

The School Leaver Guide to Student Loans and Student Allowances 2018



Studying is a great step in getting your career underway

Let's talk about how you are going to pay for it.

You need to pay for course fees, course materials and expenses and you also need to live.

It can cost you anywhere between \$15,000 - \$25,000 a year to study depending on where you are living. That's before course fees.

Student Loans and Allowances help with some of these costs.

The SchoolLeaver Guide to Student Loans and Allowances will help you get underway.



Student Loans

A Student Loan means you borrow money from the government to cover the costs of your course fees and to help with some of the costs associated with studying. Student loans must be paid back when you start earning.

Student Allowances

A Student Allowance is money you receive from the government to help with your living costs while you're studying. It's paid directly to you and how much you get depends on your situation. You do not need to repay this money.

Fees Free

Leaving school in 2018?
You don't have to pay course fees for your first year of study. Major bonus.



Student Loans

Student Loans have three parts:

1. Course fees (the cost of your actual tuition)

- These are free for your first year of study
- Most students borrow up to the full value of their course fees
- Course fees are borrowed by you, but paid directly to where you are studying

2. Course-related costs - max \$1,000/year

- Materials, textbooks, supplies or services;
- Paid directly to you but you must be a full-time student

3. Living costs to directly help with your weekly expenses

- Full time students can borrow up to \$231.92/week
- Amount reduces if you also receive a Student Allowance



Fees Free

- School leavers are eligible to get their first year of study without having to pay course fees.
- If you are at school in 2018, you will be eligible for free course fees (up to \$12k) for your first year of tertiary study, or first two years of industry training.
- Check your eligibility at the [Fees Free website](#)



You can get a student loan if...

- You're a NZ citizen or NZ resident (living in NZ for least at 3 years);
- You're a tertiary student, studying an approved course, full time or limited full time.



Getting your Student Loan

- You must apply for a new student loan each time you enrol for a new study period (usually once a year).
- The fastest and easiest way to apply is online at www.studylink.govt.nz
- Most students apply for a Student Loan using their Real Me identity



For paper applications you will need:

- A verified* copy of your birth certificate or passport to show your name and date of birth
- A statement/letter from your bank with your account name and number
- Your Inland Revenue (IRD) number
 - Get this from the IRD or your local Post Shop
- Under 18? You will need the OK from a parent or caregiver
- Not born here? You'll need a copy of your citizenship papers/ passport to show your residency status
- In some situations, StudyLink may need more info

*your principal/teacher/careers advisor/guidance counselor (plus a bunch of others) can verify copies of documents



When do you apply?

Want a Student Loan or Student Allowance in 2019?

Get your application in to StudyLink by **DECEMBER 16**

- Don't worry if you're not sure where or what you'll be studying you should apply on time and change the details later;
- If you change your mind, change your course or don't get accepted, email StudyLink with the details and they will advise;
- You can apply after December 16 but it might take longer to be decided, especially if further info is needed.



To keep your student loan...

- You must pass at least half of the courses you're studying
- This is assessed after about two years of study (1.6EFTS)

Lifetime limit for your student loan



7 EFTS TOTAL - assessed after about two years of study (1.6EFTS)

(You can get a Student Loan for 7 EFTS which is for most students 7 years of study)



Repaying your Student Loan...

Your loan gets transferred to Inland Revenue (IR) when it's approved and IR collect loan repayments from the money you earn.

- Once you start earning more than the \$19,094 /year (\$367/week) threshold, you repay 12 cents in every dollar over the threshold.
- This is automatically taken from your pay if employed, or you arrange payments with IR if self-employed.


Loans are interest free...

- As long as you are living and working in New Zealand

The game changes if you travel...

- If you travel out of NZ for > 6 months (183 days) you will be charged interest on your total loan value from the date you left NZ
- Current interest rate is 4.3%
- IR have a standard repayment schedule and missed repayments are added to the loan total





It can be a real struggle to keep on top of basic living expenses such as rent, groceries and transport while studying.

Student Allowances are weekly payments from the government to help with these. These are not part of your Student Loan and they do not need to be paid back.

Student Allowances



How much can you get?

If you are single,



To get one you must be...

- 18 years old or over – 16 and 17 year olds can also get it in special circumstances
- studying full-time or limited full-time
- enrolled on an undergraduate tertiary course (Level 7 or below) or Bachelor degree with honours
- a New Zealand citizen, or meet residency requirements.



Impact of your parents' income

- What you get can reduce based on parents' income:
 - if your parents' combined income is over \$55,000 in the year you apply, the amount you could get will start to reduce
 - You can't get a Student Allowance when their combined earnings are:



These limits reduce if your parents don't live together, or they are supporting other full-time students

How many weeks do I receive Student Allowance?

You can get a Student Allowance for the approx 40 weeks of your study year, plus the 3 week break between semesters.



Student Allowances are not paid through the summer holiday break.

Students needing help with living expenses during their summer break (or a study break of > 3 weeks) can apply for [Jobseeker Support Student Hardship weekly payments](#). There are conditions you need to meet to receive this payment.



Accommodation Benefit

- Living away from home means you can get an Accommodation Benefit.
 - This is a weekly payment along with with your Student Allowance to help with accommodation costs.
 - Varies by city and region with maximum weekly payment \$60.
 - Living in a hostel or residential hall?
You can get up to \$60/week, but no hostel lump sum payments.
 - Check out the Accomodation Benefit rates around New Zealand
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- Note – you don't need to apply for your Accommodation Benefit
 - It's automatically paid with your Student Allowance



Student Allowances

How do Student Allowances link with Student Loans?

- Student Allowances reduce your Student Loan living costs payments
- Your Student Loan living costs payments can reduce by the amount of Student Allowance you receive after tax.
 - For example, if you apply for the full amount of living costs (\$231.92 per week after tax) and you get a Student Allowance of \$80.00 a week after tax, you'll only get up to \$151.92 a week for Student Loan living costs.
 - *The \$80/week Student Allowance does not need to be repaid; the \$151.92 of Student Loan living costs does*

Your Student Allowance and part time work...

- You can earn up to \$217.22/week before tax and still receive your full Student Allowance.
- What you earn over this figure reduces your Student Allowance by the same amount.



How do you get a Student Allowance?

- As with a Student Loan, you apply for a Student Allowance each time you enrol for a new study period (usually once a year)
- The fastest and easiest way to apply is online at www.studylink.govt.nz with your Real Me identity
- When you apply for the first time, you will need copies of:
 - your birth certificate or passport
 - your passport or citizenship papers to show your residency status
 - your bank account details
 - your Inland Revenue number
 - You may then be asked for evidence of your income, your partner's income (if applicable) and evidence of your parents' income

Holding on to your Student Allowance....

- You need to pass more than half of a full-time course to get your Student Allowance again, or half the workload you undertook with the loan
- If you pull out of a paper or number of papers, you must advise StudyLink as you may be under the course load threshold to receive a Student Allowance



Student Allowance lifetime limit



SchoolLeaver top tip:

- Apply to Studylink as soon as you know what you are going to do. You can always change your mind or your options.
- It can take 2-4 weeks to process applications, and if Studylink need information from your parents, it can take a lot longer.
- You only receive money from when your application is approved

Best news of all...

Student Allowance payments do not have to be paid back.



SchoolLeaver's smart tips for managing Student Loans

- 1** Discuss your course plans with your family and careers advisor before you apply for a loan. They can help you decide if this is a good path for you.
- 2** Your Student Loan must be paid back, so think about what you may be earning when qualified and if this could cause you hardship. If you are passionate about a pathway, great, but there may be a price to pay for this.
- 3** Set yourself a budget and do your best to stick with it. This means understanding what flatting, eating, entertainment etc will cost, and how much you will need to get by. Borrow to cover your needs, not your wish-list.
- 4** Look at other options to help fund your study; scholarships are great, part-time work, a gap year to build your savings, an institution offering more than one year of zero fees etc.
- 5** Try to complete your course in the shortest time possible, keeping your borrowings as low as you can.
- 6** Don't drop out. This just leaves you with no qualification but still with a significant debt.
- 7** Understand the deal you are getting into. You have a binding contract with the Inland Revenue Department and they don't go away. The only way to bunk out of a student loan is dying or bankruptcy, and both are no fun.
- 8** Keep copies of all your paperwork and keep track of your Real Me identity. This makes the next year's applications way easier.
- 9** If you are heading overseas and plan to be away more than 6 months, tell the IRD and get their advice on what you should be paying.
- 10** Try to get rid of your student debt as quickly as you are able after you stop studying. See if you can afford to pay more than the minimum. The sooner it's gone, the better your life will be.

