Student Money and Accommodation Advice

Planning your money when you graduate

Congratulations! You have graduated and will be looking forward to your next stage in life whether that is work or study. Planning your financial future when you graduate may be challenging but with careful thought you can avoid any pitfalls. Money worries can sometimes interfere with your health, enjoyment of life and performance at work so here are some suggestions for managing your money effectively.

# Repaying your Student Loan

Knowing exactly how much money you will have left after paying your student loan repayment instalment each month is crucial to effective financial planning. Information on repaying your student loan and the current rates of interest on the loan can be found on the GOV.UK website on the [Repaying your student loan page](https://www.gov.uk/repaying-your-student-loan).

Repayments start in the April after you graduate or leave your course. They are made through the income tax system. For most employees, this is done for you by your employer. However, if you have two or more jobs, or are self-employed, HMRC will calculate how much you repay from your tax return.

# Repaying Undergraduate Loans

How much you repay depends on your repayment plan. For undergraduate students who received funding from SFE and started their course after 2012 (Plan 2) and before August 2023, the repayments are 9% of the amount you earn over the earnings threshold. The current Plan 2 earnings thresholds are £524 a week or £2,274 a month (before tax and other deductions). They change on 6 April every year, and differ if working abroad. The interest rate on Plan 2 loan depends on your income in the current tax year, please see the [GOV.UK website](https://www.gov.uk/repaying-your-student-loan/what-you-pay) for further information. Plan 2 loans are written off 30 years after the April you were first due to repay.

Undergraduate students who started their course on or after 1 August 2023 are on Plan 5. The repayments are 9% of the amount you earn over the earnings threshold. The current Plan 5 earnings thresholds are £480 a week or £2,083 a month (before tax and other deductions). They change on 6 April every year, and differ if working abroad. Plan 5 loans are written off 40 years after the April you were first due to repay. The interest rate for Plan 5 will be based on the Retail Price Index.

# Repaying Postgraduate Loans

For postgraduate students who received funding from SFE and started their course after 2016, the repayments are 6% of the amount you earn over the earnings threshold. The current Postgraduate Loan earnings thresholds are £403 a week or £1,750 a month (before tax and other deductions). They change on 6 April every year, and differ if working abroad. The interest is usually the Retail Price Index (RPI) plus 3%. The Postgraduate Loan will be written off 30 years after the April you were first due to repay.

# Repaying Undergraduate and Postgraduate Loans

If you have a Postgraduate Loan and an undergraduate loan, you will pay back 6% of your income over the Postgraduate Loan threshold **and** 9% of your income over the undergraduate threshold.

**Paying Tax and National Insurance**

Paying Tax and National Insurance if Employed is generally very simple. Most employers calculate and arrange payments as part of the payroll system. Check that these are correct when starting a new job, using the [tax code information of GOV.UK](http://www.gov.uk/tax-codes), and if you think you may be due a refund [apply on the GOV.UK website](http://www.gov.uk/claim-tax-refund). If unsure, contact the [Inland revenue](https://www.gov.uk/government/organisations/hm-revenue-customs/contact/income-tax-enquiries-for-individuals-pensioners-and-employees) to ask them to check that you have paid the correct amount. If you are self-employed, you will need to self-assess. Please see the [GOV.UK](https://www.gov.uk/self-assessment-tax-returns) website for information about how to complete a [Self Assessment tax return](https://www.gov.uk/self-assessment-tax-returns).

**Graduate Bank Accounts**

After graduating, you can switch to a graduate bank account, which does not have to be with your current bank. Most offer an interest free overdraft for a fixed period of time. There are comparison websites to help you choose, including [Money Supermarket](http://www.moneysupermarket.com), [Money Saving Expert](http://www.moneysavingexpert.com) and [Save the Student](http://www.savethestudent.org).

**Budgeting**

[Money Helper](https://www.moneyhelper.org.uk/en) has a [budget planner](https://www.moneyhelper.org.uk/en/everyday-money/budgeting/budget-planner) that you can use to plan your finances, as well as lots of [useful information for starting employment](https://www.moneyhelper.org.uk/en/work/employment?source=mas). If you are interested in using tech to help you manage your money, [Which](https://www.which.co.uk/) have [reviewed several budgeting apps](https://www.which.co.uk/money/money-saving-tips/budgeting/open-banking-budgeting-and-saving-apps-agc4k3n922td). There are many comparison websites to help you ensure that you are getting a good deal for your essential utilities, including [uswitch](https://www.uswitch.com/) and [MoneySavingExpert](https://www.moneysavingexpert.com).

If you find you are struggling and slipping into debt, seek independent advice early from organisations such as [Citizens Advice](https://www.citizensadvice.org.uk/), [Money Helper](https://www.moneyhelper.org.uk/en), or [StepChange](http://www.stepchange.org). If you feel that money and finance is affecting your wellbeing, you might find it helpful to speak to an organisation such as [Mind](https://www.mind.org.uk/information-support/tips-for-everyday-living/money-and-mental-health) and your GP.

**Accommodation and Council Tax**

You will need to start paying council tax when you are no longer in receipt of the student discount. However, there is a 25% discount for people who live alone. Contact your local authority for more information. For independent advice on this and other housing issues contact the [Citizens Advice Bureau](https://www.citizensadvice.org.uk) and [Shelter](https://england.shelter.org.uk).

**Benefits**

Are you sure you’re receiving everything you’re entitled to financially? A full list of benefits to which you may be entitled is available on the [GOV.UK website](https://www.gov.uk/browse/benefits) and there are organisations that provide independent advice about benefits entitlement, including [Entitledto](https://www.entitledto.co.uk/) which have an [online benefits calculator](https://www.entitledto.co.uk/benefits-calculator/Intro/Home?cid=4d381336-9b5f-4d3a-b1d5-d759d257b7cf), [Citizens Advice](https://www.citizensadvice.org.uk/) and [MoneyHelper](https://www.moneyhelper.org.uk/en).

# How to contact us

Please visit [www.londonmet.ac.uk/advice](http://www.londonmet.ac.uk/advice) for information and [appointment booking](https://forms.office.com/e/bLhQwsvH5e).

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