

# Student Finance

How much will university cost? (youtube 3min10)

## Where will I get my money from?

- ▶ Tuition Fees loan (average £9,000 per year) – direct to educational institution
- ▶ Maintenance loan (up to £8,200 depending on household income) – 3 instalments

Pay back from April of year after you graduate once you are earning over £21,000

Apply via **Student Finance England** online or with the link through from UCAS (**opens Feb**)

## Other sources of Finance

- ▶ Scholarships and Bursaries – academic excellence, industry supported subject, hardship
- ▶ **Student grant – 2016 no more**
- ▶ Special support grants – single parent, disability, partner a student
- ▶ Access to Learning Fund – individual universities “Hardship Fund”

## Working to increase your income

- ▶ Part time work: up to £8, 000 personal allowance(roughly) before you are taxed. Thereafter 20% on all earnings.
- ▶ Holiday work only: fill out form to avoid paying tax (up to £8,000) ([hmrc.gov.uk](http://hmrc.gov.uk))
- ▶ Any work abroad: taxed above £8,000 threshold in UK. May be taxed in host country as well.

You still have to pay National Insurance contributions.

## Borrowing Money

- ▶ Bank loans/ overdrafts (often tiered, massive penalties)
- ▶ Credit cards
- ▶ Store cards

NB: Interest, and fees on student versions of all of the above are massive (up to 30% is not unusual)

## Things to remember:

- ▶ If you end up paying back loans/ overdrafts at a later date, you will no longer be on a student rate
- ▶ Extensions (short term) can be agreed with banks for overdrafts to avoid penalty fees, but you must apply before you are overdrawn
- ▶ Credit cards/ store cards – good introductory deals, but with student rates applying, you must make sure you pay back as much as you can – **never just the minimum payment**

## Debt Help and Advice

- ▶ **Never** use a company that expects you to pay – you can get the best advice free
- ▶ **Never** use a company that offers debt reconciliation – it can be negotiated for free

1. [Citizen's Advice Bureau](#)
2. [University Student Welfare](#)
3. [Gov.uk](#)
4. [UCAS](#)
5. [Stepchange.org](#) (debt charity)
6. [Student Union](#)

## What is my credit score?

Credit worthiness is calculated based on your credit/debt history which is retrieved from all financial contracts that you have made:

- ▶ Bank accounts
- ▶ Cards
- ▶ Loans
- ▶ Contracts
- ▶ Bills
- ▶ Store accounts

## Why do I need a credit score?

For most borrowing/ higher purchase agreements you wish to make at 18+

- ▶ Mortgages
- ▶ Rentals
- ▶ Loans
- ▶ Credit cards
- ▶ Bank accounts
- ▶ 'phone contracts
- ▶ Utility bills
- ▶ Car and home insurance

## Things you need to know

1. You must be on the electoral role to have a credit score.
2. A credit rating is what a company will get you to pay for – you can obtain a credit score for £2 or even for free.
3. There is no universal credit score – everyone is looking for something slightly different.

You should check your credit file periodically in case there are errors – Equifax, Experian, Callcredit (and always before you apply for a large loan/ credit agreement).

## The catch 22 of my credit score

- ▶ Being a solvent, careful spender does not make me a successful candidate for credit!
- ▶ Neither does being overdrawn and “maxed out” on all my cards
- ▶ Why?

## How can I work towards a healthy credit score?

1. Open a bank account with an overdraft limit – but don't keep going over that limit
2. Apply for a strategic credit/ store card (1 or 2 maximum, never lots) for purchasing that you would be making anyway and pay off as much as you can each month (never just the minimum payment, but not in full every time either).
3. Make a purchase on an item in a major department store with a large down payment and tiny monthly re-payments, keeping the full amount in a separate account and pay off the cost in full as soon as you can – usually 6–12 months later.
4. Always pay your utility bills and monthly phone/store contracts on time with at least the minimum payment –as much as you can.
5. Never keep carrying out a credit score search or keep applying for loans/ cards etc. If you get rejected, find out why, then leave it for a couple for months – preferably 6

## Beware!

- ▶ If you are not on the electoral role, you won't be able to get a credit score
- ▶ Anyone in the same household as you can be linked to your credit score
- ▶ If you share a purchase, bill or agreement with someone else, their spending patterns will affect your credit score

## What next?

- ▶ Apply for student finance – online, parents/ carers need to complete parts
- ▶ Check whether you can apply for any scholarships/ bursaries/ funds etc
- ▶ Practise creating a budget/ 12 month cashflow chart (Student finance: Budgeting – Youtube – 1 min 45)
- ▶ Use [comparethemarket.com](http://comparethemarket.com) to research:
  1. Best student bank account for you
  2. Best credit/ store card for you

Youtube: Martin Lewis ([moneysavingexpert.com](http://moneysavingexpert.com)) and [direct.gov.uk/your future](http://direct.gov.uk/your future)– has clips/advice on most student finance queries