



Guide for parents of students

Advice to help your children find their financial way through university.

There should be no financial barriers to university

There's a lot of financial support on offer for students - including Student Loans and non-repayable grants and bursaries - that there's no reason for anyone with the right qualifications not to be able to go to university. However, the reality is unless you've been planning or saving for this, your son or daughter is likely to graduate with debt.

Although it's understandable, parents shouldn't worry about their children having a student loan debt when they leave university, because it won't affect their credit rating and they don't have to pay it back until they earn enough - even if that takes many years. Your child is making a long-term investment in their future by going to university, so it's important that they learn to take responsibility for their finances whilst still taking the guidance and support available.

Not only could university open up a wider choice of careers for your child: they may earn more. Over their working life the average graduate could earn as much as £100,000 more than someone with A levels who hasn't been to university.

Yes, there are costs your child will need to cover during their three or four years of study - but there is also plenty of financial support available to help them. Debt is a reality but there are ways to manage it, such as getting holiday jobs. These can also have the added benefit of giving them a taste of diverse working environments - which might even influence their future career. As well as using job centres and recruitment agencies, you could help them find positions through your work place, family or friends.

Types of financial help for full-time students

Don't forget that although Student Loans do have to be repaid eventually, grants and bursaries don't have to be repaid, regardless of how much your child receives. You can find out about the financial help available at the government website direct.gov.uk.

1. Student Loans

Student Loans are the cheapest form of long-term borrowing available, with the interest following the lower of 'inflation or interest rates plus 1%'. Recently it's been between 1.5%p.a. and 3.8%p.a. in England. Being set at inflation means students don't pay any 'real' interest - the amount they have to repay stays the same, relative to inflation, for the whole duration of the loan - so it could hardly be a better deal.

There are two different types of Student Loan. One covers tuition fees (maximum £3,225 for 2009/2010). The other is for help towards day-to-day living costs such as rent and travel. All eligible students can get the full Student Loan for Tuition Fees, and at least a partial Student Loan for Maintenance - whatever their household income.

Your son or daughter won't have to start repaying Student Loans until they have left their course and are earning more than £15,000. Also, students due to start paying back their Student Loans from April 2012 will have the option of taking a repayment break of up to five years - useful if they're thinking of buying a home or starting a family.

2. Maintenance Grants

Around two-thirds of new, full-time students are likely to qualify for a Maintenance Grant to help with their living costs, which are worth up to £2,906 for 2009/2010. Eligibility depends on the income of parents or guardians, along with other factors. You can find out more about Maintenance Grants at the government website direct.gov.uk.

3. Bursaries

On top of Student Loans and Maintenance Grants, universities and colleges also offer bursaries to a wide range of students. This is additional money that doesn't have to be paid back. Students paying the maximum tuition fees and receiving the full Maintenance Grant are guaranteed to get at least £319 for 2009/2010 in England, but they'll often get significantly more. You can find out more about Bursaries at the government website direct.gov.uk.

4. Bank of Mum & Dad

A lot of students require help from their Mum and Dad, but if you can't afford to give your kids any money, you don't need to. There is a lot of financial support out there for students, so don't feel guilty.

Any money that you can afford to give your child will be factored into the amount of support they get from other sources.

There are also many ways you can help support your son or daughter that doesn't involve giving them cash. For instance, you could take them for a big food shop at the beginning of term, or give them book tokens to use on textbooks. And of course, good advice and listening powers are always invaluable.

Applying for support

Your child should make their application for financial support as soon as possible after they've applied for a course - they don't need to wait until they have received an offer from a university or college. The online application process is quick and easy. You can find information at www.direct.gov.uk/studentfinance

Information from you

If your child is classed as being dependent on you and they apply for types of financial help which are 'income assessed', you'll be asked to provide information about your own income in support of their application.



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Don't know what university is like?

If you didn't go yourself and are curious about what your child will experience you can read articles on all aspects of university life here at the **The Student Room** website www.thestudentroom.co.uk

Helping your child to budget

Budgeting isn't just for university, it's for life! This a great opportunity for your son or daughter to learn how to handle their money and put themselves in good stead for the future. Get them to add up their student loan, any grants or bursaries, any money earned by working and any money you agree to give them. The total is their income. They should know this figure and they shouldn't spend more than this per term, or whatever period is being used for your calculations.

There's lots of helpful advice at Lloydstsb.com on how to set up a budget - just [click here](#).

Should your son or daughter work while a student?

Yes! Obviously not so much that it interferes with their studies, but every student should consider work. Don't forget what their minimum wage should be: from October 2009 it is £4.83 an hour for 18-21 year-olds, £5.80 if over 22.

There are plenty of other advantages to paid work while at university, apart from the wages. For a start, they could get discounts on whatever they are selling (perhaps a stationers would be a good choice!) Bar work is popular because they can kill two birds with one stone and be sociable while they work. But perhaps most importantly, this work is great training for the life of working ahead of them. They'll get used to working with people from all walks of life, learn how to work as a team, how to deal with the politics, the list is endless. No matter what the job is, it looks good on a CV too.

If they can get work that is either directly or even partially related to their course or the job they want when they leave, then all the better. And it's worth noting that most degrees get busier as they progress, so it might be worth encouraging your child spend more hours in a job at the beginning and then reduce their hours as they progress through their degree.

As there is no tax to pay on the first £6,475 they earn, most students won't pay any at all. Make sure your child asks for a P38(s) form to make sure they're paid tax-free.