

Student Finance

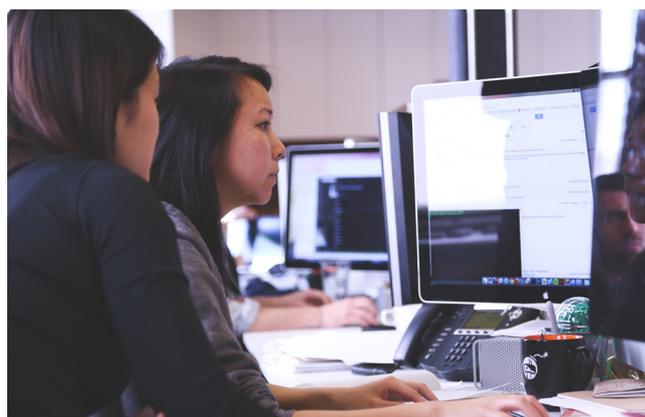
Students in England get their exam results in mid-August and will finally know where they are likely to spend the next phase of their education. For many leaving home for the first time is both exciting and daunting. Parents too are likely to have mixed feelings as their young adults take this next step. Here are some of the things they need to consider from a financial point of view.

Maintenance Loans

The amount of maintenance loan they qualify for will depend on household income. Household income is gross income before tax of the student and their parents. A deduction of £1,130 is made for other dependent children in the household and pension contributions are also deductible. There is a sliding scale of loan available which reduces, once household income exceeds £25,000. The amount of loan also depends on whether the student will live at home while studying or away with extra for those studying in London (see table). Where parents are divorced or separated the income of the parent with whom the child lives is designated the household income.

Location	Household income up to £25,000 max loan per year of study	Upper household income threshold	Min loan per year of study
Living at home	£7,529	£58,215	£3,312
Living away from home (outside London)	£8,944	£62,212	£4,168
Living away from home in London	£11,672	£69,888	£5,812

Source Student Finance How You are Assessed and Paid www.gov.uk/student-finance



Students studying abroad may claim a maintenance loan of up to £10,242. The rules applicable to students from Scotland, Wales and Northern Ireland vary slightly.

It is advisable to apply as soon as possible for a maintenance loan as these take 6 to 8 weeks to process. The loan is paid in three instalments at the beginning of each term. Interest accrues from the date it is paid at 3% plus RPI inflation adjusted once a year. Unlike other types of loan, the outstanding balance is only paid back once the graduate earns more than £25,725 and is written off after 30 years.

As with tuition fee loans, a 9% deduction of graduate earnings above £25,725 will be made. Even though the student may have borrowed the maximum they do not pay more than the 9% levy, so this and the write off after 30 years mean that over 70% of student loan debt is never repaid. Parents should bear this in mind when considering whether to fund their child's costs or to apply for a maintenance loan.

Student Accommodation

Many first-year students prefer to stay in a hall of residence if possible, as this is a good way to meet other students. Those with conditional offers may need to check that

they have a guaranteed place in a hall at the university of their choice, as some do not confirm this until the results are out. Those who do not achieve the grades required for their first choice should also prioritise confirming accommodation with their second and third choices. Not all will get a place in hall. This leaves the student with the dilemma of deferring entry for a year or venturing out into the private rented sector.

Starting the search early is advisable, most student lets get booked up by June/ July for the following academic year. It is normal to require a deposit of one month's rent in advance. The landlord will also require a deposit of up to 5 weeks rent which is held against damage to the property and only released at the end of the tenancy if the property is handed back in good order. Letting agencies can no longer charge tenants fees for checking references etc. As students generally have no income of their own, some landlords may require parents to guarantee the rent.

Students sharing private accommodation need to agree how other utility bills will be paid. Utility providers usually require one of the residents to take responsibility for the whole bill. However, this does not need to be the same person for each utility and sharing the responsibility is a good way to make everyone honour their commitments. Any unpaid or late paid bills could affect the individual's credit rating.

Sharers need to agree how they will split the bills in advance and how they will budget for them. Utility providers may be able to provide an estimate of the likely costs. The bill payer can then set up a regular direct debit payment from their account and ask their housemates to pay them monthly via a regular standing order. At the end of the tenancy reconciliation can be made.

Insurance

Student accommodation can be targeted by thieves as communal living can provide easy access to laptops, phones etc. Students can obtain contents insurance for their personal possessions. An extension to the parental household insurance or a standalone policy should be compared. If taking a car or bike they need to notify their insurer of change of address.

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