



Mercia Partnership

"We will work with you to improve your skills to their full potential, surprising you with the way we can do this and how well we do it."

Learner Guide to Student Loans

2013

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Learners Guide to Student Loans

As of 1st August 2013, the government will no longer be funding any courses at Level 3 and above for people aged 24+. They have instead, in association with the Student Loans Company, set up a facility for anyone to apply for a Loan to cover the cost of the course.



Many employers are willing to contribute towards the cost of the course, and this will reduce the amount of loan you have to take out.

This loan will only need to be paid back from April 2016 onwards and payments will be taken directly from your pay, as a deduction like tax. You will only start to pay back your loan when you earn over £21,000 per year, and it will be repayable at 9% of your wage above the allowance.

For example, should you start a job in 2015 earning £22,000 per year, you will only start making repayments from April 2016 and then it will be at the rate of £7 per month.

The loan will be subject to interest at the rate of inflation plus between 0 and 3% depending on your wage and when your programme takes place.

Following your application to study with Mercia Partnership UK Ltd, you will receive information about your course, and how to apply for a loan should if necessary. All the information you require will be in the 'Offer Pack', which will contain information on your course, helpful initial IAG, guides on applying for a loan online or on paper and how to inform us that a loan has been requested, as well as all the codes and conditions associated with student loans.

Please note: the loan will not be written off if you move abroad but you will cease repayments after 30 years

More information regarding these loans can be found further in this publication and, if after reading this, you have any other queries, please contact Sandra Birchall on 0151 289 0918 for guidance and information.

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Can I get a Loan?

To be eligible for one of these loans you must:

- be aged 24 or over at the start of your course;
- be undertaking an eligible course at an approved college or training organisation in England. *(see below for more details on which type of courses are eligible. Your college or training organisation will be able to confirm exactly which courses are eligible and if they're an approved organisation).*
- be living in the UK on the first day of your course
- have been living in the UK, the Channel Islands or the Isle of Man for 3 years immediately before starting your course
- be a UK national or have 'settled status' (this means there's no restrictions on how long you can stay). You may also be eligible if you:
 - are an EU national or a family member of one
 - are a refugee
 - have humanitarian protection (as a result of a failed application for asylum)
 - are a migrant worker
 - are the child of a Swiss national
 - are the child of a Turkish worker



Does getting a loan depend on my income or credit history?

No. Getting a loan doesn't depend on your income and credit checks aren't carried out. Repayments are based on your income and won't begin until your income is over £404 a week, £1,750 a month or £21,000 a year.

Is there an upper age limit for someone applying for a loan?

No. There's no upper age limit.

Which qualifications and Apprenticeship Frameworks can I get a loan for?

You'll need to be doing a Level 3 or Level 4 qualification or an Advanced or Higher Apprenticeship which is approved for public funding. Level 3 and Level 4 qualifications include A Levels, Access to HE Diplomas and other Diplomas and Certificates. These loans don't cover Degrees or other forms of Higher Education where separate student support arrangements exist.

Can I still apply for a loan for a qualification that's not approved for public funding?

No. Only qualifications approved for public funding are eligible for loans. If you want to undertake a qualification that's not eligible for a loan then you'd need to agree another method of funding the course with the college or training organisation.

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If my Higher Apprenticeship has a Higher Education (HE) element in the framework, will I have the option to apply for an HE loan?

Yes. If your Higher Apprenticeship framework is made up of both FE and HE elements, you can apply for separate loans to cover both of these elements.

Will I be able to get a loan if I've already achieved a similar qualification (i.e. I already have A Levels)?

Yes. Previous qualifications you've achieved won't affect your ability to apply for your first loan. However, once you've received a loan to undertake a course you won't be able to take out another loan to do the same type of course at the same level. You'll be able to take out further loans to complete different types or levels of eligible courses.



How many loans can I take out?

You can have up to a maximum of four 24+ Advanced Learning Loans in total. You can only take out one loan at a time for non A Level courses. If you have taken a loan to fund a course, you cannot take out a second loan to cover another course of the same type and level as the one you have already completed. Examples: If you want to undertake both a Level 3 Certificate and Level 4 Diploma at the same time, as part of your training to be an electrical engineer, you wouldn't be able to take out a 24+ Advanced Learning Loan for both of these qualifications at the same time. If you take out a 24+ Advanced Learning Loan to do a Level 3 Certificate in Plumbing, on completion of this course, you could then take out a second loan to do a Level 4 Certificate in Plumbing, which would be a course of the same type but a different level. However, having undertaken a Level 3 Certificate in Plumbing you couldn't take out a second 24+ Advanced Learning Loan to do a Level 3 Certificate in Construction, as this would be a course of the same type and level of qualification.

For A Levels it's different. You can apply for up to four loans to cover the costs of your A Level Programme (this includes A Levels, AS and A2 qualifications). If you're studying for more than one A Level qualification at the same time, you can apply for up to four loans at the same time – one for each A Level qualification. You can also get three more loans for non A Level courses at different times. You must complete a separate application for each loan.

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Deciding on a Loan

Is this the best value loan?

You'll need to consider whether it's the best thing for you in your circumstances. If you want impartial advice on managing your money contact the Money Advice Service at moneyadviceservice.org.uk

What happens if I change my mind about the course and want to do something different?

It'll depend on how much of the course you've undertaken. If you've done less than two weeks you can simply cancel the loan and this won't count against the total number of loans available to you. After two weeks on a course, the college will confirm your attendance and you'll become liable for the loan. It will count against the total number of loans available to you. However, there's flexibility to allow for a single repeat of the same type of course where you did not complete the original. You'd still be required to repay the original loan but you could take out another loan. Before making this decision you should speak to your college or training organisation, as it may be possible to transfer to the new course under the same loan rather than having to apply for a new one.

What happens if I'm unable to complete my course and I'm forced to withdraw?

Where there are compelling personal reasons preventing you from completing your course this won't count as one of your four loans. You'll still be expected to repay any loan paid in connection with the course, but you'll be able to take out a loan to complete the course again.

Can I get additional support to help with childcare and travel?

The 24+ Advanced Learning Loan only covers the fee you're being charged by the college or training organisation for your course. However, it's possible the college or training organisation will be able to provide financial support for course related costs for those facing financial hardship. Your college or training organisation will be able to provide you with more information on the help and support they can make available to you.

Can I get impartial advice about managing my finances?

If you're unsure about taking out a loan and want to seek advice then you'll have the opportunity to do so. If you want advice on managing your finances, the Money Advice Service, established by the UK government, can offer free, impartial money advice. Visit their website at moneyadviceservice.org.uk

Can I get independent careers advice?

If you're unsure whether the course you'd like to take is right for you, then you can find support and advice on the National Careers Service website at nationalcareersservice.direct.gov.uk or call their helpline on 0800 100 900.

You can get further advice on which qualifications are eligible for loans from your college or training organisation. For advice on your future skills, career, work and life choices you can contact the National Careers Service at nationalcareersservice.direct.gov.uk or call an advisor on 0800 100 900.

- For information and advice on learning, career and funding options, visit nationalcareersservice.direct.gov.uk/advancedlearningloans
- For more information and to apply, visit gov.uk/advancedlearningloans
- Speak to your college or training organisation

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Applying for a Loan

Once you've identified the qualification you'd like to study you should contact the college or training organisation who can provide it. That college or training organisation will confirm whether there are places available on the course and give you a Learning and Funding Information Letter. You'll need the information set out in this letter to complete an application and submit this to Student Finance England.



Can I apply online?

Yes, applying online is quick and easy. You can register and apply online now at gov.uk/advancedlearningloans. You can also download an application at gov.uk/advancedlearningloans. If you need help, contact your college or training organisation.

You'll need to provide details of the course you wish to study, college or training organisation you wish to study at, fee you're being charged, and the amount of loan you want to take out. You'll need to decide how much loan you want to take out. The college or training organisation will give you details about your course in your Learning and Funding Information Letter. You'll also be required to provide your personal details (name, address, etc) and evidence to confirm your identity. For UK passport holders this will just be your valid UK passport details (not a physical passport). If you're a UK national but don't have a passport you'll be asked to provide another form of evidence such as a UK birth certificate, which will be returned to you. If you're not a UK national you'll need to provide physical identity evidence, as

well as evidence that you're a permanent resident inside the UK. You'll also need to provide a valid National Insurance number so that the loan can be paid to the college or training organisation on your behalf.

I don't have a National Insurance number but I want to apply for a loan. What should I do?

A National Insurance number is required before the loan can be paid to the college or training organisation on your behalf. If you don't have a National Insurance number you can still apply for a loan. Student Finance England will contact you if you need to do anything to obtain one. This may mean that you'll need to arrange an appointment with your local Job Centre to have one assigned to you.

Can I apply for a loan after my course has started?

You should apply as early as possible to make sure Student Finance England can pay your college or training organisation at the start of your course. However, you can apply for a loan at any time during your course, but not after you've completed it. If you wish to apply for a loan during your course, you'll need to agree this with your college or training organisation in advance, as you'll already have discussed with them how you're going to pay your fees. Deciding to take out a loan

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Applying for a Loan

will change this arrangement. The college or training organisation will also need to provide you with information so you can complete your application.

How long will it take me to hear the outcome of a loan application?

Applications submitted online that don't require any further supporting evidence (because you've provided your valid UK passport details) will be processed quickly and you should hear from us within two weeks. If you don't apply online or you don't send us the evidence we ask for at the time of application it will take longer.

If my course lasts for more than one year do I need to reapply each year?

No. Your loan application will last for the duration of the course, even when that course lasts for more than one year.

What happens if I change my mind before I start my course?

If you decide before the start of your course you no longer want to undertake your course or you don't want to take out a loan for the course then you can simply contact Student Finance England. Student Finance England will be able to cancel your loan application and you won't have any loan to repay.

What happens if I change my mind once I've started my course?

No loan payments will be made to your college or training organisation on your behalf until you've attended the course for at least two weeks. If you leave the course after more than two weeks then you'll be liable to repay the loan payments that have been made to the provider on your behalf, for the time you have been on the course.



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Course Fees

How much can I get?

The amount you can get depends on your course, the fees charged by your college or training organisation and maximum amounts set by the government. You can take out a loan for the maximum amount to cover your fee or you can pay all or part of the fee yourself. Your college or training organisation will be able to advise you of this amount. The fee charged by the college or training organisation may be less than the maximum loan amount available - so in this case you'd only need to take out a loan to cover the fee being charged. If you're undertaking an Apprenticeship Framework the amount of loan available will take account of the contribution your employer will be expected to make towards the costs of your training. You can take out a loan for the maximum amount to cover your fee or you can pay all or part of the course fee yourself. The minimum loan amount is £300.

Will I have to repay the full loan amount if I leave part way through the course?

No. Your loan will be paid to your college or training organisation in line with your attendance on the course. When you stop attending, payments will stop and you'll only be liable to repay the amount (including any interest accrued on that amount) that's already been paid to the college or training organisation.

If I leave my course part of the way through will I be required to pay the remainder of the fee to my college or training organisation even if my loan payments have stopped?

Before you enrol on the course you'll need to enter into an agreement with your college or training organisation. This agreement should include the fee they're charging you and what you'll be required to pay if you don't complete the course.

How much of the course costs will the loan cover?

The loan should cover the fee charged by the college or training organisation. You'll need to agree with the college or training organisation upfront all of the costs associated with the course and that the loan will be able to cover these costs.

How's the loan paid?

Student Finance England will pay your agreed loan to your college or training organisation once they've confirmed your attendance on the course.



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Paying Back Your Loan

How will I pay back the loan?

Repayments will be automatically deducted from your income through the tax system from the April after you complete or leave the course and your income is more than £21,000 a year.

- your monthly repayments will be based on your income, not what you borrowed
- you'll only start making repayments when your income is more than £404 per week, £1,750 per month or £21,000 per year
- you'll only pay back 9% of any income above £21,000 a year, see the table below for examples of what you'll repay:

Income each year before tax	Monthly salary	Monthly repayment
Up to £21,000	£1,750	£0
£22,000	£1,833	£7
£25,000	£2,083	£30
£30,000	£2,500	£67
£35,000	£2,917	£105
£40,000	£3,333	£142

So, if you're paid monthly and earn £2,500 before tax you would repay 9% of the difference between

what you earn and what the individual threshold is: $£2,500 - £1,750 = £750$ 9% of £750 = £67.50 Your loan repayment would be £67 in that month. If your income drops or rises, for example if you receive a bonus, your repayment amount will automatically change to reflect this.

Interest

How much interest will I be charged on the loan?

Some of the interest on your loan will be based on inflation (Retail Price Index (RPI)). The table below shows how interest is calculated.

	Interest rate
While you're studying and until the April after you finish or leave your course	Retail Price Index (RPI) plus 3%
If you finish or leave your course before April 2016	RPI plus 3% until the April after you leave your course then RPI
From April 2016 Interest will be based on your income.	<ul style="list-style-type: none"> • £21,000 or less – RPI • £21,001 to £41,000 – RPI plus up to 3%, depending on income • £41,000 and over – RPI plus 3%

What is RPI, and what happens if it changes?

The Retail Price Index, RPI, is a measure of UK inflation. It measures changes to the cost of living in the UK. The UK government uses the rate of RPI for many purposes, including setting the interest rate charged on student loan.

When will repayments start?

Repayments via the tax system will start from April 2016 and there's no need to repay until then. You can make voluntary repayments direct to SLC at any time and before April 2016 in order to accrue less interest and pay off your loan more quickly. If you leave your course after April 2016

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Paying Back Your Loan

then repayments will start from the following April and when your income is more than £404 a week, £1,750 a month or £21,000 a year.

What happens if I have more than one student loan?

You'll make a single repayment regardless of how many student loans you have, including HE and 24+ Advanced Learning Loans.

How do I repay the loan early?

Voluntary repayments can be paid to the Student Loans Company at any point. You don't need to wait until your income is over £21,000. Any early repayment, either partial or full, will reduce the interest that will accrue. If you want impartial advice about repaying your loan or other debts you can contact the Money Advice Service at moneyadviceservice.org.uk

If I am undertaking an Apprenticeship and my employer makes me redundant, would I still be required to repay the loan?

Any apprentice who has been made redundant will be fully supported to find alternative employment and continue their programme by the National Apprenticeship Service. If this isn't possible you'll be expected to repay any loan payments (including accrued interest) made on your behalf to the college or training organisation during your course. You would only repay when your income is more than £21,000.

What happens if I can't repay the entire loan?

You'll only ever have to make repayments in line with your income if you earn more than £21,000. Any loan balances which remain after 30 years will be written off.

What if I declare bankruptcy?

Loans are excluded from your bankruptcy debts. This means that during and upon discharge from bankruptcy you remain liable to repay this loan.

What happens when I retire?

Loans repayments aren't taken from Pension Income, so if you retire and are paid a pension then you will only repay if you have other taxable income that is above £21,000.

What happens when I die?

If you die then your loan will be written off.

If I move to another country following my course and my income is more than £21,000 do I still have to repay the loan?

Yes. If you go abroad we'll make arrangements with you to collect repayments while you're outside of the UK tax system. Your repayment threshold may vary according to price level indices for that country. You'll be required to pay a fixed instalment to be calculated by SLC.

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