

sound advice on

## STUDENT FINANCE



# How your child repays their loan 2016/17

When your child finishes or leaves their course they need to pay back any loans they've borrowed – but not until their income is over £21,000.

## How much will they repay?

The amount they repay each month will depend on their income and not what they borrowed. They'll repay 9% of any income over the current threshold of £403 a week, £1,750 a month or £21,000 a year. If their income falls below this, their repayments automatically stop.

The table below shows some examples of what the expected monthly repayment amount would be.

Income each year before tax	Amount repaid per month
£21,000	£0
£24,000	£22
£27,000	£45
£30,000	£67
£33,000	£90
£36,000	£112
£40,000	£142



Any loan remaining 30 years after your child is due to start repaying will be written off.

## How do they repay?

Repayments are collected through the UK tax system, either:

- through PAYE, where payments are deducted by the employer in the same way as Income Tax and National Insurance; or
- through the self-assessment process if they are self employed.

If your child lives or works abroad when they finish their course they need to contact us before they leave the UK so we can make arrangements for them to start repaying.

Your child can make voluntary repayments at any time.



## Do they have to pay interest?

Yes. The amount of interest charged is based on the rate of inflation (Retail Price Index [RPI]) and will vary depending on your child's circumstances.

	Interest rate
While they're studying up until the April after they finish or leave their course	Retail Price Index (RPI) + 3%
From the April after the student leaves or finishes their course	Interest will be based on their income:  £21,000 or less = RPI  Between £21,000 and £41,000 = RPI plus up to 3%, depending on income  £41,000 and over = RPI plus 3%

Interest is charged from the day we make the first loan payment until the loan is repaid or written off, whichever is first.

For more information about repaying student loans, go to [www.studentloanrepayment.co.uk](http://www.studentloanrepayment.co.uk)

Student Finance Wales is a service provided by the Student Loans Company. We provide financial support on behalf of the Welsh Government to students from Wales entering higher education in the UK.



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