

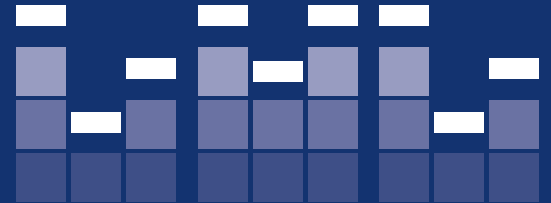


sound advice on

## STUDENT FINANCE

# What, when and how to repay

2017/18



## The repayment process

### If you're employed

Your employer takes repayments directly from your salary.

Your employer tells HM Revenue and Customs (HMRC) how much student loan you've repaid.

After the end of the tax year, HMRC tells us how much you've paid that year and we apply the repayments to your balance and work out the interest to be added.

Or

### If you're self assessed

You repay to HMRC directly through self assessment at the same time you pay your tax.

After the end of the tax year, HMRC tells us how much you've paid that year and we apply the repayments to your balance and work out the interest to be added.

Or

### If you go overseas

If you're leaving the UK for more than three months, you'll need to complete an Overseas Income Assessment Form so we can calculate if you need to repay. We'll send you a repayment schedule showing how much you need to repay each month.

## Anything else?

- Student Finance Wales is a service provided by the Student Loans Company (SLC). We provide student finance on behalf of the Welsh Government to students from Wales entering higher education in the UK. When the time comes for you to repay your student loan, you'll make your repayments to SLC.
- Repayments are based on your income, not what you borrow.
- If your income changes, either rising or falling, your repayment amounts will change to reflect this. If you stop working, your repayments will stop until you start working again and your income is over the threshold.
- You can also make extra voluntary repayments at any time.
- Any loan remaining 30 years after you're due to start making repayments will be cancelled.
- You must tell us if your name or contact details change so that we can contact you with important information about your loan or repayments.
- If you leave your course early, you'll still have to repay your loan. In this case, the repayment process might be different.
- **Partial cancellation** – When you start making repayments the balance of your Maintenance Loan could be reduced by up to £1,500. For more information, go to [www.slc.co.uk/repayment](http://www.slc.co.uk/repayment)

# What you need to know about repaying your student loan

You might not be thinking about how you'll repay your student loan right now, but it's really important to understand exactly what's involved for when the time comes to repay.

## 1 How much do I repay?

You'll repay **9%** of your income above the repayment threshold. The current UK threshold is **£21,000** a year, **£1,750** a month or **£404** a week.

For example, if you're paid monthly and earn **£2,250** before tax, you'll repay **9%** of the difference between what you earn and the monthly threshold:

$$\text{£2,250} - \text{£1,750} = \text{£500}$$

$$9\% \text{ of } \text{£500} = \text{£45}$$

So your student loan repayment would be **£45** in that month.

The table gives some further examples of what your repayments might be:

Income each year before tax	Monthly income before tax	Approximate monthly repayment
£21,000	£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

## 2 How do I repay?

You'll be due to start repaying your loan the April after you finish or leave your course, but you'll only make repayments if your income is over the repayment threshold.

**If you're employed**, and your income is over the threshold, your employer will take your repayments directly from your salary along with tax and National Insurance.

**If you're self assessed**, for example if you're self employed, you'll make repayments at the same time as you pay your tax.

**If you move abroad** and don't pay tax in the UK, your monthly repayments will be based on the earnings threshold for your destination country, and you'll repay directly to us.

## 3 What about interest?

Interest is charged from the day we make your first payment until your loan is paid in full.

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.

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



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.

For more information on repayment, go to [www.slc.co.uk/repayment](http://www.slc.co.uk/repayment)

For information and guidance, go to [www.studentfinancewales.co.uk](http://www.studentfinancewales.co.uk)

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