



Push's Quick Guide to...

University money:

Making it work for you & affording it all

Who can go to uni?

Anyone can. Don't ever let the rise in tuition fees scare you (or your child) off – you may hear scare stories of being lumped with just over £50,000 of debt for the rest of your life. Yes, that is the average amount of money you will 'technically' build up whilst at uni, but this 'debt' is a completely invisible, unrealistic and wholly inaccurate figure (more on that later). Studies show that over ¾ of students on this current system won't pay back everything they borrowed to study a higher education course. And considering that graduates find a job *twice* as quickly and earn (according to different studies) an average of £100,000 - £250,000 more in earnings through their life, the 'debt' you may or may not pay back over 40 years is less than the average increased earnings graduates are likely to earn. If you play the law of averages, you're best bet is always getting a degree.

So don't ever let 'debt' be a reason to put you off university. More students than ever from all different backgrounds are going to university now (including the least socially and economically advantaged), even though the fees have tripled, which shows how much young people realise that gaining a degree - and experiencing university life, often away from home – is a desirable qualification which builds transferable skills and employer links at the same time.

**Why go to Uni? Want to see every U.K uni in 5 minutes? Is uni about more than just a degree?
Here's some useful videos from our team...**



A 'graduate tax' not a debt...

A student loan works like a tax meaning *it's not based on how much you borrow, but your earning power over a 40 year window* – starting the day you finish your course. The loan system is designed with this 1 rule: if you earn more in your job, you pay more back. If you earn less after your course, you pay less back. Perhaps barely any at all. Like income tax on your pay slip (that main other one we have to pay alongside National Insurance), you chip in what you can, when you can.

We wish university was a LOT cheaper for you guys and whilst we and other organisations work hard to put pressure on the government to bring the costs down for you folks to something like it used to be, the best thing we can do at the moment is tell it to you 'like it is' and give you all the tips we've amassed through 30 years of researching and talking about student money and student choices (Push published the first ever national UK drop-out rates)...so no one is ever put off going to uni if they feel it's the right choice for them at this moment in their lives. Unis are huge places (the biggest ones can have over 30,000 students (the Open University has over 100,000) and they do cost a lot to run. Think of the building and facilities maintenance, lecturer and tutor salaries to match their expertise they are passing on to you, heating and electricity, and some of the equipment you get to use on some courses.

Only around 45% of your tuition fees that get paid to the uni each year when you join actually go toward your course itself: unis also invest a lot of money into developing the student experience (wellbeing services, calm study and learning areas, equality of facilities and access for those with a disability, employer events, employability workshops, CV preparation, and sport facilities. So, we do think all in all, the whole experience you'll leave with - inside and outside the lecture hall, studio or lab - is worth paying for. It is all an investment into making you a rounded desirable person for whatever career path you choose to pursue: which is why embracing the whole of uni, and thinking of it as an investment in your roundedness, can help with understanding the cost of it – and if it is right for you.

A bit of history...

In ye olde times (well, before the mid-90s), university was free for all, then in 1998 the then government introduced fees (up to £1,000 a year), then they tripled in 2004 by another government (up to £3,000 a year) and then tripled again in 2012 by the Coalition government to the current amount of 'borrowing' up to £9,250 a year. Students on lower fees (pre-2012) start paying back any loans off their wage when their salary is much *lower*, and **you only start paying a little slice of it each year (about 9%) of anything you're earning over £25,000, for 40 years after you graduate.**

The most important thing is that you do as much research as possible into what money you will be entitled to receive or 'money in' we call it (that's the money you have to borrow) plus any money you may get for free ('money free we call it'). A lot of students can get 'money free' (and 'money earned') to bring their university life a bit more into balance – to help afford it all and do what you're there to do...which is to have an amazing and unforgettable time meeting new people and studying a course you will hopefully love. All your money will come from those 3 sources: money EARNED, money BORROWED and FREE money.

Maximise the money from **EARNED** and **FREE** sources, and try and minimize (or at least plan well for) the money **BORROWED**.



What do you pay to go?

As a British student, to go to uni in the UK, you borrow money from the government. The loan you are most likely to take out is for tuition fees, which is the money you pay to study on your course...but never just for your course (as we said above). *Think of it as a 'university experience' fee, as it goes on a whole range of things that help make your uni life fun and easier:* the upkeep of the uni itself, the team of staff, the learning resources and facilities like materials in class, libraries, good internet, digital resources as well as paper books, plus things like the SU (Student Union). That's the really fun place with clubs, events and societies. Your 'university experience' fee also goes on things like one-to-one support, counselling, disability and mental health support. All of which are so important as everyone has specific needs and university life can get overwhelming sometimes.

But what about what your parents will highlight? the dreaded interest? Martin Lewis - Founder & Chair of MoneySavingExpert.com - says the added interest is actually not part of the equation. So ensure you tell your parents this (as they'll most likely know who he is): *"most graduates won't come close to repaying the 6% interest rate. More potently it's because what you owe [your borrowing plus interest] doesn't change what you repay. That is a fixed at 9% of everything earned above £25,000. I'm tempted to say 'rip up your student loan statement' - it's just frightening and irrelevant. Just accept you'll pay a small increased tax-like burden for 40 years."*

Here's 2 advice videos from Lucy, Aron and our friend Nathan (Deputy head of outreach at Uni of Durham)...



Your 'university experience' tax-like repayment fee also goes towards bursaries and scholarship pots of money (you're essentially giving a bit to charity from your fees) to help support the less advantaged students to study there...of which you might be one (if you qualify to get some free money, you're essentially getting some of your loan straight back to your pocket!). Finally, your 'university experience' fee also goes on employability services and events, as universities want to help connect you with employment opportunities for when your course finishes (so on top of your studies, you're now a highly desirable job-ready super-being).

There are 2 different types of university loans; the university experience fee, and then a second one that most students opt to take from the government, as well: a maintenance loan. Here's how they break down...

- **Tuition fees loan (the non-negotiable one):** the money you don't see at all during your time at uni - it can be up to £9,250 for each year of study - but remember you never see this: it goes straight to the uni from the government for each year you turn up to study there.
- **Maintenance loan (the optional *one):** the money you actually see. As suggested in the name, it's the money put directly into your bank account (three times per university year) to 'maintain' you and your uni lifestyle and ability to study. It's there to help you through the costs of university - in whichever way you see fit. You can spend it in any way you want throughout your time at university, but most people spend it on the two biggest expenses you need to pay for: accommodation (if you live away from home) and food plus wider bills like phone and internet. But, you may also need to spend it on travelling home for the holidays, on fun stuff (remember uni is extremely fun!) and anything for your course that the university doesn't provide, like books, lab / art materials perhaps, and field trips. *For a lot of people this isn't technically optional - as they wouldn't be able to afford to go to university if they didn't have this financial support throughout the course.

When do you pay these loans back?

Let's recap: for students in England, if you go to uni, in the 40 year window after you graduate from your course, whenever you're earning over £25,000 a year, a small portion of your annual salary (a fixed 9%) will be paid back to the Student Loans Company. This will be done automatically each month by your employer and be seen on your wage slip. If you are self-employed, you need to do a tax return each year and submit it to HMRC: you will need to work out your total income/revenue made that financial year (April - March) then minus any expenses. And that gives you your 'net' profit: the amount you earned that financial year that is taxable by the government. HMRC then work out, from your net profit, how much income tax, National Insurance and student loan contribution you need to pay back (it's still that 9%) , and then it's added to your total annual HMRC bill to pay.

Here's a very useful video by Money Saving Expert's Martin Lewis (watch it with your folks/guardians/carers)...



The average starting salary for someone who completes university is between £18,615 and £22,785. *If you're earning under £25,000 at any point in the next 40 years after finishing your course, you don't pay a penny back. And the only way you'll pay back your entire student loan is if you are earning very good money from the start of your career.* Here's an example: if you're a student in England earning £30,000 after uni, you'll be paying back £450 in that year of earnings (as that's 9% of £5,000). That works out to about £37.50 a month (1 meal out with a friend now probably costs that). It works out to about £9 a week. That's should be manageable if you budget your money sensibly per month. You can work out what money you'll need to put aside for uni repayments each year of your career, as you'll always be able to calculate exactly how much will come off your salary (always a fixed 9%). It is harder if you're self employed and doing your own tax returns, as you won't earn the same amount each year, and therefore we suggest keeping 9% of anything you earn back for uni repayments: set up a pot so that each month, 9% of your earnings go into a 'uni repayment pot'. A lot of bank apps let you do this now. We'd suggest putting 25% back overall, into a pot: to cover your income tax, national insurance and loans. It means you're ready at the end of the financial year to pay it off – instead of accidentally spending it.

But what about interest? Well yes – disgustingly the government and Student Loans Company have allowed that students have to pay interest (from day 1 of your course) on top of the standard payments outlined above. We're not happy about this, and it needs to change, but for now, it's part of the package.

Here's PUSH founder Johnny Rich on the truth about student loans, and why the benefits our uni outweigh the 'graduate tax'...



What happens after the 40 years?

After your 'graduate tax' repayment window (as we said above: you never pay anything back when you're earning under £25,000) the government just presses "delete" on the rest of your loans and any mass sums of interest you may owe. You may, in that 40 years, have paid back some monthly interest payments which are larger than your actual loan repayments themselves, which is not at all fair and we think this will change soon. Even so, with the interest payments combined with the tuition fee loan repayments, you're still highly unlikely to pay off most of your student loan. In other words, it's not necessarily going to cost you £9,250 a year + living costs at a uni...as **you can only know the real cost per year in 40 year's time, when they wipe your remaining debt.** You could then work out what amount you actually ended up paying back, then divide it by three. That would give you the true cost of your student experience – but we doubt it 40 years' time you'll be that bothered, and have more important things to do!

Should I pay my debt off early?

If you fall into some money, or your parents do and/or are wealthier - and are tempted to help you out financially, you might as a family be tempted to get this idea of 'debt' off your financial shoulders. But don't ever jump the gun and pay any of the loans back early. Over half of graduates won't pay back everything they borrowed, so you'd be paying off money that you otherwise might *not* have even paid off (remember you'll only know after 40 years). Don't give the government or loans company a penny more than you need to each month.

A student loan doesn't affect your credit score / rating or your ability to get a mortgage, as it's not counted as a traditional 'debt' to banks and building societies.

Is there free money available?

We thought you'd never ask! YES YES A THOUSAND TIMES YES!...Ok, we take last bit back. UK universities and HE colleges themselves (often not the government) offer *pots of their own free money which are called anything from bursaries, hardship funds, grants and scholarships.* They like their fancy names. We simply call it the secret uni piggy bank...and you can raid it if you know where to look (and if you qualify). Different unis and HE colleges offer different things, and you need to meet the right criteria to get the money; they sometimes call it 'means testing' and make you fill out an online form (but it's worth it, trust us). Most bursaries they offer exist for students who are identified as facing more challenges than others when it comes to getting to (and studying at) university. Ot are identified as coming from an area of the country where less people progress into higher education (HE) and they want to help increase participation. There are a whole range of them designed for different needs and based on different factors...so get researching.

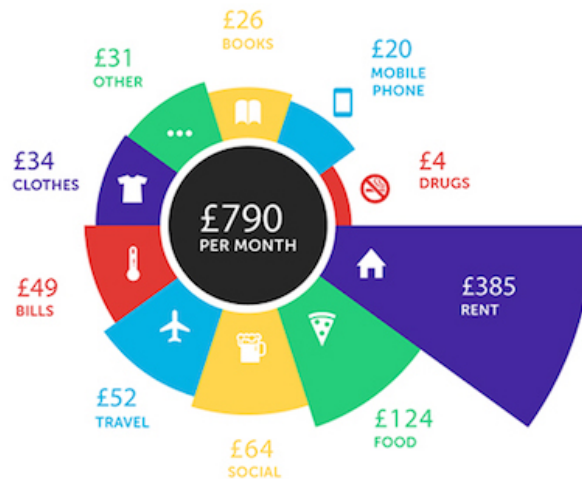
You may be surprised at the ones you qualify for. As an easy rule to remember: make sure a university you're applying to knows EVERYTHING about you, your family background, your grades, any specific needs you have, any extra-curricular talents, any disabilities, and the postcode in which you live. Here's a list of some things you may get free money for (we're talking £1,000s here sometimes);

- *The area you come from*
- *Your grades*
- *If you're of the first generation in your family to go to uni*
- *Your household income*
- *If you have a disability of some kind*

- You are brought up in the care system
- You have caring responsibilities for someone under the age of 18
- You are a single parent
- If you are ethnic minority or of a certain gender (for some subjects which are heavily male or female dominated)
- If you play a musical instrument (yes, really)
- If you play a certain sport to a high level
- If you've got any other qualifications or awards
- If you do a STEM subject (Science, Technology, Engineering, Math) and want to get into a career in teaching (PGDE)

Just remember that every uni is different. Certain unis will give you financial incentives to study with them - like one uni we know of that gives you £2,000 of free money if you have certain grades on entry - but always remember to choose a university based on the course and the experience, and not just on which one will dangle the carrot of the most free money for you...as you need to enjoy and be fulfilled by your time there, not look back in years to come and feel you only went there because of a 'bribe'. It may not have been the best university for you (or it might be the best and you've just lucked out!).

What does an average student spend their maintenance loan on, each month?



What happens if you drop out of uni?

If you drop out, you still need to pay back any loans you took out during your years of study at the uni or HE college, over 40 years. Which is why it is so important to take your time choosing a course and place where you'll really be supported to navigate a degree journey. 1 in 14 students drop out of uni, so make sure you give yourself the best possible chance of completing a degree.

What if you have a disability?

As hinted at above, if you have a mental of physical disability, don't let this hinder you from going to university. There's plenty of help for you – and a uni or HE college that should support all your needs. You can apply to *Disability Student Allowance (DSA)*: this is an extra pot of money paid to you on top of your maintenance loan. The good news? It doesn't have to be repaid. From 2023 academic year - undergraduates (your first degree) and postgraduates (any extra degree you do) can receive an allowance of around £26,000 a year on top of your loan to help pay for:

- specialist equipment
- non-medical helpers, like British Sign Language (BSL) interpreters or specialist note takers
- extra travel costs to attend your course or placement
- wider disability-related support, such as having to print additional copies of documents

You can receive the money directly, and in different ways, based on if you're studying full time or part time. Visit www.gov.uk/disabled-students-allowance-dsa for more info.

Estrangement?

If you are under 25 and you have no contact with your parents, you might be able to apply as an 'estranged student' which means you will be entitled to a higher student loan, and probably have access to uni and HE college grants, scholarships and bursaries, as you will show as having no parental income to support you.

Parent or carer?

If you have caring responsibilities for someone under the age of 18, and / or you are a single parent looking to study part time or full time, you may be entitled to extra financial support from your university or HE college, or from the government. Make sure to contact a uni or HE college you're interested in (the admissions department) to ask them about this.

Is it cheaper to live at home?

It depends on two things: where your ideal uni is located, and what area of the country you plan to study in. There's no point going to the closest uni just so you don't have to pay for student accommodation. *Think sensibly: if the closest uni to you isn't best suited to your needs, and won't give you the best shot at achieving a degree you'll be proud of, then don't settle for it because it's nearby.* Some students want a local part-time university course nearby to their house, some want to get away from it all and venture to new and distant lands full of wizards and warlocks (well, Narnia doesn't have a university...but you get the idea). It's not always cheaper living at home - remember that a lot of universities have split sites and may require you to pay a lot in weekly travel costs, for example, many 'Universities of London' require a 30 minute train ride out of central London. For example, a Horsham to London monthly season ticket on Southern Rail can cost £439.30 a month for an adult pass (and still £307.50 with your 16-25 year old Railcard).

For example, Royal Holloway is a fab university, but it bills itself as 'Royal Holloway: University of London'. Bad news: it's not in London...it's not even close. It's 31.2 miles from central London, and is even outside of the M25 motorway, which many call the 'unofficial' boundary of London. It's a little sleepy town called Egham, in Surrey. It's Egham, not Edgware Road off Oxford Circus (which might be what you hoped for). Could it be cheaper to live at a uni where living costs may only be £85/week and you can walk to and from your uni? The south east of England is the most expensive area of the UK to live, but if you go down to study there and are not from London, you get a higher student loan. If you live at home you are entitled to a maintenance loan of around £7,000 per year. If you choose to live away from home, you are entitled to a maintenance loan of up to £8,500 each year (but do check this for the year you'll enter study - as the amount can vary year on year).

Money free, money borrowed, Money earned:

Money In

- **Borrowed** (tuition fee + optional maintenance loan)
- **Free** (bursaries, grants, scholarships, any help from parents/carers?)
- **Earned** (part-time work, full-time work combined with a flexible course)

Money Out

- **Essentials** (housing and/or commuting, bills, clothes, food, course materials, providing for family)
- **Non-essentials** (you decide this list but the more expensive your hobbies, the more you'll need)

So we've covered money borrowed (loans), money free (bursaries and grants), so finally – how about money you can earn whilst at uni? *Most students can find flexible part-time work at university.* Whereas part time or zero hours contracts don't work for a lot of people, they also do work for a lot of people (especially students) due to their flexibility each week – offering you tonnes of hours to earn dosh if you want them (your long holidays from uni) or minimal to zero hours during times when you need to get your game face on during your studies, exams and assessments. For example, you might work 10-15 hours a week during your 'contact time' at university (your 'semesters' filled with lectures, seminars and tutorials essentially), then you might have a month off for Xmas and Easter, so you up it to 25 hours a week for the holidays...

At uni weeks: 15 hours a week = £105

Out of uni weeks: 25 hours a week = £175

Examples of useful uni jobs:

- **Student Ambassador:** it's not just pulling pints at the Student Union Bar that's on offer. You can give a bit back to prospective students by being a tour guide for your uni, helping run events for students already there or thinking of coming there, or even going into schools and colleges and promoting university and helping young people understand student finance. It's really rewarding work and your uni can pay you quite a decent rate.
- **Tutoring:** plenty of online agencies can help you with this, or you might advertise your services yourself online. If you love your subject, teach it to youngsters...as what's the best way to reinforce your knowledge of your subject for your degree? To teach it to others...
- **Part time hospitality and retail:** a lot of clothes folding? Maybe. A lot of chatting with people your age and getting a discount on the clothes you love? Yes sir.
- **Festivals:** you'll be surprised how much you can get as an hourly wage to rip some ticket stubs or scan a barcode on a wristband. You might even get free entry to the festival too...and there's tonnes of these between June – September (the time you're off uni).
- **Deliveroo:** like keeping fit? Good on your bike? Cycle to the restaurant, collect the food, drop it at someone's doorstep. Just remember to wear a helmet and high-vis please (we're not your mum, but we want you to be safe)
- **Sell old stuff on Vinted, DePop or eBay:** seriously, you'll be surprised how much money people make by people getting into bidding wars online...buying things you no longer want and are just taking up space.



You'll need to balance all this out with the wider uni workload. So here's some tips from Lucy again.