

Postgraduate Loan – a guide to terms and conditions

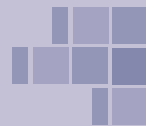


2017/18



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This guide is for students who take out a Postgraduate Loan in academic year 2017/18.

It explains what you're committing to when you take out a loan. It's important you read this guide carefully as it contains information about the current terms of your loan and repayment.

Please save a copy.

From time to time government regulations change and these changes could affect the terms of your loan. This guide will be updated to reflect any changes and it's your responsibility to make sure you have the most up-to-date version. Check **www.studentfinancewales.co.uk** regularly to make sure you have the most up-to-date version.

You must repay your Postgraduate Loan in line with the regulations at the time you enter repayment.

When you take out your Postgraduate Loan the repayment terms will be based on current regulations. This is expected to change when new legislation is passed by the UK Parliament. This means when you enter repayment the terms might be different. It's your responsibility to check back and make sure you have the most up-to-date information.

The following repayment information covers both the current repayment terms and the expected repayment regulations.

You can find full details of the current regulations at the Education (Student Loans) (Repayment) Regulations 2009, as amended.

If you still have questions about repaying your loan after reading this guide, visit **www.studentloanrepayment.co.uk**. Alternatively, you can contact the Student Loans Company Limited (SLC) using the contact details on page 20.



When you take out a Postgraduate Loan, you'll sign a declaration form which states you've read and understood this guide. You must agree to repay your loan in line with the regulations that apply at the time the repayments are due, subject to the regulations being amended from time to time.

Your loan contract is with the Welsh Ministers. The Student Loans Company (SLC), which is a non-profit government organisation, is acting as an agent on their behalf. Please see the loan application for more details.



Student Loans Company

SLC are responsible for:

- paying your Postgraduate Loan to you,
- managing your account, including adding interest and refunding any over-repayments,
- collecting repayments from overseas repayers,
- sending you a statement each year (once you've started making repayments), and
- answering questions about your Postgraduate Loan.

HM Revenue & Customs

HM Revenue & Customs (HMRC) collects student loan repayments from employers through the UK tax system. If you're self-employed you'll repay through Self Assessment when you complete your tax return.

Your employer

If you're employed, your employer collects student loan repayments on behalf of HMRC and takes repayments directly from your salary in a similar way to tax through Pay As You Earn (PAYE) and National Insurance contributions (NICs). If you have any questions about how your repayments are collected through the tax system, you should speak to your employer or HMRC.

Sharing information

HMRC can legally give SLC information about your repayments. However, HMRC can't give SLC any information about your tax affairs, as these are confidential. Also, your employer and HMRC won't get any details about your loan account, other than that you have a loan and the repayment threshold that applies to you. The exchange of personal information between SLC, HMRC and the Department for Work and Pensions (DWP) is covered by the Data Protection Act 1998.



The Postgraduate Loan agreement is a contract. When you take out a Postgraduate Loan, you'll sign a declaration form confirming you've read and understood the terms and conditions. You must agree to repay your loan in line with the regulations that apply at the time the repayments are due and as they're amended. The regulations are subject to change.

You need to provide complete and correct information.

You must make sure you provide complete and correct information when you take out a Postgraduate Loan and you must tell SLC about any changes to these details during the application process, while you're at university and until you've repaid your loan in full.

If you don't give SLC accurate and up-to-date information, you may have to pay a penalty charge or repay the loan as well as any interest and penalties in one lump sum.

For example, you must let SLC know if you:

- change your name, phone number or address,
- change your university,
- change your course of study,
- have a change to the start or end dates of your course,
- don't begin to study or leave your course,
- suspend your studies for any reason,
- plan to leave the country for more than three months, or
- change your employment status (from employed to self employed).

You must provide your National Insurance number. SLC can't process your application without this, unless you're an EU student. EU students who have a National Insurance number should provide this when they apply. SLC will ask the DWP to confirm this, in order to avoid fraudulent applications.

HMRC will also need these details so that they know you have a Postgraduate Loan and can collect repayments, or ask your employer to do so. If you don't have a National Insurance number, or have lost it, you should call HMRC's National Insurance registrations helpline on **0300 200 3502**.

You need to repay your loan in line with the regulations

If you're employed, you must tell your employer that you have a Postgraduate Loan (which is an Income Contingent Loan [Postgraduate Loan]). Repayments will be collected through the UK tax system by employers taking amounts from your salary through the PAYE system and will show on your payslip. If you're self employed or complete a Self Assessment tax return, you'll make repayments through the Self Assessment process. If you live abroad, you'll repay your loan directly to SLC. The repayment section, which starts on page 7, covers the process in more detail.

The Postgraduate Loan is an Income Contingent Loan

Liabilities

You'll be liable to repay any Postgraduate Loan paid to you regardless of whether you finish your course or gain a qualification.

Top tips

- **Provide SLC with complete and accurate information from the day you take out your loan until it's repaid in full or cancelled.**
- **Keep details of your income, such as payslips or P60s.** This is similar to the information you'll need to keep for general tax purposes and will help to make sure you repay the right amount. Your payslips and P60s will also show the amount of any student loan repayments your employer takes from your salary.



When you take out your Postgraduate Loan the repayment terms will be based on current regulations. This is expected to change when new legislation is passed by the UK Parliament. This means when you enter repayment the terms might be different. It's your responsibility to check back and make sure you have the most up-to-date information.

The following repayment information covers both the current repayment terms and the expected repayment regulations.

You must repay your Postgraduate Loan in line with the contract and regulations.

When will I repay?

You'll be due to start repaying your loan in the April after you complete or leave your course.

You'll only start making repayments when your income is over £404 a week, £1,750 a month or £21,000 a year. If your income falls below these repayment thresholds, repayments will stop and only re-start when your income is over these repayment thresholds.

Your monthly income



£500
over the
repayment
threshold



You repay



If you leave your course early and are overpaid, you'll need to repay this amount as soon as possible. This means you might not be earning above the repayment threshold.

You can make voluntary repayments at any time to pay off your loan more quickly.

What will I repay?

Repayments are based on your income, not what you borrow. This is known as an 'income contingent' repayment.

You'll repay 9% of your income over £21,000 a year. Even if your income doesn't exceed £21,000 a year but is over £404 a week or £1,750 month at any point in the year (for example, if you work overtime) then a loan deduction will be made.

For example, if you're paid monthly and earn £2,250 a month before tax you'd repay 9% of the difference between what you earn and the threshold (£1,750):

$$£2,250 - £1,750 = £500$$

$$9\% \text{ of } £500 = £45$$

So your Postgraduate Loan repayment would be £45 in that month.

If your income changes, either rising or falling, your repayment amounts will automatically change to reflect this. A different repayment threshold may apply if you move to live in a country outside the UK. Page 12 explains this in more detail.

Example repayment amounts		
Annual income before tax	Monthly income	Monthly repayment
Up to £21,000	Up to £1,750	£0
£22,000	£1,833	£7
£23,500	£1,958	£18
£25,000	£2,083	£29
£27,000	£2,250	£45
£30,000	£2,500	£67

How much interest will I pay?

You'll be charged interest on the loan from the day we make the first payment to you until your loan has been repaid in full or cancelled. **The interest rate is based on the UK Retail Price Index (RPI)* and will vary depending on your circumstances. The interest rate is updated once a year in September, using the RPI from March of that year.**

Your circumstances	Interest
While you're studying up until the April after you finish or leave your course.	Retail Price Index (RPI) plus 3%
From the April after you finish your course.	Interest will be based on your income: £21,000 or less = RPI Between £21,000 and £41,000 = RPI plus up to 3%, depending on your income Over £41,000 = RPI plus 3%
If you don't keep your details up to date.	RPI plus 3% will be applied to your loan, whatever your income, until we have all the information we need.

*The Retail Price Index (RPI) is a measure of UK inflation. It measures changes to the cost of living in the UK.

How will I repay?

Postgraduate Loan repayments will be collected through the UK tax system (Pay As You Earn – PAYE) if you're employed or through Self Assessment if you're self employed.

What happens if I'm employed?

If you're an employee paying UK tax, your employer will take repayments from your pay, along with tax and National Insurance contributions. Your repayments will be shown on your payslip as a Student Loans Company deduction.

SLC will tell HMRC when you finish or leave your course and give them details such as your name and National Insurance number. HMRC will check to see if you're working and if you are, they'll tell your employer you have a Postgraduate Loan (but not the amount).

Employers may also be told they need to make deductions through normal tax forms. When you change your job or start work, you'll have to notify your new employer that you're responsible for Postgraduate Loan repayments. You may be given a P45 by your old employer, they should have put a 'Y' in the student loan box to let your new employer know they should make student loan deductions.

A new employer may also ask you to

complete a starter declaration before they start paying your salary. You should inform your new employer on this that you're due to make repayments.

How do employers know how much to take from my pay?

HMRC will give your employer information so they can work out how much to take from your pay. If your pay is above the repayment threshold in the pay period, your employer will take repayments and pass them to HMRC. Your employer will round down the amounts they take from your pay to the nearest pound.

HMRC will take this information from your employer and let SLC know how much you have repaid. SLC will then update your account. It takes some time after the end of each tax year to update your account. The repayments you've made will be used to pay off your loan. SLC will make sure the correct amount of interest has been added to your account. You won't pay any extra interest even if your repayment details take some time to reach SLC.

Repayments taken by your employer will be worked out on 'individual pay periods' and not on your total income for a whole year. Tax credits and Universal Credits don't count as income for working out your student loan repayment.

HMRC will know the total amount your employer has taken over the whole tax year only after the end of the tax year. The scheme works in a similar way to tax deductions. You need to keep track of what's being taken from your pay each month, because SLC will not know what you still owe on your loan until HMRC has passed the information to SLC.

Employers have a legal responsibility to send HMRC the correct amounts of Postgraduate Loan repayments. They may be fined if they don't do this.

Changing jobs

You must tell your employer that you're responsible for making student loan repayments and have a Postgraduate Loan. If your repayments don't start when they should, you should first tell your employer. If your employer can't sort the matter out, you should contact SLC to help you.

Refunds of repayments made when income is below the threshold

It's possible you'll make some repayments during the course of a tax year even though your total income for that year is less than the threshold. In certain circumstances, you might have to apply for a refund at the

end of the tax year, for example, if you got a bonus and you had a deduction taken, even though your annual salary was below the threshold.

SLC won't make refunds unless you ask them to do this and will be unable to make refunds until HMRC have confirmed your total earnings and total repayments after the end of the tax year. Of course, you may not want a refund because these repayments will reduce the amount you owe so you'll pay off your loan more quickly. SLC don't refund any repayments you've made voluntarily.

Employees who are asked to make Self Assessment returns by HMRC

If you're an employee who also completes a tax return under the Self Assessment (SA) system, you may have to make some loan repayments with the return, as well as those taken by your employer. The total amount of Postgraduate Loan you have to repay for the year will be based on your total income for the year – that is, all your PAYE income plus any extra self-employed income and any unearned income (if it's above £2,000 a year). You can get credit in your tax return for any Postgraduate Loan amounts your employer has already taken during the year so you don't repay too much.

Like PAYE, the SA system will work out your loan repayments based on your income above the repayment threshold, at a rate of 9%. Any SA repayments will be due on 31 January following the tax year of your assessment. You can find information on how to fill in your SA tax return in the guidance and booklets provided by HMRC.

If you pay UK tax and you get a Self Assessment tax return, you should use this to declare Postgraduate Loan repayments. You must fill this form in correctly and return it on time. You must also pay your tax and Postgraduate Loan repayments on time. If you don't do this, you may have to pay interest and financial penalties. This is because Postgraduate Loans will be treated in the same way as tax for the purposes of Self Assessment.

What happens if my employer goes out of business or doesn't pay my deductions to HMRC?

As long as you have evidence deductions have been taken, such as your payslips, SLC will credit the full amount of the repayments to your account.

What happens if I'm self employed?

If you're self employed, you'll have to send HMRC a tax return each year under the Self Assessment (SA) system. Your student loan repayments will be due as part of your SA bill for tax. The student loan repayment will be based on your gross income over the repayment threshold, including your unearned income (for example, dividend income from shares) if it's more than £2,000 a year. There are some general points to remember when working out your income each year:

- The income of your husband, wife, partner, parent or any other relative won't be taken into account.
- Income from Child Benefit and disability benefits, including Employment and Support Allowance, won't be taken into account.
- Tax credits and Universal Credit won't be taken into account.
- If you make voluntary repayments you still have to make any repayments due through the SA system.

What happens if I'm planning to travel or work abroad?

If you don't pay UK tax or you plan to leave the UK for more than three months at any point after you complete or leave your course (whether this is temporarily or because you will live in another country), you'll make repayments directly to SLC. You must let SLC know before you leave the UK. If you don't, they can charge penalties on your loan and where necessary, ask you to repay the full amount of loan plus interest and penalties in one lump sum.

SLC will ask you for details of your income and will work out how much you should repay each month. SLC will write to you with more details about your repayment options when you're due to start repaying, although you can make voluntary repayments at any time. They'll change your income into pound sterling and tell you the amount you need to repay each month in pound sterling.

Your monthly repayment schedule is worked out using the same rules as for those who stay in the UK. So, you'll repay 9% of your income over the repayment threshold. However, it's possible the repayment threshold for the country you're living in won't be the same as in the UK, it could be higher or lower. SLC will ask you to make repayments in pound sterling. You'll be responsible for any costs involved in converting the currency and you'll have

to pay any charges your bank makes to transfer funds to SLC.

If you move abroad or are no longer responsible for paying UK tax and you fail to make repayments that are due or fail to give SLC the information they ask for, you may have to pay penalties. There are three specific instances where these penalties may apply. If you fail to:

- let SLC know you're going abroad for more than three months, you may be charged further penalties if you then don't respond to requests for information,
- let SLC know you're going abroad, you may have to pay the costs of any agents which SLC employ to find you, or
- give SLC full information about your yearly income, your repayments will be a fixed amount based on the maximum repayment schedule for the country you're living in.

You may have to repay the total loan in a lump sum if any of these points apply to you.

If you don't give SLC details of your income, you may be charged a fixed amount depending on where you live, which may be higher than the repayment amount due based on your actual income. If you don't repay this amount SLC may take legal action against you.

When will my loan be cancelled?

Any Postgraduate Loan remaining 30 years after you're due to start making repayments will be cancelled.

You must have made all repayments based on your income until that date. If not, in some cases, SLC may recover any amounts you still owe up to that date.

There are circumstances where your loan may be cancelled and you'll not have to repay it in full, such as if you die or if you become disabled and permanently unfit for work.

If you would like to know more about the circumstances in which loans will be cancelled, visit

www.studentloanrepayment.co.uk

Making voluntary repayments

You can pay off your loan more quickly by making voluntary repayments at any time. You can do this at

www.studentloanrepayment.co.uk

If you do choose to make additional voluntary repayments directly to SLC, you'll repay your loan more quickly. However, unless you repay your loan in full, any voluntary repayments you make won't affect the amount collected through the tax system. So, if you're employed,

your employer will still have to take repayments from your salary. If you're a Self Assessment customer, you'll still have to repay the amount due based on your income for the year. You can't get a refund of any amounts you repay voluntarily, unless you've finished paying off your loan and have repaid too much.

Yearly statements

The student loan repayment system has been set up to use the tax system to collect your repayments. As a result, SLC can only update your account once a year, after getting your repayment information from HMRC.

When you've started to make repayments, you'll get a statement as follows:

- If you're making all of your repayments through your employer through the PAYE system, you'll get a statement after the end of the tax year. If you've more than one employer during the tax year, you may get more than one statement for that year. These statements will be clearly identified as the 'interim statement' and the 'final statement'. This is because SLC may be told at different points about your loan repayments from each employer.

- If you're making repayments directly to HMRC through the Self Assessment system, you'll get a statement when your account has been updated with repayments made. However, if you're late with your Self Assessment tax return, you'll get a statement at the end of the month in which HMRC let SLC know about your income.
- If you're outside the UK tax system (for example, if you live and work abroad), you'll get a statement after 5 April each year. This means statements will arrive some time after the end of the tax year and will only include repayments made up until the end of that year.

If you keep your statement, along with your P60 and your payslips, which contain details of your repayments, you can use these to work out how much you have left to repay. If you've got any questions about your account, or would like help to work out how much you have left to repay, visit **www.studentloanrepayment.co.uk** or call SLC using the contact details on page 20.

What happens when I'm coming to the end of my loan repayments?

When you're near the end of your repayments, SLC will contact you to discuss moving to repaying by Direct Debit. However, if you know you're nearly at this point you should get in touch with SLC to arrange to repay your balance in this way.

This is a voluntary scheme which lets you opt out of making repayments through PAYE and instead make Direct Debit repayments directly to SLC. It's recommended you do this to help make sure you don't over repay your loan. You'll have to pay your Direct Debit every month on the agreed date. If you fail to make the payment, SLC may remove this option and you'll have to go back to repaying your loan through PAYE.

To find out more about the Prevent Over Repayment scheme go to **www.studentloanrepayment.co.uk**

It's important you keep track of your repayments. If you don't there's a chance you could pay back more than required.

Your payslips will give you a regular update on what you're repaying and your P60 will show your total repayments in a given year. As SLC don't get this information until after the end of the tax year, it's important you keep hold of them, just as it's important to keep them safe for tax purposes.

Over repayment

If you repay more than you actually owe on your loan you'll get a refund, including any interest due to you.

If you have money left in your Postgraduate Loan account when your loan has been repaid in full, SLC will write to you to advise that interest will accrue for a further 60 days at RPI. After the 60 days have passed, no further interest will be added to the credit balance on your account.

If you have an outstanding loan balance from a previous course any credit balance when you've repaid your Postgraduate Loan can be transferred to your other loan account(s). If your credit balance is £5 or less it will be transferred automatically. If your credit balance is more than £5, SLC will write to you to offer you a refund or transfer of the credit balance to your other outstanding loan balance. If you don't reply, after 60 days the credit balance will be transferred to your debit balance.

For more information go to www.studentloanrepayment.co.uk

What happens if there are other deductions from my income?

There may be other deductions from your income that need to be considered when your repayments are worked out. For example, if a court or local authority has placed an Attachment of Earnings Order (AEO) on you, or if the Child Support Agency has placed a Deductions from Earnings Order (DEO) on you.

If one of the orders is to collect Council Tax or Community Charge, your employer won't take student loan repayments until that order has been cleared. Orders to collect child support, fines or maintenance are dealt with before the Postgraduate Loan repayment. The amount of Postgraduate Loan taken may be limited so your take-home pay (your pay after deductions) doesn't fall below any protected level set by the court. Any court orders to collect other debts are dealt with after the Postgraduate Loan amount has been taken.

However you repay your loan, if you continue to withhold information SLC ask you for and as a result you fail to make repayments that are due, they have the right to take legal action to recover your debt. This means SLC can get a court order to make you repay the total loan plus interest and penalties in a single payment.

This can be enforced through the courts as a civil debt whether you're in the UK or living abroad.

What will happen if I already have a student loan?

Borrowing a Postgraduate Loan will not affect the repayment of any other student loans you have previously taken. If you've had any other loans from SLC you'll also repay these at the same time as your Postgraduate Loan.

How much you'll repay towards the student loans you already have will depend on when you studied.

If you started your undergraduate course on or after 1 September 2012 (Plan 2)

You'll repay 9% of your income over £21,000 in total towards the student loans you borrowed for your undergraduate course and your Postgraduate Loan.

Income each year (before tax)	Monthly salary	Loan repayment
Up to £21,000	Up to £1,750	£0
£22,000	£1,933	£7
£23,500	£1,958	£18
£25,000	£2,083	£29
£27,000	£2,250	£45
£30,000	£2,500	£67

If you started your undergraduate course between 1 September 1998 and 1 September 2012 (Plan 1)

If your income is between £17,775 and £21,000 a year you'll repay 9% of your income above £17,775 towards the student loans you borrowed for your undergraduate course.

Once your income is over £21,000 a year, you'll repay 9% of your income over £21,000 towards the loans you borrowed for your undergraduate course and your Postgraduate Loan. The following table shows how the repayment amounts are split between your loans.

Income each year (before tax)	Monthly amount paid to undergraduate loan	Monthly amount paid to Postgraduate Loan	Total monthly amount paid
£17,775	£0	£0	£0
£18,000	£1	£0	£1
£21,000	£24	£0	£24
£25,000	£24	£30	£54
£32,000	£24	£82	£106

If you started your course before 1 September 1998

You'll continue to repay or defer the loans you borrowed for your undergraduate course and you'll repay 9% of your income over £21,000 towards your Postgraduate Loan. You can't defer your Postgraduate Loan - repayments will stop automatically when your income is below the repayment threshold.

What will I repay once the new legislation has been passed?

You'll repay 6%, instead of 9%, of your income **over** the repayment threshold towards your Postgraduate Loan. But you won't have to make any repayments before April 2019.

You're charged interest from the day the first payment is made to you until your loan is repaid in full or cancelled. The interest rate is based on the UK Retail Price Index (RPI) plus three percent.

If you've had any other student loans, you'll repay these at the same time. How much you repay will depend on when you started your undergraduate course.

If you started your undergraduate course on or after 1 September 2012 (Plan 2) you'll repay 9% of your income over £21,000 towards the student loans you borrowed for your undergraduate course and 6% of your income over £21,000 towards your Postgraduate Loan. This means you'll repay 15% of your income over £21,000 in total.

If you started your undergraduate course between 1 September 1998 and 1 September 2012 (Plan 1) you'll repay 9% of your income over the repayment threshold, which is currently £17,775, towards the student loan you borrowed for your undergraduate course and 6% of your income over £21,000 towards your Postgraduate Loan.

If you started your course before 1 September 1998 you'll continue to repay or defer the loans you borrowed for your undergraduate course and you'll repay 6% of your income over £21,000 towards your Postgraduate Loan. You can't defer your Postgraduate Loan - repayments will stop automatically when your income is below the repayment threshold.

Complaints

If you're not satisfied about the way your repayments are being collected, you should contact SLC. You can register a complaint by:

- calling **0300 100 0601**
- emailing **customer_complaints@slc.co.uk**
- writing to
Customer Relations Unit,
Student Loans Company,
100 Bothwell Street,
Glasgow
G2 7JD

An online Customer Complaints form is available to download at **www.slc.co.uk**

If, having done this, you're still not satisfied, you can have your case independently reviewed. Independent reviews are usually dealt with by:

- the Student Loans Assessor for services provided by SLC,
- the Adjudicator for services provided by HMRC, or
- the Public Services Ombudsman for Wales for services provided by the government outside England (for details see **www.ombudsman-wales.org.uk**).

Appeals

These are different from complaints. You may be happy with the way your account has been handled but you may feel that a decision about your account is not correct and you want to appeal. As in the case of complaints, SLC have procedures for dealing with appeals and you should follow these. Appeals against services provided by SLC are also dealt with by the Student Loans Assessor.

In certain circumstances you may consider using the legal systems, for example, a county court, to sort out your problem. If you want to do this, you should first get independent legal advice, for example from a solicitor, a legal advice centre or a Citizens Advice Bureau.



If you need to contact SLC, remember to have your Customer Reference Number ready.

You can call **0300 100 0494** between 8am and 6pm Monday to Friday.

Or write to:

Postgraduate Loan
PO BOX 211
Llandudno Junction
LL30 9FU

To find out more about the Postgraduate Loan:

- visit **www.studentfinancewales.co.uk**, or
- speak to your university

For more information about repayment, go to **www.studentloanrepayment.co.uk** or call **0300 100 0611**

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When you take out your Postgraduate Loan the repayment terms will be based on current regulations. This is expected to change when new legislation is passed by the UK Parliament. This means when you enter repayment the terms might be different. It's your responsibility to check back and make sure you have the most up-to-date information.

You can find full details of the current regulations at the Education (Student Loans) (Repayment) Regulations 2009, as amended.

You can download more copies of this guide online at
www.studentfinancewales.co.uk.

You can also order forms and guides in Braille, large print or audio by emailing your details along with which form and format you require to **brailleandlargefonts@slc.co.uk** or you can telephone us on **0141 243 3686**.

Please note, the above email address and telephone number can only deal with requests for alternative formats of forms and guides.

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