

24+ Advanced Learning Loan. Key questions answered.

Eligible courses include:

- Access to HE Diploma
- Advanced Apprenticeship
- Higher Apprenticeship
- A levels
- Diplomas at level 3 and 4
- Certificates at level 3 and 4

A 24+ Advanced Learning Loan isn't like other loans because:

- It doesn't have to be paid back until you are earning more than £21,000 a year
- It won't affect your credit rating
- Your credit rating will not be taken into account
- Repayments are linked to how much you earn, not how much you borrow

The way further education is funded for people aged 24 and over is changing. From April 2013, government loans will be introduced for some courses starting on or after 1st August. These loans will help you pay your college or training organisation for your course fees.

This guide aims to give you the information you need in order to decide if taking out a loan is the right choice for you. If you're considering studying, you might be surprised by how affordable it can be.

“Can I afford to do a further education course?”

Anyone aged 24 and over who wants to study a course at level 3 or 4, or an Advanced or Higher Apprenticeship, will need to pay for it.

But this doesn't mean you can't afford to study in further education.

Yes, you have to pay fees, but with a 24+ Advanced Learning Loan you can borrow the money and pay it back a bit at a time when you are earning more than £21,000 a year.

“Does applying for the loan involve a credit check?”

There's no credit check or upper age limit and it doesn't matter what your household income is, you could still get a loan.

“Is this a good way to fund my course?”

You don't have to take out a 24+ Advanced Learning Loan if you would prefer to fund your course through a different route. The loan enables you to pay for the cost of your course upfront in a manageable way, but there are other options.

For example, you could use savings to pay for your course fees or get a loan from elsewhere. You need to decide if it's the right choice for you, depending on your circumstances.

Before taking out any loan, you should consider all your options. If you want advice on managing your finances, you can get impartial money advice from the Money Advice Service at moneyadviceservice.org.uk

“Can I afford to pay the loan back?”

The way repayments are worked out is directly linked to how much you earn, not how much you borrow. You only pay back money when you are earning more than £21,000 a year. You then pay 9% of the money you earn over £21,000, before tax.

The rule applies to the equivalent weekly and monthly amounts too.

Who can get a loan to pay for course fees in further education?

- People aged 24 and over who are studying at level 3 and level 4, or an Advanced or Higher Apprenticeship

Who can't get a loan?

- Anyone under 24
- Anyone taking qualifications at level 2 and below

Repayments are the same whatever you borrow

Borrow £300
Earn £22,000
Repay £7.50 per month

Borrow £10,000
Earn £22,000
Repay £7.50 per month

Borrow £300
Earn £35,000
Repay £105 per month

Borrow £10,000
Earn £35,000
Repay £105 per month

The 9% rule.

Let's say you earn £22,000, that's £1,000 more than £21,000. So you pay back 9% of £1,000 per year.

9% of £1,000 = £90 a year = **£7.50 a month**

It doesn't matter how much you borrow.

The repayments are always worked out in the same way. If you earn £22,000 a year, it doesn't make any difference whether you borrowed £300 or £10,000, your repayments will still be £7.50 a month until you have paid your loan off, unless your income changes.

The loan repayments are calculated on the basis that you pay back what you can reasonably afford, not on the basis of how much you borrowed.

You pay back if you go over the limit in one week or one month.

A salary of £21,000 a year works out at £404 per week. Let's say you were paid overtime one week and that increased your weekly earnings to £804 before tax. That's £400 over the weekly limit so you would pay back 9% of that £400. The same applies if you earn more than £1,750 per month.

£804 - £404 = £400



9% of £400 = £36 to pay

"How much interest will I have to pay?"

Interest will start to be applied to the loan as soon as payments to your college or training organisation begin. The rate of interest will be 3% +RPI until the April after you leave your course.

This interest applies to the loan, not your monthly repayments. They are fixed at 9% of your earnings above £21,000.

After you've finished your course, the interest will depend on your income:

Earning less than £21,000

Interest on loan
= RPI

Earning between £21,000 and £41,000

Interest on loan
= RPI + 3% or less

Earning more than £41,000

Interest on loan
= RPI + 3%

The interest on your loan will change. The rate of repayment stays the same.

What is RPI?

RPI stands for Retail Price Index. It's a way of working out inflation – the changing cost of typical goods and services that people buy. So, if inflation was at 4%, a basket of shopping that cost you £100 this year would cost you £104 next year. If the cost of goods and services goes up or down, the value of your loan will go up or down at the same rate.

“I would take out a loan but...”**“It will affect my benefits and I won’t have enough to live on.”**

The loan doesn’t cover living costs. Think of it as loans for education, benefits for living.

However, you should speak to your Jobcentre Advisor as taking a course could affect your benefits if you study/train for more than 16 hours per week.

Money could also be available from your college or training organisation if you are in financial difficulty.

“Taking out a loan will make it difficult to get a mortgage.”

The loan doesn’t appear on your credit file, which is what banks take into consideration for mortgages. So the loan itself won’t affect that decision.

However, mortgage providers might take into account your disposable income – they will want to make sure you can afford mortgage repayments after income tax and loan repayments have been taken from your salary.

“When will I pay my loan back?”

As 24+ Advanced Learning Loans are a new scheme, the first repayments won’t be taken until April 2016 and only then when you are earning more than £21,000 a year.

However, you can make voluntary repayments before April 2016 or when you are earning less than £21,000 a year. Some people may choose to do this as interest is added to the loan as soon as the payments begin to your college or training organisation. Making early repayments will mean you pay your loan off sooner.

If you leave your course after April 2016, repayments will start from the following April and when you are earning more than £21,000 a year.

If you would like to make additional voluntary repayments, you can do so at any time.

“If I overpay my loan, will I get the money back?”

When you have paid off your loan, your repayments will stop. However, as repayments are calculated at the end of the tax year, it’s possible that you could overpay. To avoid this, some people may choose to make direct repayments when they are close to paying off their loan.

If you do overpay, you get the money back. It’s similar to getting a tax rebate if you overpay income tax.

“If something happens and I can’t finish my course, will I end up paying for it anyway?”

No payment from your loan will be made to your college or training organisation until you’ve attended your course for more than two weeks. If you leave after more than two weeks, you’ll have to pay back any loan payments that have been made, based on the length of time you attended your course. Once you stop attending, the loan payments will stop.

“I want to set up my own business. Will paying back my loan be really complicated?”

Instead of your employer deducting your repayments along with your income tax, you will make repayments based on your self assessment tax return.

It’s exactly the same method the government uses to calculate your tax and National Insurance contributions. And you still only make repayments if your income is more than £21,000 in the tax year.

“I’m going abroad when I’ve finished my course. Will I have to pay back my loan?”

If you move abroad, you are still required to repay your loan. Arrangements will be made to collect repayments while you are outside the UK. The only difference is the way repayments are calculated. That will be based on price level indices for the country you’ve moved to (their version of the RPI). You will be required to pay a fixed instalment.

“I would take out a loan but...”

“I want to go on to university. I can’t pay back two loans.”

If you go on to higher education, any government loans you take out will be combined with your 24+ Advanced Learning Loan.

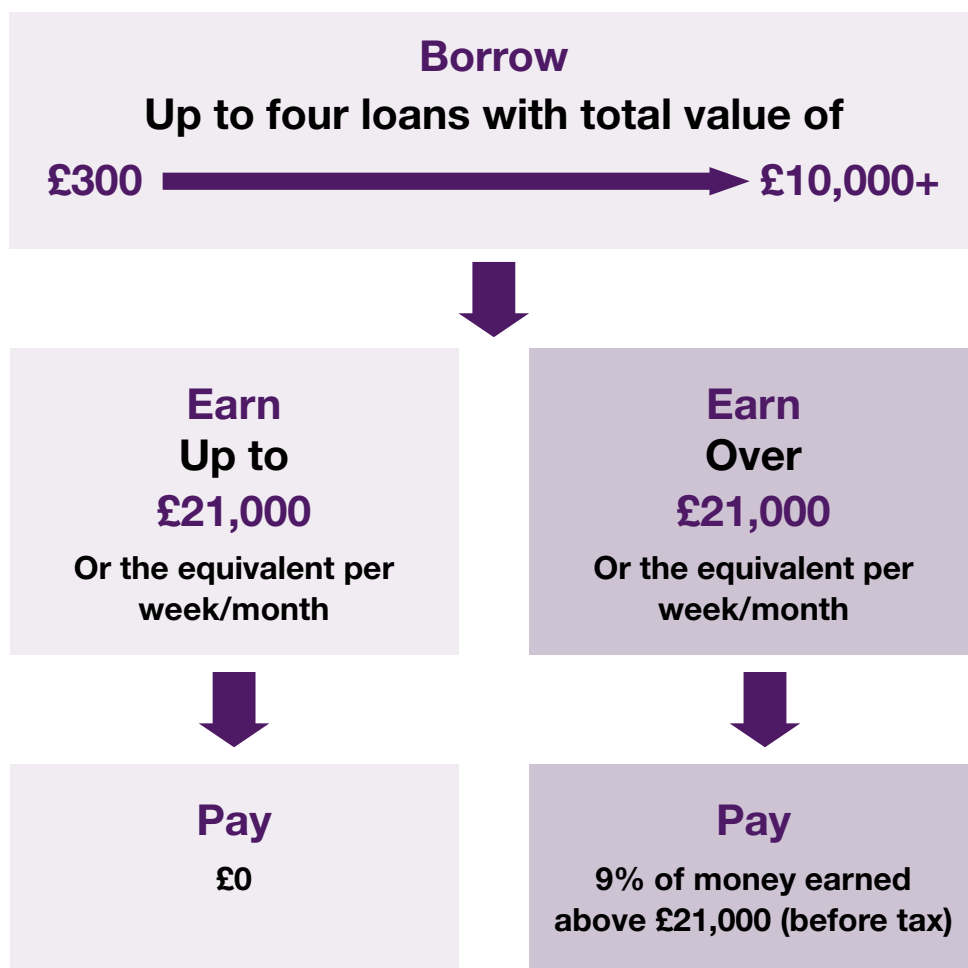
Your repayments won’t change. Regardless of the number or size of the loans, you will make one monthly repayment linked to how much you earn, not how much you borrowed.

If you take out a loan for an Access to Higher Education Diploma, complete it and progress to undertaking and completing a Student Finance England funded HE course, the balance relating to your Access to Higher Education Diploma will be written off.

“If I can’t find work after I’ve finished my course, how will I repay my loan?”

If you aren’t earning any money, you won’t have to make repayments. The payment terms depend on you earning £21,000 a year (or the equivalent). Until then you don’t repay anything. And if you haven’t paid the loan back within 30 years, any remaining amount will be written off.

Repayments at a glance.



For more information

Visit nationalcareersservice.direct.gov.uk/advancedlearningloans or speak to your college or training organisation.