

Student Loans Guide

If you are about to start University, then it pays to know about the student loan process. Most students take out some form of student loan during their study to help them pay for their fees and living expenses. If you are unsure about how student loans work, then this guide will be able to help you.

How are loans paid?

Student loans are paid in three instalments each year, usually once each term. The first payment is usually made by cheque, and then after that payments will go straight into your bank account.

How much can I receive?

The amount you will receive depends on where in the country you are going to attend University, as well as the financial status of you and your family. You can opt to get a fixed amount per year, or you can be income assessed and the maximum amount you can receive will be determined. You can take as little or as much of this amount as you want. On average the amount you can receive ranges from ?1,500 to ?4,500 each year, depending on your financial status.

How do I pay back the loan?

After you have finished University, you will begin paying back the loan. Repayments will start from the April after you graduate, although you only need to repay money after you start earning above ?15,000 per year, calculated on a monthly basis. The amount you pay back will be taken out of your wages just like tax, at a sliding rate. You can also pay back more than this if you wish, by sending money to the appropriate authority.

What is the interest?

The interest on student loans is subsidised by the Government, and so you only pay back the same amount that you borrowed, adjusted for inflation. However long it takes you to pay back the loan, you will only pay back the same amount in real terms that you borrowed.

What are the advantages of taking out a loan?

The advantages of taking out a loan are that you have money in order to pay for your living costs whilst at University, meaning that you can concentrate on your studies rather than having to work to earn money. This will help you to achieve better grades and give you more free time. Also, taking out an interest free loan is better than getting into debt on high interest credit cards. These debts are more serious and have to be paid back or they will keep increasing.

Are there any disadvantages?

Obviously, the major disadvantage of taking out student loans is that you will come out of University with a large amount of debt. This can seem troubling at first, but you should remember that most students have the same problem, and because you are not paying interest the debt is not going to rise. You should think of the student loans as an investment in your future that will help you to achieve your career goals.

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About the Author

Peter Kenny is a writer for creditcards-gb For additional articles and an extensive resource for everything about credit cards, please visit us at <http://www.creditcards-gb.co.uk> and <http://www.thriftyscot.co.uk/Loans/>