



Planning your money when you graduate **Student Money and Accommodation Advice**

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 steps to 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 at www.gov.uk/student-finance/repayments/. This site also has a student loan repayment calculator so you can work out how long it will take you to repay the loan.

Students on undergraduate courses starting after 1998 and before 2012

- Repayments start on 6 April after your graduation. You only start repaying your loan when you earn over £17,335 per year.
- Loans are repaid at 9% on any income over £17,335 per year.

Students starting on undergraduate courses in 2012 and onwards

- Repayments start on 6 April after your graduation.
- You only make repayments when your income is over £21,000 a year.
- Loans are repaid at 9% of any income over £21,000. For example, if your annual income is £25,000 you will pay 9% of £4,000 = £360 per year = £30 per month.
- If you have started repaying the loan, but then lose your job or take a pay cut, your repayments drop accordingly.
- If you never earn above £21,000 then you will never repay the loan and it will eventually be written off after 30 years.
- Part-time students sometimes start repayments while they are still studying depending on their circumstances.

Students starting on postgraduate courses in 2016 and onwards

- Repayments start at the earliest in April 2019.
- You only make repayments when your income is over £21,000 a year.
- Loans are repaid at 6% of any income over £21,000. For example, if your annual income is £25,000 you will pay 6% of £4,000 = 240 per year = £20 per month.
- If you have started repaying the loan, but then lose your job or take a pay cut, your repayments drop accordingly.
- If you never earn above £21,000 then you will never repay the loan and it will eventually be written off after 30 years.
- The repayment of the Postgraduate Loan will be on top of the repayments for any

undergraduates loans.

All students

- If you are employed in the UK, loans are repaid automatically through the PAYE (Pay As You Earn) tax system.
- If you have any “unearned income” from sources outside your employment – for example, from savings or investments – remember that this counts towards your total earnings. You’ll need to make extra student loan repayments through Self Assessment.
- If you are employed overseas please see overseas loan repayment information: www.studentloanrepayment.co.uk (select ‘Income Contingent Loans’ from menu)
- If you are self employed, you will work out your repayments based on the annual threshold of £17,335 (pre-2012 students) or £21,000 (2012 students onwards) - similar to the way that you calculate your tax and national insurance.
- Remember to keep the Student Loan Company informed of any change in circumstance as this may alter the amount you have to repay. Failure to inform them may lead to serious consequences.

Graduate bank accounts

After you graduate most student bank accounts will switch to graduate accounts. You don’t have to stay with the same bank and www.moneysavingexpert.com suggests that you should shop around for the best graduate account as the banks all offer good deals to attract the new graduates. Be sure to check the terms and conditions regarding overdrafts and check to see what, if any, your interest-free overdraft period is.

Budgeting

- Making a budget and sticking to it is the key to healthy finances. Think about your goals. How do you want your finances to look? What do you want to spend your money on? Check out www.whataboutmoney.info and www.moneyadvice.org.uk/en/categories/moving-into-work for financial information for graduates.
- Work out your weekly or monthly income after tax, national insurance, student loan repayments and any pension contributions have been deducted.
- Write down your weekly or monthly expenditure ie rent, bills, food, travel, etc. Remember that rent, fuel bills and council tax are priority areas of spending that should be addressed before all else. Think about the year ahead. Is there anything you’ll need to save some money for, for example, presents, visiting the dentist, holidays etc?
- Are you sure you’re receiving everything you’re entitled to financially eg tax credits and/or state benefits? Check on www.gov.uk
- If you live alone, you can get 25% discount on your council tax: www.gov.uk/council-tax
- Check your tax code to make sure that you are not paying too much tax. See www.gov.uk/tax-codes for more information. To reclaim overpaid tax, see www.gov.uk/claim-tax-refund
- Can you cut down on your expenditure in any way? Check out these money saving websites: www.moneysavingexpert.com and <http://money.uk.msn.com>
- Think about how you can keep to your budget eg by only withdrawing a certain amount of cash from the bank each week to cover your expenditure, or ensuring you have a bank account you can access online to keep track of spending.
- If you find you are struggling and slipping into debt, seek help early from organisations such as Citizens Advice (www.adviceguide.org.uk), National Debtline www.nationaldebtline.co.uk or 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:

Benefits and Tax Credits

For a full list of benefits to which you may be entitled see www.gov.uk/. Graduates may be particularly interested in the following:

- **Working Tax Credit** - If you are over 25 and work at least 30 hours per week you may have an entitlement to Working Tax Credit. If you are single and have a child / children or a disability, you need only be working at least 16 hours per week to have a possible entitlement. If you are a couple with childcare costs, you need to work 24 hours per week between the two of you and one of you must work 16 hours or more per week. Use this tax credits calculator - www.gov.uk/tax-credits-calculator - to find out how much you might get. For more information on Tax Credits please see www.gov.uk/browse/benefits/tax-credits
- **Council Tax Support and Housing Benefit*** - If your income is low, you may be entitled to some Council Tax Support or Housing Benefit. Claim through your Local Authority: www.gov.uk/apply-housing-benefit-from-council
- **Jobseekers Allowance*** - If you have been unable to find work and have no other source of income, you may be able to claim Jobseekers Allowance: www.gov.uk/jobseekers-allowance

* These benefits are due to be replaced by a new single benefit, Universal Credit: www.gov.uk/universal-credit/. You can check which Job Centre areas are currently part of the new Universal Credit benefit roll out programme at www.gov.uk/jobcentres-where-you-can-claim-universal-credit/

How to contact us

Telephone your Student Hub and ask to book an appointment with a Student Money and Accommodation Adviser:

Aldgate Hub – 020 7133 7002; Holloway Hub – 020 7133 7001; Moorgate Hub: 020 7133 7003

Email: advice.studentservices@londonmet.ac.uk

Website: www.londonmet.ac.uk/advice

The content of this information sheet has been compiled using information from external sources, as well as University data. The content has been carefully checked and is given in good faith. However, the University cannot accept responsibility for the consequences of any inaccuracy.

April 2017