

# Advanced Learner Loan



## A quick guide on how and when to repay

Advanced Learner Loans help you pay the fees charged by approved colleges and training organisations in England. Most learners aged 19 and over, studying at Level 3 to 6 (which includes A levels, Access to HE Diplomas, and other Vocational Qualifications) will qualify for an Advanced Learner Loan from the UK government.

This quick guide gives you some key facts about repaying an Advanced Learner Loan.

**The flowchart on the back takes you through the repayment process step by step.**

For more detailed information see: [gov.uk/advancedlearnerloan](http://gov.uk/advancedlearnerloan)

## How and when will I pay back the loan?

- You'll start repaying your loan in the April after you complete or leave your course. HM Revenue and Customs collect loan repayments from employers through the UK tax system.
- You can **make voluntary repayments at any time** in order to pay off your loans more quickly.
- You'll only start making repayments **when your income is over £26,575 a year**.
- **However, if your income falls below £26,575, repayments will stop** and only re-start when your income is over £26,575.
- **If you're employed**, your employer will take your repayments directly from your salary.
- **If you're self-employed**, you'll make repayments as part of your annual self-assessment tax return.
- **If you have more than one loan or a combination of further education (FE) and higher education (HE) loans** visit [gov.uk/advancedlearnerloan](http://gov.uk/advancedlearnerloan) and read 'Advanced Learner Loan: A guide to terms and conditions'.
- **If you take out a loan for a QAA Access to HE Diploma and progress to HE**, the Student Loans Company will write off the balance of your first loan, once you complete your HE qualification.
- **If you die**, your loan will be written off.
- **After 30 years any remaining loan balance is written off.**

## How much will I repay?

- Repayments are based on your income, not on what you borrow or the number of student loans you have.
- You'll repay 9% of your income above the £26,575 annual threshold. Even if you don't earn £26,575 a year but exceed the thresholds of £511 a week or £2,214 a month at any point in the year (e.g. if you work overtime) then a loan deduction will be made.

### Example repayment amounts

| Income each year | Monthly income | Monthly repayment |
|------------------|----------------|-------------------|
| Up to £26,575    | £2,214         | £0                |
| £27,000          | £2,250         | £2                |
| £29,500          | £2,458         | £21               |
| £31,000          | £2,583         | £33               |
| £33,000          | £2,750         | £48               |
| £35,000          | £2,917         | £63               |

## How much interest will I be charged?

Some of the interest on your loan will be based on inflation (Retail Price Index (RPI)). The table below shows how interest is calculated.

|   | Interest Rate   |
|---|---|
| While you're studying and until the April after you complete or leave your course, whichever comes first. | Retail Price Index (RPI) plus 3%  |
| From the April after you finish or leave your course  | Interest will be based on your income.<br>£26,575 or less – RPI<br>£26,576 - £47,835 – RPI plus up to 3%, depending on income<br>£47,835 and over – RPI plus 3% |

## START

**1** You'll start repaying your loan the April after you complete or leave your course. HM Revenue and Customs collect loan repayments through the UK tax system.

**2** If you're employed, you must tell your employer that you have an Advanced Learner Loan which is an Income Contingent Repayment Plan 2 loan (ICR Plan 2).

If you're self-employed, go to [www.gov.uk/repaying-your-student-loan](http://www.gov.uk/repaying-your-student-loan) for more information on how you repay your student loan.

**3** Is your income more than £511 per week, £2,214 per month or £26,575 a year?

No

Yes

**4** You don't have to make repayments.

**4** You begin making repayments.

**5** Your employer automatically takes repayments from your salary.

**6** Your employer tells HMRC how much of your loan you've repaid.

**7** At the end of the month, HMRC tells the Student Loans Company how much you're repaid that month.

**8** After each tax year you'll be provided with a statement.

**9** HMRC let your employer know when to stop taking repayments.

**10** Any loan balance remaining 30 years after you're due to start making repayments will be written off. The 30 years start from the April you complete or leave your course, whichever comes first.

## FINISH

### Who does what:

 You

 Your employer, HMRC or the Student Loans Company

## For more information

- Visit [gov.uk/advancedlearnerloan](http://gov.uk/advancedlearnerloan)
- Visit [nationalcareer.service.gov.uk](http://nationalcareer.service.gov.uk)
- Speak to your college or training organisation

## Making the right choice

It's important you consider your own circumstances and look into all options for paying for your course before choosing to take out a loan. You can get impartial money advice from the Money Advice Service at [moneyadvice.service.org.uk](http://moneyadvice.service.org.uk)

Contact Advanced Learner Loans on **0300 100 0619**

Advanced Learner Loans are administered by Student Finance England (SFE), a Student Loans Company service, providing financial support to students on behalf of the UK government.

