

REPAYING YOUR STUDENT LOAN



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This booklet is for you if you took a student loan before 1 September 2012 and will repay your student loans through PAYE. If you're a self assessed tax payer, or if you can't find the information you need here, go to: www.studentloanrepayment.co.uk.

We, the Student Loans Company (SLC), are committed to helping you understand everything about your student loan, including repaying it. This booklet contains information on what you repay, when you repay it and how you repay it.

We suggest you keep this booklet and your statements in a safe place as you may want to refer to them in future.

We hope this booklet will tell you everything you need to know about repaying your Income Contingent student loan. It will explain the processes and rules around repaying your loan and will hopefully answer any questions you have about how repayment will affect you.

We recommend you use this website to keep up-to-date with news and information about repaying your student loan and keep track of your repayments.

The Student Loans Company is a non-profit-making organisation, providing loans and grants to students in universities and colleges on behalf of the UK Government and the administrations of Scotland, Wales and Northern Ireland.

As well as assessing and making payments to students during the time they're in higher education, we work with HM Revenue & Customs (HMRC) to manage the administration and collection of loan repayments from over three million customers. This is essential to make sure this money comes back into the system so we can provide financial support for students in the future. During your loan-repayment period we issue your statements and make sure you get information about changes to policy or procedure.

What is an Income Contingent Loan?

- Since 1998 students have been getting Income Contingent Loans. This basically means your repayments are based on your income, not on the amount you borrowed. (See table on page 8.)
- An Income Contingent Loan is money you borrowed to help pay for your studies. You must repay this loan.
- Your Income Contingent Loan could be made up of either a Maintenance Loan or a Tuition Fee Loan, or both.

Depending on where you lived when you became a student, you would have applied for student finance through one of the following organisations. If you lived in:

England: 

**Northern
Ireland:**

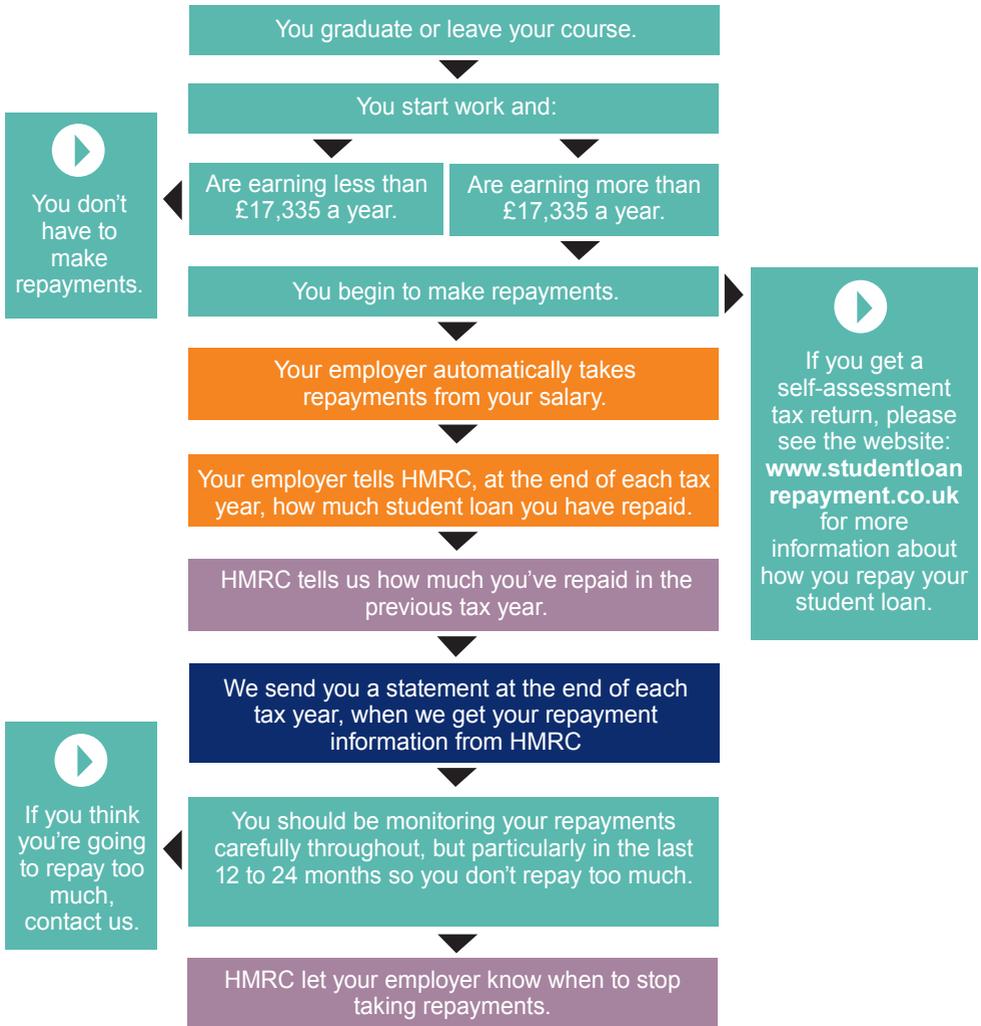


Wales: 

Scotland: 



What happens during repayment and who do I deal with?



Key



You



Us

- Process student finance applications.
- Pay loans and grants to students.
- Pay fee loans direct to universities and colleges on behalf of students.
- Maintain and update loan accounts.



HM Revenue & Customs (HMRC)

- Collects student loan repayments from employers through the UK tax system.
- Let us know how much student loan you've repaid.



Employer

- Collects student loan repayments on behalf of HMRC.
- Takes repayments directly from salaries in a similar way to PAYE and NI contributions.

Income Contingent Loan repayment (ICR)

With an Income Contingent Loan, **your repayments are based on your income** and not on what you borrowed. We begin to collect repayments once you have finished your course and are earning more than the threshold, which is £1,444 a month or £17,335 a year. When this happens we collect 9% of your earnings above this amount through the UK Government's tax system, Pay As You Earn (PAYE). This means repayments are taken automatically without you having to do anything. If you pay tax through self-assessment (usually if you're self-employed), different repayment terms apply.

Please visit: www.studentloanrepayment.co.uk for more details.

For examples of how repayment might affect you, see illustrations on pages 15 and 16.

When do I repay my loan?

You'll start to repay your student loan in the April after you graduate or are no longer on your course, as long as your income is over the repayment threshold. For example, if you graduate in June 2012, your repayments would start in April 2013. **If your income is less than the threshold, you won't have to make repayments.**



How much do I repay?

How much you repay depends on your income. We ignore the first £17,335 of your annual income (or monthly or weekly equivalent) and your repayment is worked out as 9% of anything over this amount. The table on page 8 gives some examples of what your repayment could be.

If you pay tax through self assessment we may also include unearned income, for example, interest on stocks, shares or savings, if it's more than £2,000 a year. If your combined earned and unearned income is more than £17,335 a year, you'll have to make repayments.

The repayment threshold is

- £17,335 a year;
- £1,444 a month; or
- £333 a week;

before deductions.

You'll pay back 9% of your income over this threshold. The threshold amount may change over time. You should check the repayment website for the latest information.

If your income changes, either rising or falling, during the tax year (the tax year runs from 6 April to 5 April), your repayment amounts will change to reflect this. You'll have money taken off your salary to repay your student loans during any pay period where your earnings are more than the weekly or monthly threshold.

By pay period we mean each time you get your salary, which could be every:

- week;
- two weeks;
- four weeks; or
- calendar month.

There are times when, even though your earnings aren't more than £17,335 a year and so below the threshold for repayment, you may have to make student loan repayments. This will happen if your salary goes above the weekly or monthly threshold during any given pay period.

For example, if you're paid weekly and normally earn less than £333 (the weekly threshold), you wouldn't have to repay. But, if you did an extra shift or got a bonus which put your weekly pay up to £400 for that week, you'd make a repayment based on this amount as it's over the weekly threshold. This would be worked out as $£400 - £333 = £67$, and you'd pay 9% of this figure, which is £6. See pages 15 and 16 for more examples.

In this situation you'll be able to apply for a refund of these repayments at the end of the tax year by sending us your P60. You may also decide not to apply for a refund, which will allow you to repay your loan more quickly.

WALES ONLY – Partial cancellation of Maintenance Loan

If you live in Wales and took out a Maintenance Loan in academic year 2010/11, 2011/12 or 2012/13 the Welsh Assembly Government could cancel up to £1,500 from your student loan balance when you start repaying.

For further details visit: www.studentloanrepayment.co.uk.

Thresholds and repayment amounts

Income each year before tax	Monthly Salary	Monthly repayment
up to £17,335	£1,444	0
£18,000	£1,500	£5
£21,000	£1,750	£27
£24,000	£2,000	£50
£27,000	£2,250	£72
£30,000	£2,500	£95

Do I pay interest on my loan?

We'll charge interest on your loan from when we pay your first installment until you've repaid your loan in full. The interest rate can vary from year to year and even during the year. To find out the latest rate, please visit the repayment website at: www.studentloanrepayment.co.uk.

Student loans are not commercial loans and the interest is low. This means the amount you pay back will broadly be the same as the amount you borrowed.

Interest rates will change and the regulations around how these apply to your student loan are complicated. You can find the most accurate and up-to-date information about interest rates on the repayment website.

How do I repay my loan?

Between the time you finish your higher education and the following April, we'll tell HM Revenue & Customs (HMRC) you're due to start repaying your student loan or loans. When you start working, you should let your employer know you have a student loan. If you work as an employee and pay tax and National Insurance through 'Pay As You Earn' (PAYE), your employer will work out and take off any student loan repayments due each pay period, based on your earnings for that period. This is done using your National Insurance Number (NINO) which you gave to us when you applied for student finance. If you pay tax through self-assessment, any student loan repayments due each tax year will be included in your final SA tax bill and you'll make your own payment to HMRC.

At the end of the tax year your employer will tell HMRC about your student loan deductions (repayments). HMRC then let us know what you've paid. We understand getting a 'real time' (up-to-date) balance can be frustrating. The quickest and easiest way is to go online – but have a note of all your recent repayments from the current financial year (from your payslips) to hand when you do.

Please remember that HMRC can't provide us with information until after the end of the tax year and this information can take some months to process.

How can I repay more quickly?

If you're not earning over the £17,335 repayment threshold, you may still choose to make **voluntary repayments** to pay back your loan more quickly. If you're earning more than this amount, your repayments will be collected through the tax system, but you can make extra voluntary repayments above this amount.

Whatever your circumstances, if you choose to make voluntary repayments to pay off your loan more quickly, you can do so through the repayment website, by phone or by post using the following methods.

- Direct debit
- Individual repayment by Debit / Credit card over telephone
- Continuous Debit / Credit card repayment set up over telephone
- Individual repayment by Debit / Credit card over internet via customer repayment portal
- Continuous Debit / Credit card repayment set up over internet via customer repayment portal
- Bank giro credit
- Standing order
- Sterling bank transfer via CHAPS
- Sterling bank transfer via Faster Payment
- Sterling bank transfer via Internet Banking
- Sterling BACS transfers
- Foreign currency bank transfer
- Sterling cheque
- Sterling postal order
- Foreign currency cheque

It's very important you keep track of your repayments. You can do this by regularly checking your account online at the repayment website: www.studentloanrepayment.co.uk. Unless you keep an eye on your repayments, particularly as you get to the end of your repayments, you'll probably over repay. If this happens, you'll be able to get this money back.

When do I get a statement?

We'll issue you with regular statements to help you keep a record. However we depend on the information we get from HMRC for this. As HMRC only pass this to us after they've received the information from your employer, the statement can be out of date by the time you get it. **Your statement from us will reflect the most up-to-date information we've been given. However you may have made several further repayments since then.**

Just before you start repayment, we send you an interim statement which tells you how much you owe at that point.

By the September after the end of the tax year, we aim to send you a statement of the amount of student loan repayments which have been collected through PAYE or self-assessment. However, this statement may be later than September. This is because HMRC can only pass the information to us once they've received this from your employer.

If you contact us between statements to check how much you owe, the information we can give you will only be accurate to the last date we received your updated details from HMRC. However, if you go online at: www.studentloanrepayment.co.uk, you can work out an up-to-date figure using your most recent payslips.

What documents should I keep?

We won't receive your repayment details until after the end of each tax year so it's important you monitor your own repayments. You can work out your current balance on the repayment website at: www.studentloanrepayment.co.uk.

If you're repaying through PAYE, your payslips will show any student loan repayments taken for each pay period – but not a running total for the tax year. So it's very important you hold on to all of your payslips and any other evidence – your P60, for example – which confirms the amount of student loan repayment taken by an employer in each tax year.

This will help us when you ask us to quote an 'outstanding balance' or 'settlement figure'.

What if I think my repayments are due to end?

Based on the information we get from HMRC, we'll contact you if we believe you're due to finish repaying your loan soon. If this is correct, we'll contact HMRC and they'll tell your employer to stop making deductions from your salary. However, it's possible deductions may continue for one or two months after you've paid off your loan account in full.

In fact, owing to the time between information passing from your employer to HMRC and then to us, it's likely you'll over repay your loan. You can help avoid this by monitoring your account closely. If this happens, you should write to us enclosing your wage slips to show these extra deductions, and we'll refund any over repayments to you.

If you're self-employed you're responsible for making loan repayments to HMRC through self-assessment. If you're close to fully repaying your loan, you should contact us in good time to confirm a 'final settlement' amount.



How do I avoid repaying too much?

- Monitor your account closely at: www.studentloanrepayment.co.uk.
- Repay what is left by direct debit.

If you make repayments through PAYE you can swap to repaying by direct debit in the last 23 months. We'll try to contact you shortly before this time to offer you this option. However, if you know that you're getting near this point, you can get in touch with us to arrange to repay your balance in this way.

The advantages of repaying by direct debit are:

- you won't repay too much;
- you can choose your repayment date between 10th and 28th of each month; and
- the normal conditions of your repayment still apply.

You must pay your direct debit every month on the agreed date. If you fail to do this we'll take you off the direct debit repayment scheme and you'll go back to paying your loan through PAYE.

To find out more about the direct debit scheme, go to:
www.studentloanrepayment.co.uk.

What happens if I have more than one job?

If your total earnings from all your jobs are less than £17,335 for the year, you won't have to make repayments. If your earnings in any job, in any pay period, are more than £17,335 a year, your employer will automatically make a loan deduction. **Each employer you have will give credit for the full £17,335 threshold.** So if you earn £18,000 a year in each of your separate jobs, that is £36,000 in total, so each employer takes 9% of £665.

We do this to keep the calculation straightforward for employers.

HMRC may then send you a tax return to make a self-assessment of the loan repayments you owe for the whole year, taking account of all your jobs and charging 9% on all income above the threshold. They'll take account of the deductions already made by your employers during the year, but it's likely there will be more to pay. This is because each employer will have separately allowed you the £17,335 threshold.

If HMRC don't send you a tax return, you'll not have to make further repayments beyond those already taken by your employers.

What if I have to fill in a self-assessment or am covered by self-assessment and PAYE?

If you have to fill in a self assessment (SA) tax return, the income you put on the form will be used to calculate any SA student loan payment due. Credit will be given for any repayments already made through PAYE if you've included them on the SA form.

Example 1

You have two jobs, each paying you £18,000 a year. You pay tax through PAYE.

Each employer collects 9% of £665 (£18,000 - £17,335 = £665),

As you are paying through PAYE, each employer collects £59, which means you repay

$$2 \times £59 = £118.$$

However, if you're sent a self-assessment form, HMRC will expect to pay 9% of your total income above £17,335. As a result, your student loan repayment would be:

$$2 \times £18,000 = £36,000 - £17,335 \text{ (threshold amount)} = £18,665, \text{ so you would have to pay } 9\% \text{ of this amount which is } £1,679.$$

You've already paid £118, so for that tax year you'd be expected to repay $£1,679 - £118 = £1,561$.

Example 2

You earn £10,000 in one job and a further £9,000 in a second job. As neither amount is over the £17,335 threshold, neither employer will collect through PAYE.

However, if HMRC send a self-assessment form, they'd expect you to make a repayment based on:

$$£10,000 + £9,000 = £19,000 - £17,335 \text{ (the threshold)} = £1,665$$

You'd pay 9% of £1,665 = £149 for that tax year.

Example 3

You earn £16,000 a year and get a bonus of £1,500. You also have a further £2,500 of unearned income from stocks and shares.

Your total income for the year is $£16,000 + £1,500 = £17,500$ from your employer. They'll collect 9% of £165, which is equal to £13, for your student loan repayments.

And, if you get a self-assessment form, you'll be asked to repay 9% of your unearned income as this is above the threshold figure. That would be 9% of £2,500 which means you'll pay a further £225.

Your total student loan repayment for the year would be $£225 + £13 = £238$.

There are times when the normal repayment arrangements may not apply.

What if I'm disabled?

Any disability-related benefits you get won't be counted towards the £17,335 threshold, even if you pay tax on them. If you get a disability-related benefit and are medically confirmed as permanently unfit for work, you can apply to have your loan cancelled.

What if I go abroad?

You may choose to take time out when you finish your studies and have plans to travel abroad. If you're overseas, or you plan to go overseas for more than three months, you must fill in the overseas income assessment form (See Frequently Asked Questions on pages 18 to 20). This will give us evidence of your income for this time so we can work out a repayment schedule for you.

You can get a copy of the overseas income assessment form at:

www.studentloanrepayment.co.uk.

If you think you may not be in regular contact while you are away, you may also want to grant power of attorney/consent to share to someone else. This allows them to act on your behalf. **We cannot take instructions from, or make arrangements with anyone in your absence unless you've given them power of attorney.**

Going abroad?

- Fill in the overseas income assessment form and provide evidence of your income.
- Grant power of attorney to someone you trust to act on your behalf.



Q. Will I have more student loan repayments taken if I earn a bonus?

A. Yes, if your total earned income is above the £17,335 yearly, £1,444 monthly or £333 weekly thresholds. Overtime and bonus payments will be included in the calculation.

Q. Can I make extra repayments?

A. Yes. You can make extra voluntary repayments to your account at any time. You can find information about this on our repayment website at: www.studentloanrepayment.co.uk. However, any extra voluntary repayments you make won't change the amount you repay from your salary or that you may have to repay through self-assessment – but it will mean you repay your student loan sooner.

Q. Why does my statement show less than I actually repaid?

A. If you had more than one employer within the tax year it may be we've only received information for one of your employers. Once HMRC send us your updated information, including details of your other job, income and any student loan repayments made, we'll change your balance and send you a new statement. If you only had one employer within the tax year, but your statement doesn't show everything you repaid through them, please send us a copy of your P60 and we'll use this to correct our records of your account. This will allow HMRC to investigate the problem and also correct their records. Please make sure your employer is using your correct National Insurance number.

Q. Although my salary for the year should be £33,820, I only worked for half the year so earned just £17,335. Repayments were taken for my student loan, but as £17,335 is the annual threshold figure, can I claim these repayments back?

A. No. Your student loan repayments are taken automatically if you earn more than the relevant threshold for any pay period. In this case your pay period was monthly and you were being paid a monthly salary of £2,818, which is £1,444 over that threshold. So, you repaid 9% of that figure while you were earning. In this case we would stop collecting repayments when your salary stopped but you wouldn't be able to reclaim the repayments you had made.

However, if at the end of the tax year your total earnings (before tax and other deductions) are less than £17,335 a year you'll be able to apply for a 'below threshold' refund. To do this you must provide us with your P60, which you'll get from your employer, as evidence of your earnings and your student loan repayments.

Q. Why have I received a statement showing a balance when I repaid it some time ago?

A. Please check which tax year the statement refers to. If you paid off your balance before the last date shown on the statement, please call our offices. It might be that we're still waiting for further repayment information from HMRC. In this case, we'll send you an updated statement once we've got this. If you made a repayment after the time period covered in this statement, it will show on the next tax year's statement.

Q. What should I do if I think I've paid off the full loan?

- A. Please contact our office. You should have copies of your last P60 and recent payslips to hand when you call us.

Q. Why would I over repay and how can I avoid it?

- A. Unless you keep an eye on your repayments, particularly as you get to the end of repaying your loan, you'll probably over repay. But if this happens, you'll be able to get it back.

It happens because there's a delay between the most up-to-date information we have – which will give us your repayments up until the end of the last tax year – and your repayments after this date.

So you need to be aware of your balance and the amount you're repaying, to work out what your final repayment date is likely to be. For example, if you get a statement in September 2014 which tells you that your balance (the amount you still owe) at the end of the tax year (5 April 2014) was £950, and your deductions of £125 are taken at the end of each calendar month by your employer, you can work out that you'll have seven further repayments of £125 with a final repayment of £75 plus any interest which builds up during this time.

So, if your employer takes your loan repayments from your salary at the end of each month and your repayment balance is accurate up to, and including, your March 2014 payment, you'll pay off your balance in November or December.

If you don't monitor these repayments and contact us to change to repayment by direct debit, your employer may continue to take a student loan repayment. This wouldn't be picked up until the end of the next tax year. In the example above this could mean that you would continue to make repayments for another three or four months, or longer.

Q. Why have I got a bill from my tax office when I've been making repayments direct to you?

- A. Repayments made direct to us are not included in your self-assessment, as you've made them voluntarily. You can't repay your self-assessment bill on a monthly basis direct to us.

Q. HMRC have billed me for my self-assessment. I've since paid this directly to you, so why are HMRC now sending me arrears letters?

- A. We can't usually refund voluntary repayments and we can't transfer money to HMRC. However, you can call the repayment team to allow us to check your account.

Q. I'm going travelling in the next few days and will be overseas for more than three months, what should I do?

- A. You should call us and tell us how long you plan to be out of the UK and travelling for. We'll then send you an overseas assessment form. We need you to fill in and return this to us with supporting evidence which shows what income or financial support you will have for this period of time.

However, if you're leaving in the next few days and need the form urgently, you can download it at: www.studentloanrepayment.co.uk and send it to us with the evidence. Or, if you don't have access to the internet, please send us a letter giving your dates of travel, the country you'll be living in, and proof of your income or financial support for the time you'll be out of the UK and travelling.

We won't be able to help you if you don't supply evidence of your financial support. We'll return any letters or forms to you as incomplete if you do not give us any evidence required. If you're going abroad to work, you'll have to make other arrangements to repay your student loan and you should go online or contact us to find out how.

Q. Can I repay my overseas repayments in a lump-sum at the beginning of the 12-month period?

- A. Yes. You can make a lump-sum payment to cover future monthly repayments. However, you must do this before your repayments are due. If you don't make your monthly repayments, it will put your account in arrears.

Q. Can my Income Contingent Loan be written off?

- A. If you get a disability-related benefit and are permanently unfit for work, we can cancel the loan. However, we can't cancel a loan unless we get medical confirmation together with confirmation of your disability benefits.

Q. I have a Fixed Term (Mortgage Style) Loan and an Income Contingent Loan but didn't do a Postgraduate Certificate of Education (PGCE). Can I choose which loan to repay first?

- A. No. You only have the option to choose which you pay back first if you used your Income Contingent Loan to pay for a PGCE course. If you earn over the income contingent threshold of £17,335, you'll be expected to start repaying this loan the April after you finish your course. However, if you're earning less than £27,813, you can apply to have repayments of your Fixed Term (Mortgage Style) Loan deferred for 12 months.

Q. What happens if I don't fill in and return the PGCE loan repayment option form?

- A. If you don't return a PGCE loan repayment option form, showing the option you prefer, we'll assume you don't want to delay paying off your Income Contingent Loan and you'll repay both loans at the same time.

Balance	The amount of loan you still owe at any moment.
Deferment	Putting off repayment of Mortgage Style loans because you're earning less than the threshold amount.
Devolved Administrations	The Governments of Scotland, Wales and Northern Ireland.
Fixed Term (Mortgage Style) Loans	Student loans taken before 1998. Repayments of these are based on how much you borrowed and a few other factors.
HMRC	HM Revenue & Customs – the organisation responsible for collecting tax and National Insurance contributions on behalf of the UK Government.
Income contingent loan	Student loans taken after 1998 where the repayment amount is based on your income.
ICR loan	Income contingent repayment loan.
PGCE Loan Repayment Option Form	The form anyone who did a PGCE and has both types of loan, a Mortgage Style Loan and an Income Contingent Loan, needs to fill in if they want to delay repayment on their Income Contingent loan.
NI number	National Insurance number – This is an individual number given to everyone eligible to work in the UK. All earned income you receive and any tax or other government repayments you make, like your student loan, will be recorded against your NI number.
P45	You get a P45 from your employer when you stop working for them. It's a record of your pay and the tax that's been taken so far in the tax year.

P60 Your P60 is the summary of your pay, and the tax that's been taken from it, in the tax year. It will also show how much of your student loan you have repaid from that employer in the tax year. Your employer should give you a P60 to keep as a record at the end of every tax year.

PAYE Pay As You Earn. The main method the Government use to collect employees tax through employers.

PGCE Post Graduate Certificate of Education.

Power of attorney The authority to act for another person in legal or financial matters.

Repayment threshold The amount anyone with a student loan has to be earning before they have to make repayments. The repayment threshold for Income Contingent Loans is different from the threshold for Fixed Term (Mortgage Style) Loans.

Self Assessment (SA) For those who have to complete an annual SA tax return, this is the system used to work out how much tax you're due to pay.

SLC Student Loans Company – the company responsible for paying and administering student grants and loans.

Statement Issued to those people with student loans each year giving details of any repayments they've made and the balance of their account.

Tax Year The accounting period for student loans and other financial matters begins on 6 April each year and ends 5 April the following year.



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If you are calling from overseas: **0141 243 3660**



student finance wales
cyllid myfyrwyr cymru

