certain threshold. The threshold is currently set at £21,000-a-year. Part-time students who earn above that threshold will start repayments in the April four years after the start date of their course, or the April after they leave or complete their course, whichever is sooner.

That means most part-time students starting in 2012 won't start repaying until April 2017. However, from that April the threshold is due to rise in line with average earnings – so in reality you're likely to start repaying at a rate a little higher than £21,000.

If you never earn above the threshold throughout your career (although we hope you do) the debt is wiped and you'll never have to repay a thing.



We're going to call it 'the £21,000 threshold'

As explained above, most part-time students will start repaying once they're earning £21,000. But from April 2017, this amount will include the 2017 percentage rise in average earnings and then each year's rise after that, so in reality when you come to repay, the threshold may be higher. However, for ease throughout this guide we're going to refer to it as 'the £21,000 threshold'.

Should I pay the fees upfront?

Even if you have the money saved up, it may be a mistake to pay the tuition fees upfront, but it can depend on your circumstances. Some people, especially lower earners and those close to retirement, will never come close to paying off their loan so it can be a massive mistake to pay upfront.

For more information to help you decide, see www.mse.me/payupfront

4 Not every part-timer is eligible for the loan

Student loans for tuition fees are only available to those studying at university for the first time. Many considering part-time study may be looking to do a second degree and may have taken a previous programme of study, won't usually be eligible for tuition fee support if that previous qualification is of the same level or a higher level than the one they wish to study. Although there are some exceptions such as those studying medicine, NHS funded courses or PGCEs.

5 A £6,750 course won't necessarily cost more than a £4,500 one

Graduates' monthly repayments are the same whether they take a £4,500-a-year course, or the maximum £6,750-a-year course. This is because repayments depend solely on earnings, not on how much you borrow.

As student debt drops after 30 years (and some students won't even repay in full in that time at the lower level), there is often no additional cost to taking a £6,750 course (explained in more details in section 3). So don't automatically plump for the cheaper course if it's not the right one for you.

Who is eligible?

If you are a first-time university student, you need to be completing a minimum of 25% of the equivalent full-time course load each year for the duration of your course to be eligible. If you're spreading the course even further, you won't qualify for a student loan.

Unfortunately, the higher fees mean that those who don't qualify could face substantially higher costs than in previous years and with no loans to help them out. Do speak to the university you may plan to study with – a few do have special fee reductions or their own version of student loans for those who don't qualify for the government funding.

The changes ONLY affect new undergraduate September 2012 starters. Current students are not affected.

The information in this guide is for part-time students starting a higher education course in England from September 2012, with no previous history of higher education. If you currently study a higher education course, your terms won't change.

KEY FACT

There is a range of financial support out there for those who want to go into higher education. This falls into two main categories – government support and money that comes direct from universities and colleges.

Government funding – loans and grants for tuition NOT living

Government funding in England is operated by Student Finance England, which is part of the Student Loans Company.

The tuition fee loan

Part-time students are only eligible for a loan to cover their tuition fees. The amount does not depend on your household income and you can apply for a loan to cover either all, or some of your fees.

The amount you apply for is paid direct by the Student Loans Company to the university or college, so it never passes through your hands.

Part-time students starting courses in September 2012 will to be able to start applying for their tuition loans from July 2012 via paper application.

Check the Student Loans Company website **www.slc.co.uk** or **www.direct.gov.uk/studentfinance** for information on how to get your application form. You can also contact the institution you wish to study at for more information.

Remember – you don't need to wait until you've been formally offered a place at university before you apply for your loan. Similarly, you don't need to have your loan approved before you apply for your course. If you're eligible for a student loan, you will get it.

Who is eligible for a loan?

To be eligible for a tuition fee loan, part-time students must:

- Complete a minimum of 25% of the equivalent full-time course load each year of their course, for the duration of their course. Speak to the institution you are applying to study at if you're not sure exactly what this means

- Be studying on an undergraduate programme for the first time. Students who have already studied for an undergraduate qualification (e.g. BA, BSc, LLB, Foundation Degree or Certificate of Higher Education) or an equivalent-level qualification are not eligible.

If you have previously started a higher education course and didn't finish it, or took a break, it is at the institutions' discretion to decide whether you are deemed to be a continuing student or a new student. This may have an effect on whether you are eligible for a loan. Usually any break shouldn't be more than one academic year.

I'm not eligible for a tuition fee loan. What are my options?

If you are not studying for the first-time and therefore are not eligible for a tuition fee loan, there could be other help available:

Employer sponsorship
Some part-time students in employment can get sponsorship from their employer, especially if the qualification will help advance you in your role. If you are in this position, try and put a persuasive business case to your employer or ask for help via study leave, or flexible working arrangements.

However, eligibility for any loan remains with the student and employers cannot apply for the tuition fee loan on an employee's behalf. They can pay all or part of your fees upfront but if you take a loan, the responsibility for repaying that loan rests with you.

Paying in instalments
Some universities have developed interest-free payment schemes to ease the burden for students who aren't eligible for loans, or who don't wish to take out a student loan. This allows you to spread the fees across several payments, which could make it much easier to generate the cash flow.

Support from universities and higher education institutions

As part of the conditions for being allowed to charge much higher fees, many institutions have had to put more money aside to provide additional financial support for students from homes with lower incomes, and those who would be considered less likely to attend university.

If your household income is low, you may be offered further incentives to go to university. Universities may well use their own money to support you too and part of the help that institutions offer comes from the National Scholarship Programme (NSP) for those from households earning under £25,000 a year. Amounts and eligibility vary from institution to institution. Even those with higher income can be eligible for university support so it's worth checking with the institution you want to study at.

Generally, if you are eligible for financial support, the money is likely to be given in one of three ways:

- **Fee waiver.** This is a reduction each year on your tuition fees, meaning you can take out a smaller loan.

- **Bursary.** This is some form of cash, or gift in kind. It could range from help with living arrangements to £1,000 in cash, depending on your situation.

- **Scholarship.** Similar to a bursary, this is usually cash or gift in kind. Sometimes it will depend on academic ability.

This financial support could be worth up to £3,000 for full-time students (or pro-rata that amount for part-time students).

Choose bursaries over fee waivers

KEY FACT

If given a choice of types of financial support, for all but those likely to get very high paid jobs, with all else being equal it is usually far better to pick a bursary over a fee waiver.

The reason for this is quite simple. Some graduates will never repay their loans in full, so unless you become a higher earner, the fee waiver is unlikely to significantly reduce the amount you repay, if at all.

Contrast this to a bursary, which provides cash in your hand immediately and which could reduce the need for any commercial borrowing.

So while a fee waiver may make your overall debt lower (and does therefore have some psychological advantages), it may not actually have any material impact on your pocket in the long-run.

Funding other costs at university

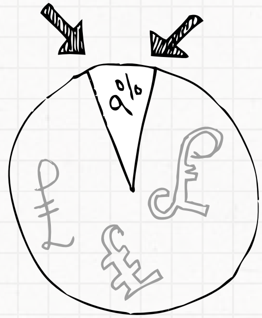
Fees are the major cost of study for part-time students. If you take out a loan to pay them, you can pretty much forget about your fees while you're actually studying, and only think about the repayments further down the line.

However, you will need to buy couse materials such as books and there may be other costs such as travel or childcare – and if you're not working there may also be general household costs to cover. Part-time students have never received maintenance loans as they've always been expected to self-fund via work or benefits – and that hasn't changed. If you don't have other income and want to study, it is worth considering a full-time course where you are likely to be eligible for a living costs loan (see the full-time students' guide for more information).

Will studying affect benefits?

If you receive benefits, getting a tuition fee loan will not in any way change your eligibility for them as student loans are not income based. See the Q&A section for details on other benefits you may qualify for.

Of course while getting a loan is great, its not a grant, so once you're earning enough you will need to repay it. But students loans are very different to other loans. They're a unique hybrid somewhere between a loan and taxation – so it's important to understand exactly how the repayments work so you can think about their impact.



- Most part-timers will be eligible to start repaying in April 2017.

You are eligible to start repaying your loan in the April four years after the start of your course – which will be April 2017 for those starting in 2012. However, you will only start repaying if you earn above the threshold.

If you finish your course early, or leave your course without completing it you may be eligible to repay earlier than if you complete it in the normal time. As systems and processes still need to be put in place for 2012 starters, the earliest you will be able to start repaying is from April 2016.

Originally, the plan was that all part-time students would start repaying in the April three years after their course started, meaning those on a four-year course could have started repaying while studying. But after a lobbying campaign by The Open University and Birkbeck, University of London in October 2011, the government agreed to extend this to four years after the start date of your course, or the April after you leave your studies, whichever is sooner.

Even so, some of you will be sitting there going: 'But hold on, what happens if I am doing a five year course?' Well, if you earn above the £21,000 threshold, you will start repaying in April 2017 even though you are still studying. If you are not earning anything, you won't start repaying until you start earning above the threshold.

- Graduates repay 9% of their pre-tax annual earnings once earning above the £21,000 repayment threshold.

The amount you repay is based only on what you earn, not what you borrowed – therefore no matter how much you take out in loans, you'll pay the same back each month.

For example…

If you earn a £22,000-a-year you'll repay £90 a year or £7.50 a month (9% of the £1,000 earned above £21,000). If you earn £31,000 you'll repay £900 a year (£75/month).

Earn under £21,000 and you never repay.

The £21,000 repayment threshold is designed to rise in line with average earnings from April 2017 so you'll repay 9% of everything above that threshold. But if you never get a job earning over the threshold, you'll never repay.

And if you lose your job, take a pay cut or decide to take a career break once you have started repaying the loan, repayments simply stop or drop accordingly, no questions asked.

What happens if you have savings or investment income

If you have additional income of £2,000 or more a year from savings interest or shares and dividends - this will also be treated as part of your income for repayment purposes. So you'll need to repay 9% of your total income (job/pension + savings/investments) too if you are over the threshold.

Any income under £2,000 a year does not count.

Key fact – No debt collectors.

Most student loans are repaid through the payroll, meaning the money is taken off your paycheck by your employer just like tax. So unlike commercial loans, no debt collectors will ever be involved. If you ever earn under the threshold amount, or lose your job or take a career break, your payments will simply stop – no questions asked.

Monthly repayments are the same on £4,500 and £6,750 courses

The cost of your course will have no effect on the amount you repay each month as a graduate. That purely depends on what you earn (9% above the £21,000 repayment threshold), not what you borrow. Of course, the more you borrow the longer you could be repaying.

After 30 years, any remaining debt is wiped

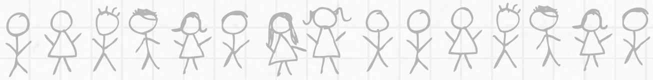
Graduates stop owing when they've cleared the debt or when 30 years pass, whichever comes first. If you never get a job earning over the threshold, you'll never repay.

If you die or become permanently incapacitated (in receipt of disability benefits and unable to take on any work) the debt is wiped, so it will never be passed on to your dependants.

30

‘Above-inflation’ interest will be charged

One other major change to the system from 2012 is that a higher interest rate will be charged. For the first time, students won’t just pay for the cost of their education – sadly, they’ll pay to finance it too.



While studying: Students will accrue interest at RPI (Retail Price Index) inflation plus 3% on the outstanding balance. This starts as soon as they get the loan and continues until you are due to start making repayments when it changes to...

If you earn £21,000 or less: RPI inflation.

If you earn £21,000 to £41,000: The interest rate will gradually rise from RPI to RPI plus 3% the higher your salary (the interest rises 0.00015% for every extra pound you earn or, put another way, if you earn £1,000 more you accrue 0.15% in extra interest).

If you earn over £41,000: RPI inflation plus 3%.

These thresholds are likely to rise with average earnings from 2017.

While from 2012, students will be paying more interest than before, it is worth remembering it doesn’t actually impact monthly repayments as they are based on earnings.

The actual impact of the interest is that you’ll be repaying for longer than those under the old system. But even this only really affects you if you would’ve been likely to clear what you originally borrowed within the 30 years – which is only those on higher incomes.

An easy way to explain 'inflation'

Inflation is a measure of the rate at which prices change over time. Usually, though not always, they rise. So if inflation is 4%, a basket of shopping costing £100 this year will cost £104 next year.

Therefore, if the interest on a loan is set at the rate of inflation, it's like saying you were lent a basket of shopping's worth of money last year, but when it comes to repaying you'd have to give the cash that'd buy that same basket back today.

This is the crucial question and one of the many fears that put people off going to university – the 'how will I afford to live with this debt' question. The answer is different for everyone, but the following three points should help clear it up.

New 2012 system

Earnings	Annual repayment	Monthly pay packet reduction
£15,000	Nothing	Nothing
£21,000	Nothing	Nothing
£22,000	£90	£7.50
£30,000	£810	£67.50
£40,000	£1,710	£142.50
£50,000	£2,610	£217.50
£100,000	£7,110	£592.50

1 How much will you repay each month?

This all depends on what you earn. And it will change each year as the repayment threshold increases with average earnings. However the chart above is a simple example ignoring any average earnings increases, calculated on £21,000 earnings.

2 Many people NEVER repay in full

Calculations show many full-time students will never pay the debt off in full before the 30 year cut-off point, especially if they are low-earners, given they may not start repaying immediately or indeed ever if they earn under £21,000.

That affect is lessened slightly for part-time students as the original loans are lower, as there's no maintenance loan element. However, if you're an older student, and not likely to be working for the full 30 years after your course ends, you are less likely to repay in full.

Key fact – Think of it more like an extra tax, not a loan!

The maximum possible loan a part-time student doing a four-year course is likely to accrue will be around £27,000. This is a frightening amount, and indeed many are frightened of it. But it may help to think of it as an additional tax, rather than a loan. Consider the following facts:

- It is repaid through the income tax system.
- You only repay it if you earn over a certain amount.
- The amount repaid increases with earnings.
- It does not go on credit files.
- Debt collectors will not chase you for it.
- Bigger borrowing doesn't increase repayments.
- Many people will continue to repay for the majority of your working life.

In summary, the system is set up so that the cost is met by the beneficiary of the education. So you could view your loan repayments as a form of tax, but one that simply ends once you've repaid what you borrowed plus interest.

For a rough guide to whether you'll pay back or not, check out the Student Finance Calculator **www.studentfinancecalc.com** Athough it is designed for those on full-time courses it can also give a rough approximation for part-timers.

What if I'm close to retirement or retired?

You are entitled to a tuition fee loan as long as you are studying for an undergraduate degree for the first-time. There is no age restriction.

The system is extremely favourable to older students, because unless you have a very generous pension you will never earn enough to repay any of the debt.

Let's say you take a part-time course: even if you earn during the course, you repay 9% of everything above the £21,000 repayment threshold following the April of the fourth year since you started.

Most people in their fifties, even if they are working at some point, see an extreme drop in income once they hit retirement - and for many, this is likely to fall below £21,000. We've heard of one Birkbeck student aged 102, and if they were to start under the new system it's pretty unlikely they'd ever repay in full.

3 So should you pay fees upfront?

If it's unlikely you'll pay off the full amount you borrowed at current prices, it's likely to be a bad idea to pay in full upfront. However, if you're already a high earner with a long work life ahead of you, then paying upfront is a good way to avoid the above-inflation interest charges.

Of course, many won't know exactly what they will earn throughout their lives. But as many part-time students already have a job, they are in a better position than most to estimate future earnings to help them make the decision.

However, even if you have saved enough to pay your tuition fees upfront, it is worth questioning whether the money could be better used elsewhere - for example if you plan to buy a house or get a car loan.

Personal loans charge far higher rates of interest than student loans, and in the long run mortgages are likely to be roughly on a par. Yet a cash lump sum used as a substantial deposit could enable much cheaper borrowing, and of course mortgage repayments don't stop if you have a work break or if your income falls.

So if you'll effectively need to borrow money back from a commercial lender later, using the cash to clear a student loan now isn't necessarily a sensible strategy.

Key fact - Can I repay my student loan early?

The government has recently (February 2012) confirmed that no charges or so-called early redemption penalties will be imposed on graduates who decide to pay off their student loan early. This means if you do run into cash after university and want to clear your debt earlier to avoid further interest costs, you can. However, just because you can repay without penalties, doesn't mean you should. For some who won't pay off their loan in its entirety, making extra payments could simply be throwing money down the drain as it won't make any difference.

For more information on how this works visit http://www.moneysavingexpert.com/students/student-loans-repay

Key fact - Student loans do not go on credit files

When people borrow from a bank for a credit card, loan or mortgage, to evaluate whether they'll make money from them, lenders look at three pieces of information: the application form, previous dealings you've had with them and, crucially, the information on your credit reference files.

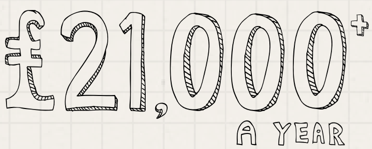
Most normal financial transactions and credit relationships are listed on these files – yet student loans are not included (with the exception of students who started university before 1998 under the old loans system and have defaulted).

Key fact - The new system is unlikely to affect you getting a mortgage

One of the big fears many people have about student loan debt is that it will affect their ability to get a mortgage. However, don't think of the debt itself as the barrier. What counts to most lenders is your disposable income.

Because repayments are dependent on earnings, the cost of your student loan is likely to be spread over a longer period, meaning the hit on your disposable income is less than from an equivalent commercial loan.

If you're wondering how on earth you'll cope with this – it's worth noting that full-time students have been repaying student loans for a long time. Those who started prior to 2012 repay 9% of everything above £15,000 – so actually the threshold has increased by £6,000 to £21,000, meaning you will have more disposable income than they did in the early years.



Q. Is university worth the cost?

A. Going to university is an individual choice. While on average most graduates do earn more than those who don't go to university, there are no guarantees. Yet higher education is often about more than just financial gain.

After the heated political debate about tuition fees, it is vital that potential students make informed choices about going to university based on the facts about the new system.

No one but you can decide whether it's right for you or not. Yet by explaining the likely cost, we can hopefully help you try and work out the value.

Q. What about if I am from Wales, Scotland or Northern Ireland or if I am English but want to go to a Welsh, Scottish or Northern Irish university?

A. Welsh, Scottish and Northern Irish students, including those who decide to study in England, receive their financial support from their 'home' devolved administration. It's a matter for the devolved administrations to decide how they wish to support their students and this will vary.

Scotland: Scottish students studying part-time in Scotland will pay up to £1,820 in tuition fees and could be eligible for a fee grant of up to £500 (this will be dependent on income and subject to the intensity of study)

Fees for English, Welsh and Northern Irish part-time students studying in Scotland will be set by each higher education institution. English students will be able to take out a fee loan to cover the cost up to £6,750. Welsh students will receive a course grant of up to £1,155 (dependent on income). Northern Irish students will receive the same level of means-tested grants as if they were studying in Northern Ireland (see below)

Northern Ireland: Fees for Northern Irish part-time students studying in Northern Ireland will be set by each higher education institution. Students will receive up to £1,230 in a means-tested fee grant to cover the cost of this (subject to the intensity of study). Eligible part-time students will also receive a means tested course grant of up to £262.

Fees for English, Welsh and Scottish part-time students studying in Northern Ireland will be set by each higher education institution. English students will be able to take out a fee loan to cover the cost up to £6,750. Welsh students will receive a course grant of up to £1,155 (dependent on income). At the time of writing (April 2012) Scotland does not have any provision available for part-time students studying outside of Scotland.

Wales: Fees for Welsh part-time students studying in Wales will be set by each higher education institution. Welsh students will receive a means-tested fee grant up to £1,025 (subject to the intensity of study). A means tested course grant will also be available to help with living costs of up to £1,155.

English students studying in Wales will be able to take out a fee loan to cover the cost up to £6,750. For Northern Irish students the same level of means-tested grant as those studying in Northern Ireland will be available. At the time of writing (April 2012) Scotland does not have any provision available for part-time students studying outside of Scotland.

Q. What benefits could you qualify for?

A. Part-time students on a low income may be eligible for benefits to help with living costs. These include Income Support, Housing Benefit and Council Tax Benefit.

If you're studying part-time, you may be able to claim Jobseeker's Allowance if you work fewer than 16 hours a week. But you must be willing to go to job interviews, even if you have to take time off from your course.

If you already claim Incapacity Benefit and/or Employment and Support Allowance you may be able to carry on getting it as a student.

Q. What if I have a child?

A. Part-time students do not qualify for extra financial help such as the Childcare Grant, Parents' Learning Allowance or Adult Dependant's Grant. But if you work as well as being a part-time student, you may be able to get Working Tax Credit or Child Tax Credit if you are responsible for a child, which may help cover some of your childcare costs.

To help you balance study and childcare, many universities and colleges have on-site crèches which are sometimes subsidised.

Q.What other forms of funding are there?

A. In addition to 'official' financial support, other funding sources are also available from scholarship sites such as www.scholarship-search.org.uk www.family-action.org.uk www.turn2us.org.uk www.studentcashpoint.co.uk and www.unigrants.co.uk

Q. If you have a disability, can you get any extra financial support?

A. If you have a disability or specific learning difficulty–which could mean anything from a mental health condition to dyslexia – you can get extra financial help. The Disabled Students' Allowances (DSAs) are for those who face added costs because of a disability or other condition. DSAs are paid on top of the standard student finance package and are not dependent on income and do not have to be repaid.

Q. What happens if you leave your course?

A. If you leave your course early for whatever reason, any loans you have had up to that point will still need repaying. The repayments and interest work in the same way as if you completed the course: in other words you repay 9% of everything earned above £21,000 starting in the April after you leave your course. As the new systems for repayment are not yet in place, the earliest 2012 students can start repaying is April 2016. You may also be asked to repay any grants you have received and your funding entitlement for a future course may be reduced.

Q. Can you apply for a loan every year while studying?

A. You can normally apply for a loan to cover your tuition fees for every year of your course. There are some exceptions, for example for longer courses such as medical degrees where different packages of support are available in later years. You should check with your university or college if you are unsure what support is available from them. interest, pensions or shares and dividends, this will also be treated as part of your income for repayment purposes and you'll need to repay 9% of that, again via self assessment.

Q. What happens if you lose your job or take a career break?

A. If, after university you are working and your salary falls below the £21,000 threshold then repayments stop. The same happens if you decide to take a career break or are made unemployed. Repayments will simply be suspended until you earn over the threshold again. responsible for paying it back.

Q. How do the self-employed repay the debt?

A. If you set up your own business or work for yourself, repayments will be collected via HMRC's Self Assessment scheme. This means you will need to make payments by the appropriate deadline to fulfil your legal obligations. If you do not pay, HMRC will pursue you for any amount overdue.

Interest, pensions or shares and dividends earning over £2,000 a year will also be treated as part of your income for repayment purposes and you'll need to repay 9% of that, again via self assessment.

Q. Do you still have to repay if you move abroad?

Yes, is the simple answer. You're still obliged to repay the student loan based on 9% of all earnings above the equivalent of £21,000 in the country you are in, and you can face a fine if you don't. By taking out the loan you have a contractual relationship to repay it.

You may have heard that some people don't repay loans when they move abroad. If that happens it's because there are practical difficulties for the government to pursue repayments – but that doesn't stop you owing the cash.

MoneySavingExpert
www.moneysavingexpert.com/students2012
- key facts and figures about student finance and tuition fees

DirectGov
www.yourfuture.direct.gov.uk/
- information about applying to university and student finance
OR www.direct.gov.uk/studentfinance for details on applying for grants and loans

NASMA
www.NASMA.org.uk
- the National Association of Student Money Advisers who work in universities, student unions and further education colleges

NUS
www.nus.org.uk
- National Union of Students, a voluntary membership organisation that represents the interests of students

See our other guides for specific details

- Full-time students guide
- Teachers' guide
- Parents' guide