

Student Finance

The UK student finance system for 2025 and beyond

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Student loans come in two parts: the tuition fee loan and the maintenance loan:

Tuition Fees

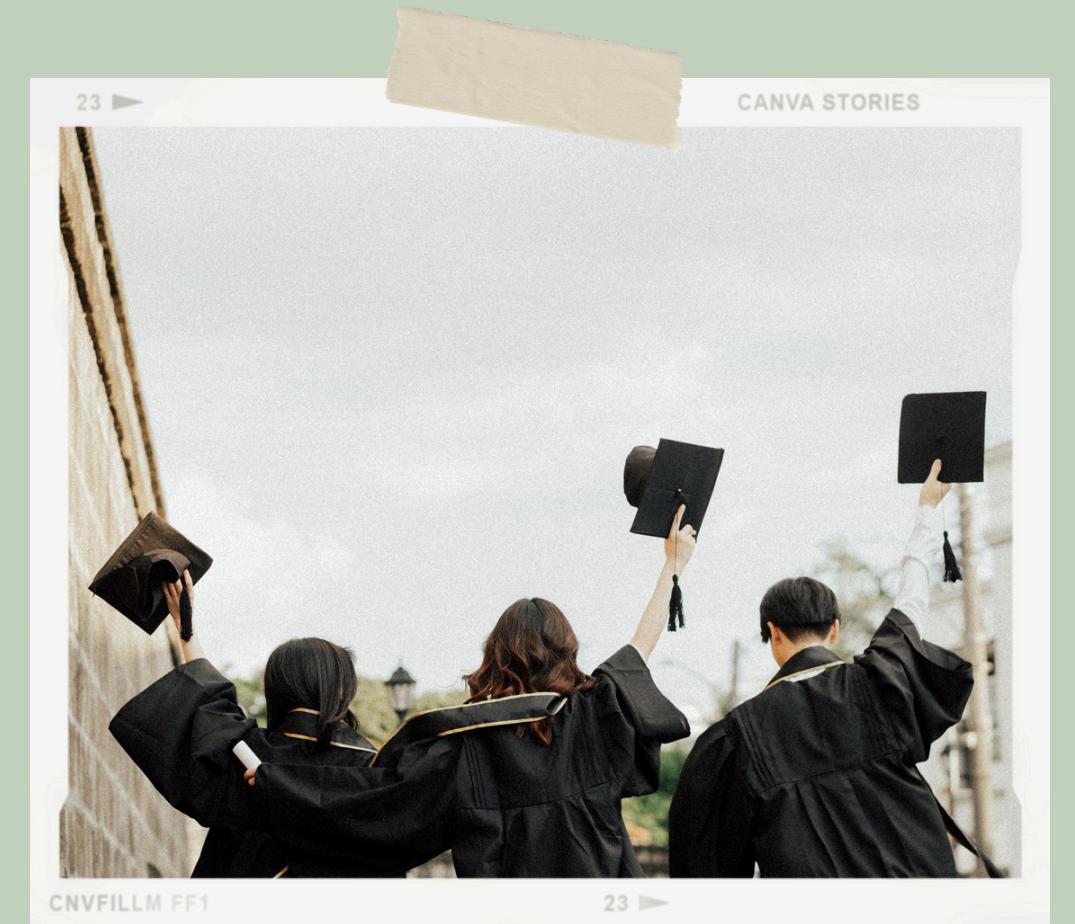
For undergraduate study, UK tuition fees are capped at £9565 per year and you will be loaned the full amount.

Maintenance Loan

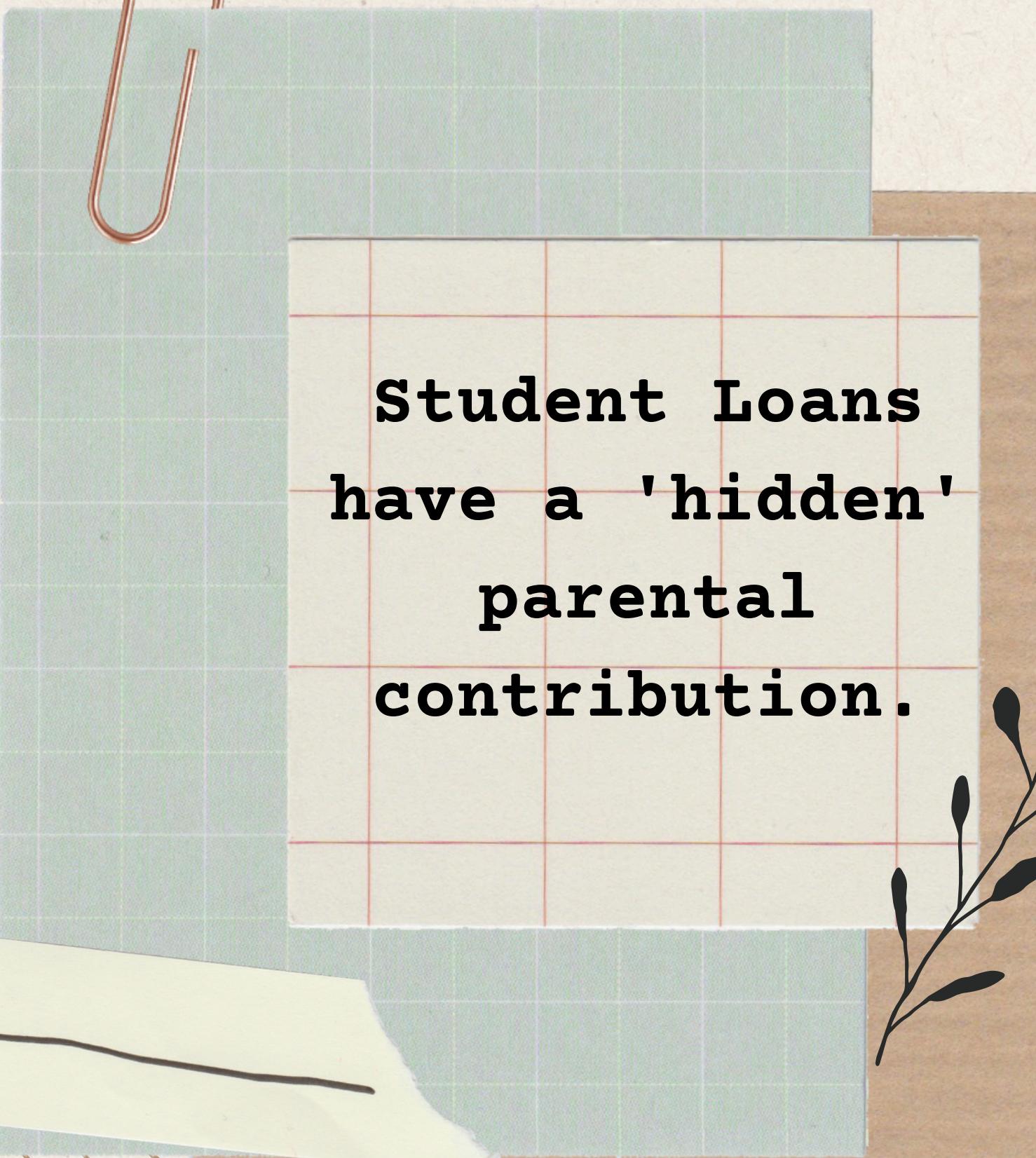
The maintenance loan you will receive depends on where you study and parental income. The location is split by at home, away from home and away from home (in London) with the maximum ranging from £10,544 to £13,762 (for 2025/26, it changes annually). The loan is paid each term and is to increase by more than inflation in 2025.

The level of maintenance loan you receive is determined by parental income. £1,130 is deducted for each additional dependant and the loan is assessed on the previous tax year but if income is more than 15% lower the current year can be assessed.

The Loan



Application Info



Student Loans have a 'hidden' parental contribution.

signs of the island being brought back to life anyway, I had



The UK student finance system has an implicit financial contribution. As the amount of maintenance loan you receive is dictated by parental income. The government expects parents to make up the difference between the full loan and what their child receives. On gov.uk it states: "You may not get the full amount, so you may have to find other ways to fund the rest of your living costs. This could include, for example, part-time work, local authority assistance, bursaries, scholarships, or family contributions."

How much will you repay?

You will only begin making repayments on your student loan in the April after graduation, these repayments will be 9% of everything you earn above £25,000. This means that if you earn below the threshold you will not repay anything towards your student loan.

Student loans also wipe after 40 years therefore many (55%) are unlikely to repay the full amount they have borrowed before it wipes. For this reason, unless you are likely to have considerably high earnings it is unwise to overpay your student loan (as the money could be better used towards other key purchases).

Repayment



Example

Typical loan: £60,327

$(9565 \times 3) + (10544 \times 3)$

Even if tuition fees were £1 million per year your repayments wouldn't change!

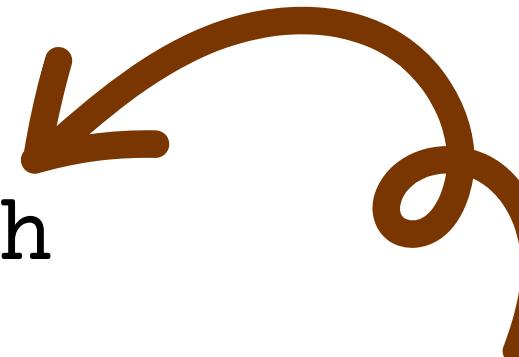
Earnings: £30,000 per year

(£5000 above the threshold)

Repayments = 9% of £5000

= £450 per year

= £37.50 per month



University education isn't cheap but the potential rewards can be great.

Key points

- Interest is charged on the loan however the interest rate is RPI inflation so has little real impact.
- Student loans do not go on your credit file (but can impact mortgage affordability scoring).
- Repayments are taken automatically through PAYE (like income tax).
- If you move overseas you still have to repay.
- If you leave the course early you will need to repay a proportion of the year's tuition fee.

Repayment 2

