



STUDENT FINANCE MYTH-BUSTERS

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Higher Education for all



UNIVERSITY OF
WOLVERHAMPTON



Uni Connect
Programme

MYTH-BUSTERS

When it comes to student finance and the cost of university, there are some misconceptions floating about in the media and amongst the public. With this guide, we hope we can bust some of the most common myths for you, giving you a clearer picture on the reality of student loans and repayments.

MYTH

"You need to pay your tuition fees upfront and fund them yourself."

BUSTED!

The tuition fee loan takes care of this for you. Unlike the maintenance loan, this loan is not means-tested (not dependent on your circumstances) and you are entitled to take out a loan which covers your tuition fees fully. The money from this goes direct to the university or college, so you do not need to worry about paying them yourself. On your first day of uni, rest assured nobody will be waiting to greet you with a card reader!

MYTH

"Taking out a student loan affects your ability to apply for a mortgage or other loans in the future."

BUSTED!

This will have no impact on your ability to take out any loans. In fact, it is often seen as a good thing by lenders, as your graduate status indicates you will be on a higher salary than non-graduates, therefore may make your application more likely to be approved. All you might be asked to do is declare you have a student loan.

MYTH

"You have to start paying your loan back as soon as you graduate."

BUSTED!

You do not have to pay a penny of your student loan back until you are earning £27,295 per year. This threshold figure increases each year in line with inflation, so it could be even more by the time you graduate. When you do start paying it back, only 9% of your overall income is taken in repayments.

MYTH

You will be paying off your student loan your whole life.

BUSTED!

After 30 years, if you have not yet paid your full amount of student loan back, the remaining sum to be paid will be written off. Student loan repayments do not work like bank loan repayments – there is some interest on them, but they are low compared to those set by the bank.

MYTH

If you move to another country, you do not continue paying your student loan back.

BUSTED!

Unfortunately, your repayments will not stop just because you have moved abroad. You have a legal obligation to inform student finance if you are moving. If you do not tell them, they are connected with tax offices around the world, and will know if you have moved away!