The University of business, practice and the professions.

citystgeorges.ac.uk

# Student Finance higher education advice for Parents

Speaker: Ross Pickering

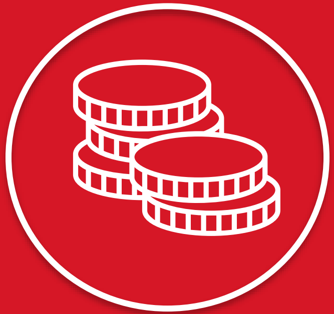
**UK Student Recruitment and Schools Liaison Officer**

# Structure of the session

## Part 1

News and Updates: Student Loan Interest and Introduction to LLE

## Part 2



Student Finance for 2027

- Applying
- Amounts
- Assessment

## Part 3

Loan Repayments or Graduate Tax?

## Part 4

Additional financial support and Budgeting

# Structure of the session

## Part 1

News and Updates: Debunking the facts and fiction

# News and Updates

## Debunking the facts and fiction

- There has been a **lot of discussion** in the media and in society recently about **Student Loans, Interest repayments** and **students having very large debts**

- This **debate** is mainly surrounding **plan 2 loans** - given to young people who went to **university between 2012 and 2023**:

***This does not affect you as you would be on Plan 5***

- Yes, it is true that some students **do have a large student loan amounts** ***(aka "student debt")***, the repayment system **works like a tax** where students **pay 9% of their future earnings** above **£25,000** – more on this later!

- **From January 2027**, the current system will be restructured so that students will need to apply for student finance through **Lifelong Learning Entitlement (LLE)** Funding which is part of a wider package of reforms to HE Funding.

- The Government announced that the **Terms and Conditions** of Student Loans **will be made clearer** moving forward, especially around Interest Rates


# In the News…..

- Furthermore, you may (or may not!) have also heard in the news, in the media that **Tuition Fees** are being **“Increased each year in-line with inflation** – This is **true,** but not by a significant amount!

- Tuition Fees are being **increased by 2.66%** to reflect recent rises in inflation. This means that Tuition Fees are going to rise in England and Wales from **£9,790 to £10,050 per year from September 2027**

- The current Government in England (which is a devolved across the four nations of the UK) has agreed that Tuition fees will increase **each subsequent year** in line with inflation

- **Maintenance Loans,** the money you use for living costs, are also **going to be increased by 2.66%,** in line with inflation

- **The 2.66% rise** will provide as much as **£260 extra for this year** to help students from the lowest income families with the cost of higher education


University tuition fees in England to rise with inflation from next year

20 October 2025

sfe

student finance england

# What does this mean for students?

- The amount of loan that students repay is **based on how much they earn after** they have **graduated** and **not** how much they have **borrowed**!
- The government **have not made changes** to this part of how the loan works with the Introduction to **Lifelong Learning Entitlement (LLE).**
- This means that students will make the **same monthly repayments** proportionate to their salary of **9% of earning over £25,000** based on their future salary.
- The **maintenance loan** (which is the money paid to the student whilst studying) is increasing, which will be a boost to help with living costs whilst are studying
- It's **important to understand how the student loan works** so that you and your family can make an informed decision about whether you want your child to have it and what the repayments are, as well as the Interest charged

# Lifelong Learning entitlement (LLE)

- For most courses and modules starting on or after 1 January 2027, students will need to apply for student finance through **Lifelong Learning Entitlement (LLE)** Funding

- The purpose of the LLE is to create a **single funding system** for students wishing to progress their education to a higher level at level 4 and above

**The LLE loan will be available for:**

- Full courses at level 4 to 6, such as a degrees, technical qualifications and designated distance-learning and online courses which can include flexible modular learning of courses

**Under the LLE, eligible learners will be able to access:**

- **A tuition fee loan**, with new learners able to access up to the **full entitlement of £40,200** – **equivalent to 4 years of study**, based on academic year 2025 to 2026 fee rates

- **A maintenance loan** to cover living costs, for courses in-person, which is the same as now!

# Changing to Lifelong Learning Entitlement (LLE)

**Why has the Department for Education proposing to change the system to LLE?**

- Currently there is **two different loans** types (and entitlements) for Traditional Students (aged 21 or under for Undergraduate study) and Mature Students (over 21+)

- **The purpose of the LLE** is to create a **single funding system** for students wishing to progress their education to a higher level at level 4 and above

- The **new system** (and brand) ‘LLE’ is designed to be **more flexible** in an evolving labor market, where significant **changes to the future workforce** where job roles may require new **skills and knowledge** with more diversity in qualifications and educational background

- The **next generation** is likely to have a **less linear career path**, so opportunities throughout life to **upskill and re-train**, continuously being able to **improve skills and knowledge** to meet the **evolving economy** requires financial support for **Lifelong Learning** hence the introduction of the LLE, which is supported by government and the DfE

# Alternative Student Finance

- In conjunction with the introduction of the **Lifelong Learning Entitlement (LLE)** from **January 2027**, There will be a new **Alternative Student Finance (ASF)** being introduced

- The **Alternative Student Finance (ASF)** will provide an alternative option for students who feel uncomfortable taking out existing student loans due to interest payments being applied

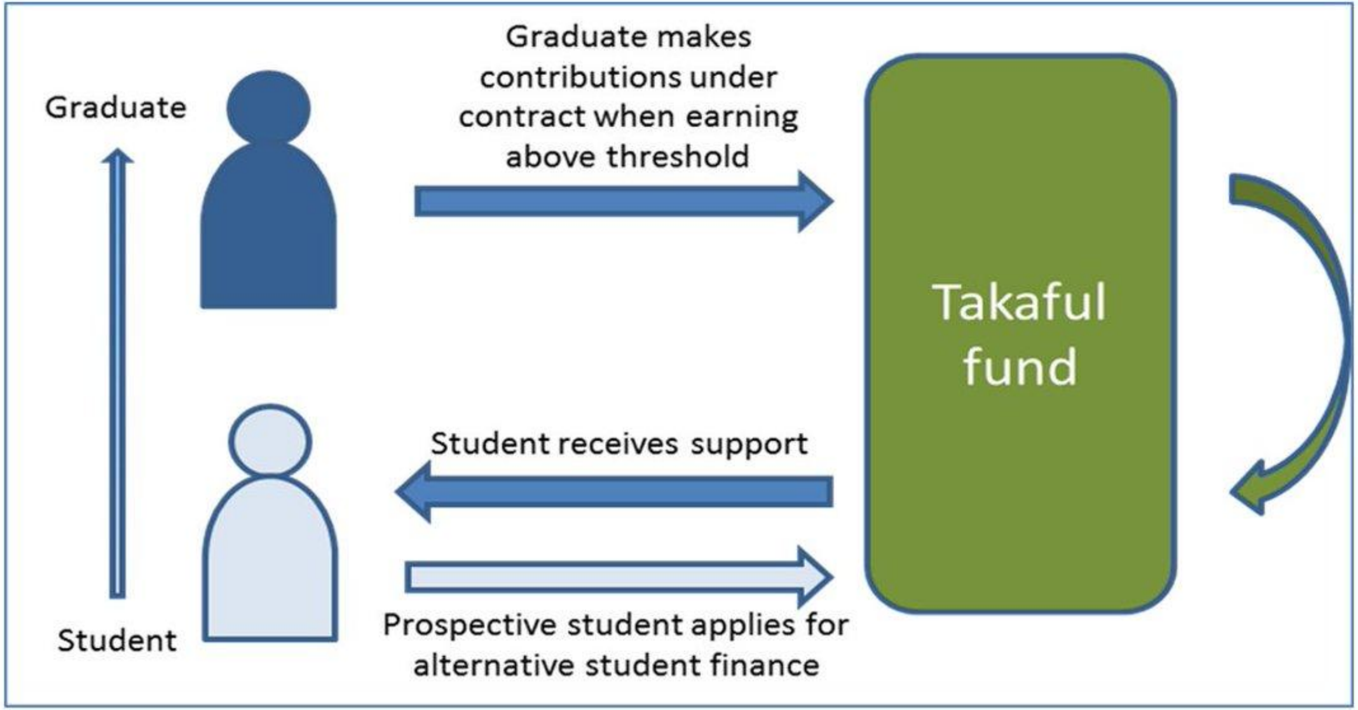
- The new **Alternative Student Finance (ASF)** model will be certified as being compliant with Islamic finance principles by an independent board of Islamic finance specialists, known as the **Islamic Finance Supervisory Board**.

- Alternative student finance will be **available** for **ANY** **prospective undergraduate student who is eligible** for Student Finance **regardless** of whether you are applying for Faith reasons, conscience or any other reason – ***It is available for everyone!***



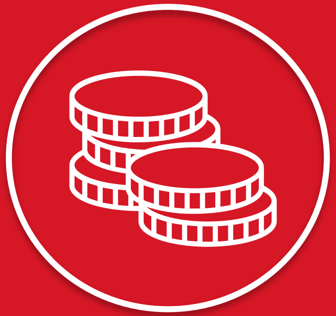
# Alternative Student Finance Model

Figure 1: Diagram of the Takaful model



# Next section

# Part 2



**Student Finance for 2027**

- Applying
- Amounts
- Assessment

# How do students pay for Higher Education?

- The **two main costs** students incur when studying at University are paying **tuition fees** and **living costs** . A **loan** is available from the Student Loans Company to help you cover both of these costs

## TUITION FEE LOAN

- A **Tuition Fee Loan** is available to cover the cost of the fees charged by a university or college – this is currently **£10,050 for full-time courses across the UK for Students from England** *(devolved in Scotland, Wales and Northern Ireland)*
- Eligible students **do not** have to **pay Tuition Fees up front!**
- A Tuition Fee Loan is **not dependent on Household Income** i.e., it is not means tested
- A Tuition Fee Loan from Student Finance England is **paid directly to the University or College.**
- Students do not see this money in their bank accounts

The Tuition Fee Loan and Maintenance Loan are **repayable**, but only once the student has graduated and their income is over **£25,000 a year**

## MAINTENANCE LOAN

- A **Maintenance Loan** is available to help with **your living costs** while in higher education e.g., accommodation, books, clothes, travel etc...
- The amount of Maintenance Loan a student gets depends on three factors:
  1. **Where you choose to live**
  2. **What you choose to study**
  3. **Household income based on Parents or Legal Guardian**
- The Maintenance Loan is **paid directly to the student** into their own bank account **in instalments each term**
- A **Parent** or **Guardian** can be nominated by someone else to be the contact by 'proxy'

# How to apply for student finance?


1. **Students** need to **create an account with Student Finance** and **apply online** at www.gov.uk/studentfinance

2. Is there a **deadline** to apply? **– Yes,** if students **don't apply** by the **end of May**, they **cannot guarantee they** will receive their funding by the time they **enrol** at university

3. **Applications** for **Lifelong Learning Entitlement (LLE)** usually open in **March** and the **deadline to apply** to ensure that the funding comes into your bank account by the time your child starts the course is around the end of **May** each year


4. **Please apply as soon as possible!**

5. **Applications can be cancelled** easily if a student **decides not to go** to university at all or **defers entry** to the year after. For Student Finance you need to **re-apply each year**, so you can't defer a SFE application, like you can defer a UCAS application

6. It is **better to apply for Lifelong Learning Entitlement (LLE)** and then amend it, if necessary, **then not apply** at all and start university without the funds that you need!

# What 'counts' as Household income?

- **Any income** that the legal **parents or guardians for the child receive within the tax year** – which includes:

  - Earnings
  - Benefits such as Universal Credit
  - Rental income
  - Pension
  - Disposal of Property



- If the student **lives with one parent** and their **cohabiting partner,** then their income **is included** in what counts as 'Household Income'.

- Any **income from siblings living at home** is **'not'** taken into consideration when assessing your student finance regardless of whether they have an income or not

- For **more information** about Household income is calculated, please visit:

[https://www.gov.uk/support-child-or-partners-student-finance-application](https://www.gov.uk/support-child-or-partners-student-finance-application)

# Applying as an Independent household?

**Household Income does NOT include your parents or legal guardians if one of the following applies in your personal circumstances:**

- The student must have **supported themselves financially for at least 3 years** by the time of making an application for student finance

- The student must of **spent at least 13 weeks** in local authority care before you turned 16, which in this case, you might be able to apply as a care leaver – *see Bursaries and Scholarships*

- The student has had no contact with your parents for over a year, which means you are considered an 'estranged student' – to find out more, please visit the following weblink: www.ucas.com/finance/student-finance-england/finance-independent-students

# Maintenance Loan amounts for 2027 entry

**Stay at home**
Living at home whilst studying i.e. commuter student
**Up to £9,360**

**Elsewhere**
Living away from home and studying outside of Greater London
**Up to £11,118**

**Live in Greater London**
Not living at home with family and studying within Greater London
**Up to £14,511**

**Living and participating in Study Abroad**
**Up to £12,733**

# Maintenance Loan amounts for 2027 entry

| Household Income | Living at home and commuting | Elsewhere (excluding Greater London) | Not living at home within Greater London |
|---|---|---|---|
| **£25,000 & under** | **£9,360** | **£11,118** | **£14,511** |
| **£30,000** | £8,574 | £10,323 | £13,704 |
| **£35,000** | £7,787 | £9,530 | £12,896 |
| **£40,000** | £7,002 | £8,734 | £12,089 |
| **£45,000** | £6,215 | £7,940 | £11,281 |
| **£50,000** | £5,429 | £7,146 | £10,473 |
| **£55,000** | £4,640 | £6,351 | £9,388 |
| **£60,000** | **£4,120** | £5,556 | £8,859 |
| **£65,000** | **£4,120** | **£5,182** | £8,051 |
| **£70,098 & over** | **£4,120** | **£5,182** | **£7,221** |

For an estimate of your student finance entitlement, visit [www.gov.uk/student-finance-calculator](www.gov.uk/student-finance-calculator)

# Maintenance Loan amounts for 2025

**Stay at home**
Living at home whilst studying i.e. commuter student

**Up to £8,877**

**Elsewhere**
Living away from home and studying outside of Greater London

**Up to £10,544**

**Live in Greater London**
Not living at home with family and studying within Greater London

**Up to £13,762**

**Living and participating in Study Abroad**

**Up to £12,076**

# Maintenance Loan Installments for 2027 entry

- **Maintenance Loans** are paid into the nominated bank account that you choose in three individual **instalments** throughout the year (**September, January and April**)
- The **September and January installments are the same** amount, but the amount in **April is slightly larger**, but covers a longer period throughout the summer (see picture below for an example of this!)
- There is the option to have the Maintenance **Loan installment changed to monthly** to coincide with paying rent or student accommodation, if this applies to your situation

***Please note:*** *Installment dates of the Maintenance Loan may vary depending on when your university institution semester (term-time) officially starts*

**Payments to you**

| What's being paid | Expected payment date | Amount |
| --- | --- | --- |
| Maintenance Loan | 26/09/2016 | [redacted] |
| Maintenance Loan | 09/01/2017 | [redacted] |
| Maintenance Loan | 01/05/2017 | [redacted] |
| **Total:** | | [redacted] |

# What if your circumstances changed recently?

- **Household income** is assessed **based on the previous tax year**, so it is **based on income between 6 months to 18 months** earlier than when students actually start their studies

- The Tax year runs from the **6th April to 5th April** each year

- Applicants can apply for a **'Current Income Assessment'** if your circumstances have changed at any point after they have submitted their initial application - ***This is encouraged!***

  - An example would be if a parent retires during the previous tax year and their income decreases so the student is potentially eligible for a higher maintenance loan amount than was originally thought due to change in circumstances

- Students need to **re-apply for Student Finance** at the start of **each year throughout the duration of your course!**

# The Hidden Parental Contribution ‘cost’

- The **proportion of maintenance loan** that many students will be **eligible** to receive **starts decreasing** if your **household income exceeds £25,000**

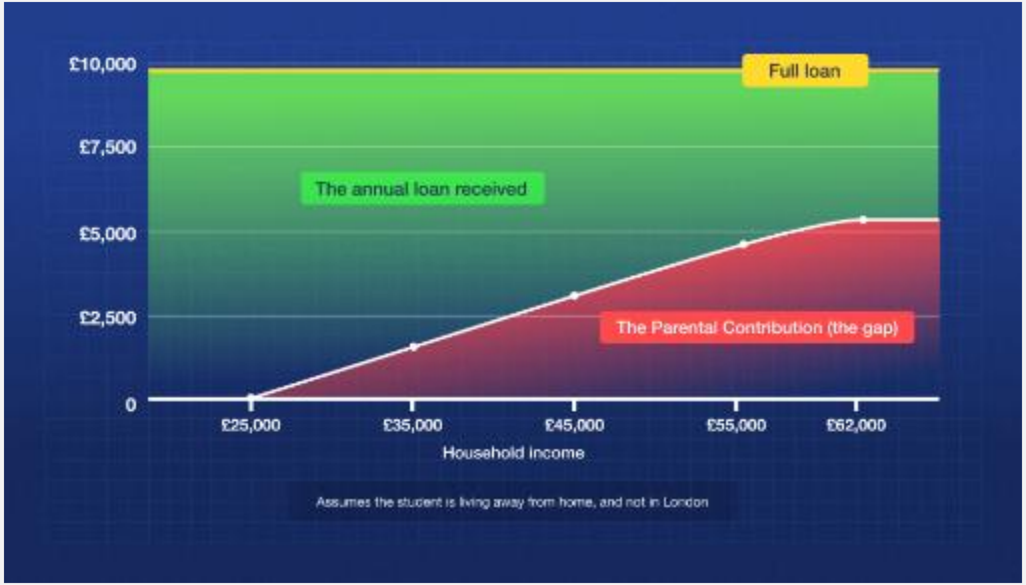
- For many people, the **maintenance loan is not enough** to cover the cost of going to university, and society (UK Government) expects those with higher household incomes to make up the remaining cost themselves – this is known as **Martin Lewis** describes it, as the **Hidden Parental Contribution**

- This missing amount is effectively an unsaid, **hidden parental contribution** as the only reason your child **may receive less maintenance loan** than others is that your family household income is deemed ‘higher’ than others

- For more information about the **hidden parental contribution**, please visit: www.MoneySavingExpert.com where there is a useful resource called the **University Parental Income Calculator** where families can work out their hidden contribution

# The Hidden Parental Contribution ‘cost’

- The **graph below shows how as your income increases the amount of loan received drops**, meaning the gap... **the parental contribution**... between the full loan and what’s received grows



# What if parents, can't or won't contribute?

- Of course, it is widely recognised that **some parents won't be able to afford to help their children financially** while they are at university and that is ‘OK’ ☺
- There is **no rule that obliges parents & partners to contribute** financially to their children studying at university, especially if you have more than one child at university during the same period e.g. siblings or twins, then this can be challenging!
- Knowing there is a **hidden contribution gap enables** both you and your children understand what level of funds are needed and how to budget ahead
- It is important for both of you to **have an open and honest conversation together** as a family to work out if, and how, you can make up the difference in income from other means such as **part-time employment, placements and savings**
- In fact, the most **important practical considerations** a student will need to make when **choosing a university and course** is **being realistic** about what you can budget for – look at all the costs e.g. **transport, accommodation etc...**

# Part-time employment

- Many students will **work part-time** around their studies as a **means of earning additional income**, but also to **develop soft skills** that complement your qualification when you graduate!

- **Universities encourage part-time employment** providing it is not detrimental to your studies, but vacation (holidays) are significantly longer at university than school or college, so more opportunity to work outside of your studies

- Sectors that often recruit students and are flexible are… **Hospitality venues** such as **bars and restaurants, as** well as **retail, supermarkets** plus you could look at private tutoring, leisure centres, entertainment centres

- We recommend **working for your university** as a **Student Ambassador** or similar

# Part 2

**Repayments or non-repayments**

# Student Loan repayments – Plan 5

1. **Students** don't start **repaying any of their student loan after they graduated from university!**

2. The earliest you'll start repaying is the April after you have graduated

3. **Students only begin repayments** once you are **earning over the threshold** for Plan 5 student loans which is **£25,000 per annum** *(equivalent to £2,083 a month or £480 a week)*

4. **Everything a student borrowed** e.g. Tuition Fee and Maintenance Loans are **brought together** when making repayments, but graduates only make repayments above the **£25,000 threshold!**

5. Students **repay 9% of their Gross income over £25,000,** which is divided into monthly repayments taken from their earnings

6. **If their income falls below £25,000** at any point, **repayments are paused** until your income goes above the threshold similar to the Personal Allowance and Income Tax

7. **Plan 5 student loans are written off 40 years** after the April you were first due to repay, from which point **any outstanding amount** of the loan **(including interest!) is written off** completely**!**

SLC
Student Loans Company


# Repaying your Student Loan – Plan 5

- **Your student loan is deducted from your Gross Pay** like Income Tax and National Insurance unlike mortgages or rent which you have to personally manage
- A Student Loan does **NOT affect your credit score** like traditional loans, mortgages and car finance
- Student Loan repayments are effectively collected as like a **Graduate Tax** rather than a traditional bank or mortgage loan
- However, as it is like a tax, it is **considered as an outgoing** when planning a budget e.g. for housing affordability

| Gross Annual Income | 9% Repayment deducted from | Monthly Repayment |
|---|---|---|
| **£25,000** | £0 | £0 |
| **£28,000** | £3,000 | £22 |
| **£30,000** | £5,000 | £37 |
| **£35,000** | £10,000 | £75 |
| **£40,000** | £15,000 | £112 |
| **£45,000** | £20,000 | £150 |
| **£50,000** | £25,000 | £187 |

# *‘We must stop calling it a student <u>loan</u>’*

*‘It works far more like a graduate <u>tax</u>’*

Martin Lewis,

Journalist and founder of moneysavingexpert.com

# Interest Rates on Student loans

- There has been a **LOT of discussion** about the **Interest rates** charged on **Student Loans** lately, so let's **debunk the fiction** from the **facts!**

- **Yes - Interest <u>IS</u> charged** from the **day the Student Loans Company make your first payment** at the beginning of the course to you or to your university or college until your loan has been repaid in full or cancelled

- The **interest rate** on Plan 5 student loans is **based on the Retail Price Index (RPI)**

- **UK student loan interest rates** for Plan 1, Plan 4, and Plan 5 are set at a baseline of **4.1%** (based on the Retail Prices Index) from **1 September 2026 to 31 August 2027**

- **Plan 2 and Postgraduate Loans** have a temporary interest cap of 6%, but this **does NOT affect you** as all students starting courses in **2026 / 2027** are on **Plan 5**

- For more information on how interest is calculated please visit: www.gov.uk/guidance/how-interest-is-calculated-plan-5

# Final section

# Part 4

## Additional Financial Support

# Bursaries, Grants and Scholarships

**Bursaries, Grants and Scholarships** are **non-repayable,** which means they **don’t need to be paid back**

- These can be based on academic achievement, personal background or extra-curricular and super-curricular merit e.g. sports, arts, music and volunteering

- As a example, in 2023 - 2024, City St George’s provided over **£2 million** in bursaries and other forms of financial support to students, although sometimes philanthropic funding goes unclaimed!

- The Government have recently announced that **Maintenance Grants** will be reintroduced (they were previously scrapped!), providing **up to £4,473 to low-income students**. You can check whether you qualify fort them or not here:

https://www.gov.uk/government/publications/student-finance-how-youre-assessed-and-paid/student-finance-how-youre-assessed-and-paid-2026-to-2027

# Bursaries and Scholarships


## Bursaries

- A **Bursary** is usually means tested based on household income, and is usually awarded to students who live in low-income households
- There may be other types such as bursaries for care leavers

## Scholarships

- **Scholarships** are usually awarded on academic or extra-circular excellence in areas such as Arts, Music, Sports as well as Volunteering and Community work
- Example: Bayes Business **School offer 10 undergraduate scholarships** for students from Black British background who are from low-income households

**Check out your university's website to see what Bursaries and Scholarships that they offer!**

# NHS Learning Support Fund (LSF)

- If you are planning to study a course related to a career in the NHS, you can apply for **NHS Learning Support Fund (LSF)**

- The NHS Learning Support Fund (LSF) provide students with **a training grant of up to £5,000 per academic year**, if you choose to study on any Healthcare or NHS Career related pre-registration undergraduate or postgraduate courses

- **Reimbursement for travel** and excess costs occurred such as temporary **accommodation** costs while on Placement known as (Travel and Dual Accommodation Expenses)

  - To **apply for the LSF**, you need to **register** and **create an account** on the **NHS** Learning Support Fund **webpage using this link** here:

  - www.nhsbsa.nhs.uk/nhs-learning-support-fund-lsf

# Eligible courses for the Learning Support Fund (LSF)

## Courses at City St George's are eligible for the LSF:

- Adult Nursing
- Children's Nursing
- Mental Health Nursing
- Midwifery
- Diagnostic Radiography
- Therapeutic Radiotherapy and Oncology
- Speech and Language Therapy
- Occupational Therapy
- Physiotherapy
- Paramedic Science

## Other higher education courses that are eligible for the LSF:

- Dental Therapy or Dental Hygiene
- Orthoptics, Orthotics and Prosthetics
- Podiatry or Chiropody
- Dietetics
- Operating department practitioner

### Medicine and Dentistry

- Usually a mixture of four years of the stand Student Loan followed by the NHS Student Bursary scheme
- www.healthcareers.nhs.uk/career-planning/study-and-training/considering-or-university/financial-support-university/financial-support-medical-and-dental-students

# Disabled Students Allowance (DSA)

**Disabled Students' Allowance (DSA)** provides **help towards the additional costs** a student may face due to their disability, long-term health condition, mental health condition or a specific learning difficulty:

- For academic year 2026 and 2027, students are eligible for **DSA** can **get up to £27,783** in DSA support, which is available to eligible students and can be allocated across the defined allowance categories which are:

- For more information on DSA support, including how and when to apply, please visit: www.gov.uk/disabled-students-allowance-dsa

| | |
|---|---|
| **Non-Medical helper** | **General Allowance** |
| Specialist Equipment | Travel Allowance |

# Budgeting tips and commuting to university

Top Tips:

- **Apply for a 16-25 railcard** which can give students up to **1/3 off** the price **of your train fare Off-Peak**
  - It can also be applied to an **Oyster Card** for use on the TfL network including on the London Underground

- **Apply for an NUS Extra Student Card** which allows students to access great discounts such as 40% at Pizza Express, 10% at Co-Op Supermarket among many others

- **Plan a weekly or monthly budget** with your child in advance, to manage regular outgoings and subscriptions to help with transition to university


# Key Messages

1. **Student Finance is available** so that **students do not need to pay** for their studies at university **upfront** or in advance!

2. There are **two types of loan** that students can apply for to help them pay for university:

   - A Tuition Fee Loan
   - A Maintenance Loan

3. Students **only start repaying** student finance once they earn over £25,000 per year

4. Students may be **eligible for additional money** while they are at university, such as **Bursaries and Scholarships** as well as subject specific **e.g., NHS Learning Support Fund**

5. All students can **apply for Student Finance online** through the GOV.UK website, using the following link: https://www.gov.uk/student-finance - **Apply as soon as possible!**

6. Overall - **Finance should NOT be a barrier** to deter you from fulfilling your ambition of wanting to go to University or access a particular profession!

# Any Questions

# Find out more about studying at City St George’s

- Attend one of our **Undergraduate Open Days:** www.citystgeorges.ac.uk/study/visit-us/undergraduate-open-days
  - **Clerkenwell :**
  - **Book a Campus Tour** delivered by one of our friendly Student Ambassadors: www.citystgeorges.ac.uk/study/visit-us/campus-tours
- **Chat to a current City St George’s student** about their experience on Unibuddy: www.citystgeorges.ac.uk/study/ask-a-student
- **Order a prospectus** which can be downloaded or delivered to you to hear more about City St George’s courses: www.citystgeorges.ac.uk/study/prospectus

Scan the QR code to be added to City St George’s mailing list to hear about our Open Days or Taster events as well as course information and much more!

City St George’s, University of London
Northampton Square
London
EC1V 0HB
United Kingdom

www.city.ac.uk