



SLC

Student Loans Company



Repaying your student loan



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Introduction

This guide is for you if you have a Plan 1 loan. The repayment plan you're on depends on where you lived and when you started your course. You can't change the plan type of your loan.

Plan 1

If you lived in **Northern Ireland or Scotland or if you lived in England or Wales** and started your course **before 1 September 2012** you have a Plan 1 loan.

Plan 2

If you lived in **England or Wales only** and started your course on or after **1 September 2012** you have a **Plan 2** loan.

You should go to:  www.studentloanrepayment.co.uk for more information on repaying Plan 2 loans.

It's possible you may have both a Plan 1 and a Plan 2 loan, for example, if you took out a student loan for a course before 2012 and another for a different course after 2012. If you think you have both loan types you should go to:

 www.slc.co.uk/studentloanrepayment for more information.

You should keep this guide and your statements in a safe place as you may want to refer to them in future.

Student Loans Company (SLC) is a non-profit-making organisation, providing loans and grants to students in universities and colleges on behalf of the UK Government and the administrations of Scotland, Wales and Northern Ireland.

When the time comes for you to repay your student loan, SLC will work with HM Revenue and Customs (HMRC) to collect your loan repayments.

How much do I repay?

How much you repay depends on your income. We ignore the first £17,775 of your income (or weekly or monthly equivalent) and your repayment is worked out as 9% of anything over this amount.

The repayment threshold is:

£17,775 a year

£1,481 a month

£341 a week

For example, if your income is £2,250 a month:

$£2,250 - £1,481 = £769$

$9\% \text{ of } £769 = £69$

So your student loan repayment would be £69 in that month.

Repayments will be taken if you go over the weekly or monthly threshold at any point in the year, for example if you work overtime or get a bonus. If, at the end of the tax year, your income has been below £17,775, you can contact SLC to apply for a refund.

If your income changes, either rising or falling, your repayment amounts will automatically change to reflect this.

The repayment threshold is:

Income each year before tax	Monthly income	Monthly repayment
Up to £17,775	£1,481	0
£18,500	£1,541	£5
£21,000	£1,750	£24
£24,000	£2,000	£46
£27,000	£2,250	£69
£30,000	£2,500	£91

Wales only – partial cancellation of Maintenance Loan

If you lived in Wales and took out a Maintenance Loan since academic year 2010/11 the Welsh Government could cancel up to £1,500 from your student loan balance when you start repaying. For further details go to:

 www.studentloanrepayment.co.uk

Do I pay interest on my loan?

You're charged interest on your loan from when we pay your first instalment until you've repaid your loan in full. The interest rate can vary from year to year and even during the year.

To find out the latest rate, please visit the repayment website at:

 www.studentloanrepayment.co.uk



How do I repay?

You'll start to repay your student loan in the April after you graduate or are no longer on your course, as long as your income is over the repayment threshold. For example, if you graduate in June 2017, your repayments would start in April 2018.

If you're employed

If your income is over £1,481 a month or £17,775 a year, your employer will automatically take **9% of your income above the threshold** from your salary along with tax and National Insurance. The student loan repayment amount taken will show on your payslip.

Your employer tells HM Revenue & Customs (HMRC) how much student loan you've repaid.

After the end of the tax year HMRC tells us how much you've repaid and we apply it to your balance.

If you're self assessed

If you're self assessed (for example you're self employed) and your income is over **£17,775 a year** you'll repay at the same time as you pay your tax.

When you fill in your tax return you should indicate you have a student loan. HMRC will then calculate how much you should repay based on your earnings for the tax year.

HMRC will let you know your total tax liability for the year which will include any student loan repayments you're due to make. You'll repay to HMRC directly.

After the end of the tax year HMRC tells us how much you've repaid and we apply it to your balance.

Making extra repayments

You can pay off your loan more quickly by making extra repayments voluntarily. You can do this anytime, without penalty, at:

 www.studentloanrepayment.co.uk

Any voluntary repayments you make won't affect the amount collected through the tax system. So, if you're employed and earning over the threshold, your employer will continue to take repayments from your salary. If you repay through self assessment, you'll still have to repay the amount based on your income for the year.

You can't get a refund of any amounts you repay voluntarily, unless you've finished paying off your loan and repaid too much.



What happens if I have more than one job?

If your total earnings from all your jobs are less than £17,775 for the year, you won't have to make repayments. If your earnings in any job, in any pay period, are more than £17,775 a year, your employer will automatically make a loan deduction.

HMRC may send you a tax return to make a self assessment of the loan repayments you owe for the whole year, taking account of all your jobs. They'll take account of the deductions already made by your employers during the year, but it's likely you'll have more to pay. This is because each employer will have separately allowed you the £17,775 threshold.

If HMRC don't send you a tax return, you won't have to make further repayments.

Examples of how it might work.

Example 1

You have two jobs, each paying you £18,000 a year. You pay tax through PAYE.

Each employer collects 9% of £225 ($£18,000 - £17,775 = £225$).

As you're paying through PAYE, each employer collects £20, which means you repay $2 \times £20 = £40$.

However, if you're sent a self-assessment form, HMRC will expect you to repay 9% of your total income above £17,775. As a result, your student loan repayment would be:

$2 \times £18,000 = £36,000 - £17,775$ (threshold amount) = £18,225, so you would have to pay 9% of this amount which is £1,640.

You've already paid £40, so for that tax year you'd be expected to repay $£1,640 - £40 = £1,600$.

Example 2

You earn £10,000 in one job and a further £9,000 in a second job.

As neither amount is over the £17,775 threshold, neither employer will collect through PAYE.

However, if HMRC send a self-assessment form, they'd expect you to make a repayment based on:

$$\begin{aligned} &£10,000 + £9,000 = \\ &£19,000 - £17,775 \text{ (the threshold)} = \\ &£1,225 \end{aligned}$$

You'd pay 9% of £1,225 =
£110 for that tax year.



When will I get a statement?

In the April before you're due to start repaying your loan we'll send you a statement telling you how much you owe at that point.

Once you start repaying your loan we'll send you a statement showing any repayments collected. The timing of this statement could vary depending on when we get this information from HMRC.

Your statement from us will reflect the most up-to-date information we have. However, as HMRC only pass this information to us after they've received it from your employer, you may have made more repayments since then.

You can go to:  www.studentloanrepayment.co.uk, and work out an up-to-date figure using your most recent payslips.

If you're repaying from overseas we'll send you a statement each year showing the repayments you've made directly to us.

If you're repaying through PAYE, your payslips will show any student loan repayments taken for each pay period. Your P60 will show the amount of student loan repayment taken by an employer in each tax year. It's important to keep these documents if you want to have a record of the repayments you've made.

Coming to the end of repayments

After the end of the tax year HMRC let us know how much you've repaid through the tax system. This means we can only monitor your outstanding balance on an annual basis so it's likely you'll repay more than your outstanding loan balance.

To prevent this you can swap to repaying by direct debit in the last two years of your repayments. We'll contact you shortly before this time to offer you this option. However, if you know that you're getting near this point, you can get in touch with us to arrange to repay your balance by direct debit.

You must pay your direct debit every month on the agreed date. If you fail to make repayments you'll go back to paying your loan through PAYE.

If you do over repay, you'll get a full refund of the over repayments together with interest.

When will loans be cancelled?

Any outstanding balance will be written off/cancelled:

- when you turn 65 (if you took your first student loan in England, Wales or Northern Ireland in or before academic year 2005/6)
- when you turn 65 (if you took out your first student loan in Scotland in or before 2006/7)
- 25 years after you become eligible to repay (if you took your first student loan in England, Wales or Northern Ireland in or before academic year 2006/7)
- 35 years after you become eligible to repay (if you took out your first student loan in Scotland in or after academic year 2007/8);
- if you become disabled and permanently unable to work;
- if you die

How do I repay from overseas?

If you're leaving the UK for more than three months you'll need to complete an Overseas Income Assessment Form to so we can calculate if you need to repay. You can download this from:  www.studentloanrepayment.co.uk

On the Overseas Income Assessment Form you should provide us with details of your circumstances and income. You'll also need to provide evidence of your income or how you're supporting yourself.

We'll then send you a repayment schedule showing how much you need to pay each month.

The assessment is valid for 12 months so if you're still overseas when your current schedule ends you'll need to complete another form.

How much you'll repay

You'll pay 9% of any income over the repayment threshold for the country you're living in. Because of differences in living costs, the repayment threshold in another country could be different from the UK threshold. We update the thresholds each year to take account of price changes. See  ['overseas thresholds'](#) for more information.

We'll use the average exchange rate for the previous UK calendar year to calculate your income in sterling. This will then determine your repayment schedule.

You're charged interest from the day your first payment is made until your loan is repaid in full. Interest is added to the total amount you owe every month.

If your income changes while overseas

Normally your scheduled repayment amount is fixed for a 12 month period. However, you can apply for a reassessment at any time if your income level changes.

You can also apply for reassessment if you are moving between countries with different thresholds.

If you don't keep in touch with us

You must let us know before you leave the UK. If you don't we may charge you penalties on your loan and, where necessary, ask you to repay the full amount of loan plus interest and penalties in one lump sum.

While you're out of the UK, if you don't keep your account details up to date or respond to our requests for information or evidence, you may be charged a fixed amount which could be higher than the repayment amount due based on your actual income. We may also ask you to repay the full amount of loan, plus interest and penalties, in one lump sum.



Allowing someone else to deal with my account

The Data Protection Act prevents us from discussing your account with anyone other than you. However, you can nominate a person to deal with your account on your behalf. This can be particularly useful when you're overseas.

You can give us this authority in two ways:

Consent to Share

This is written or verbal authorisation which allows us to discuss your account information (excluding bank details) with a person you have nominated.

Power of Attorney

This is an official legal document where you can grant attorney to a third party to release or update information relating to your account.

For more information on how to set up Consent to Share or Power of Attorney read [!\[\]\(09a4f46fd00963d10017c74e09f87500_img.jpg\) **Allowing another person to access your account**](#) on our dedicated repayment website.



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If you are calling from overseas: **0141 243 3660**

