

Student Loan



- Is a **LOAN** – you have to pay it back!
- Has **THREE** parts:
 - **COURSE FEES** if you are new to tertiary study you may be able to get fees-free. Check on www.feesfree.govt.nz
 - **COURSE RELATED COSTS** (to assist with books etc; can access up to a maximum of \$1,000 per year; you can transfer this from your My Study link account to your bank account 2 weeks prior to the course start date, **ONLY** if the loan is approved at that stage).
 - **LIVING COSTS** (accommodation – maximum amount of **\$281.96** per week paid to your bank account week 2 of your course)



- Course must be **full-time**
- Must be a New Zealand citizen or hold a permanent resident visa for 3 years
- Must sign a contract with the Government (if under 18 your parent must sign)

- Must nominate a contact person
- Course of study must be approved (by the Tertiary Education Commission)
- Has administration fees: e.g. one-off establishment fee of **\$60**
- You can work and earn as much as you like while studying
Loan is interest free while you are in NZ (if leave NZ for more than 6 months after completing study, then IRD will charge interest from the day you leave)
- If you “drop” a paper then you may not be considered a full-time student and therefore not able to continue borrowing for weekly loan living costs and course related costs (if don't tell and overpaid you have to pay back)
- You need to reapply at the end of the current year for loan to continue
- Repaying your loan:
 - Once you earn over \$21,268 per year before tax (\$409 gross pwk) IRD will make deductions at a rate of 12%
 - You can choose to repay at a faster rate
 - Having a student loan can impact on how much you can further borrow e.g. buying a car, or house

Student Allowance

- Is a LIVING EXPENSES BENEFIT (don't pay back) for lower income families
- Is for 18 year olds (or 17 if completed Year 13)
- Parent income tested until 23 - parents current combined gross income rates. Students living at home –cannot be more than \$110,928.72 and for students living away from home, cannot be more than \$119,202.07. Parents have to supply evidence of their income.
- Must be studying full-time
- Must be a New Zealand citizen or have held a resident visa for 3 years
- Can earn up to \$240.70 gross per week while studying and still get allowance
- HOW MUCH?? Varies according to:



- How much parent(s) earn
 - If you live at home, or away from home
 - If you have siblings aged between 16 & 23 who are studying
 - If living away from home could receive an additional \$50-\$60pw accommodation benefit
- If you are eligible for student allowance your living costs in student loan will be reduced accordingly
 - Both student allowance and loan living costs paid from course commencement date to end of course date
 - YOU MUST PASS MORE THAN HALF of your course to be eligible for Student Allowance the following year
 - Any change to parent income throughout the year will impact on Student Allowance for the following year

USE THE STUDYLINK ON-LINE CALCULATORS IN THE 'STUDENT ALLOWANCE' section to work out YOUR ELIGIBILITY

How to Apply

Preparation

- Go to: www.feesfree.govt.nz to check that you are eligible for free fees in your first year of study



- Set up a 'Realme' login (there is a link on the Studylink website explaining how to do this) so that your identity can be checked. NOTE: you will need evidence documents such as a NZ Passport, or Birth Certificate. If using a Birth Certificate you will need to go into a photo store within 14 days to have a FREE photo taken
- When forwarding documents to studylink they must be “verified”. This means original sighted, copy signed, dated and stamped as “true copy” by Principal or Justice of Peace
- Other supporting documents required: Bank account number (in your name) and IRD number (card, or letter)
- Know the campus of the tertiary provider and start and end dates (e.g. 28 Feb – 9 Nov 2022)

APPLY ON THE STUDYINK WEBSITE www.studylink.govt.nz

1. On Home Page Click on “Apply” under Starting Study; then click on ‘Apply as a first-time student’ under Apply
2. Click on “Before You Apply” to take you to the RealMe information
3. Click on ‘Eligibility Test’ to find out if you qualify for Student Allowance, Student Loan, Accommodation Supplement.

NOTE: your answers are transferred into your actual application; when you select ‘Apply Online’ you cannot change your answers

4. Click on ‘Apply Online’ and once completed click submit



NEXT STEPS

1. Studylink will send you an email confirming your application
2. A letter will follow with your client number and details on how to monitor your application using MyStudyLink
3. Studylink will post you a contract to sign and return
4. When Payments Start
 - Course fees are paid direct from studylink to the tertiary provider
 - Course costs (\$1,000 per year) you apply and claim for using My Studylink; can be paid 2 weeks before your study begins
 - Living Costs: commences week two of your study paid weekly to you



Tips on Financial Survival

PRIOR TO STUDYING

- Save as much as you can – get a job
- Develop good relationships with current employers so you can get holiday work during the year
- Use family support – work for parents, money instead of gifts
- Apply for scholarships
- Do some trial budgets
- Be prepared – reality is you will be poor!
 - accept that a need is different to a want

WHILE STUDYING

- Change your existing bank account to student package (less fees)
- Get a Community Services Card (reduces medical fees)
- Use campus facilities which are cheaper (e.g. Health Service)
- Limit your spending e.g. use cash instead of EFTPOS
- Check your budget and your bank statements regularly to avoid a crisis
- Don't spend money on food if you are already paying for meals in a hall
- Find some campus part-time work e.g. library, tutoring
- Check entitlements e.g. IRD tax codes, Student Hardship Unemployment Benefit over summer break
- Remember: Overdraft = Debt
Credit Cards = Expensive Debt

IN TROUBLE

- Use Campus Financial Support Team
- Contact Studylink – there are emergency grants available
- Talk to your family

SAMPLE WEEKLY BUDGET

This is for a student flatting with three or four others.

Weekly income	(\$)
Student Loan for living costs	242.53
Or Student Allowance full entitlement, net (under 24)	240.65
Accommodation benefit	60.00
Total	242.53 or 300.65

Weekly expenses—essentials	(\$)
Rent—rates vary depending on your location and number of people	210
Power	20
Internet	6
Mobile phone	5
Groceries	80
Toiletries	5
Transport—30-day bus pass	38
Contents/liability insurance	7
Subtotal	371

Extras	
Snacks and lunches	30
Entertainment	40
Subtotal	70
Total	441

This budget has a weekly shortfall of \$141–\$198. Over two trimesters (37 weeks), this could total \$5,217–\$7,326.

SAMPLE ACADEMIC YEAR COSTS

In addition to your weekly expenses, there are other costs you may face during Trimesters 1 and 2.

Academic year costs	(\$)
Course-related costs: student notes/books/printing/personal electronics	1,300
Bond/flat set-up	1,600
Trips home	500
Clothing/haircuts	500
Emergencies	500
Sport/gym	400
Birthdays	200
Total	5,000

You could make up the difference with:

- claiming the Student Loan course-related costs of \$1,000
- accessing a tertiary account overdraft of \$500 to \$1,000
- savings from summer
- family help
- reducing expenses
- scholarships
- part-time work.

Problem: Despite using the Student Loan or getting the Student Allowance, your total shortfall for weekly living costs plus all other expenses could add up to more than \$10,000 a year.

Solution: Plan ahead. Use the budgeting worksheet on page 20 or come and see the student finance advisers.

NOTE: This does not include personal expenses (toiletries, clothing, laundry, mobile phone, entertainment), one-off additional course related costs, or trips home

LIVING IN A HALL

Living in a hall of residence is generally more expensive than living in a flat. However, there are some financial advantages to living in a hall:

- There are no transport costs—halls are generally within walking distance of campus.
- The contracts correspond to the academic year, unlike flatting (where you might be committed to paying rent for 12 months).
- In many cases, electricity, internet, or food are included in the room rate.
- You won't get stuck paying extra because of irresponsible flatmates.

Money from StudyLink is not enough to cover the hall costs. Also, it is paid weekly, while most hall fees are paid in 10 advance instalments.



SAMPLE PAYMENT SCHEDULE 2022

Single catered room				
Payment due date		Amount to pay* (\$)	Maximum help from Student Loan for living costs (\$)	Maximum help from Student Allowance (\$)
Fees and deposit	Late October 2021	560 [^]	Nil	Nil
1st instalment	18 February 2022	1,960	Nil	Nil
2nd instalment	18 March 2022	1,960	485.06	601.30
3rd instalment	15 April 2022	1,960	970.12	1,202.60
4th instalment	13 May 2022	1,960	970.12	1,202.60
5th instalment	10 June 2022	1,960	970.12	1,202.60
6th instalment	8 July 2022	1,960	970.12	1,202.60
7th instalment	5 August 2022	1,960	970.12	1,202.60
8th instalment	2 September 2022	1,960	970.12	1,202.60
9th instalment	30 September 2022	1,960	970.12	1,202.60
10th instalment	28 October 2022	980	970.12	1,202.60
Total received from StudyLink after final instalment			727.59	901.95
Total payments		19,180	8,973.61	11,124.05

*Fees may vary depending on which hall you choose.

You will need to have between \$8,056 and \$10,207 for the year from another source. You also have to budget for toiletries, laundry, mobile phone top-ups, and entertainment—\$70 per week on average, and a total of \$2,660 over 38 weeks.

[^]This is the amount for all halls apart from Kelburn Flats, which is \$625.