

Merlin Helps Students

Student Finance Booklet

Summer 2008

Summary

A key aspect of student life is finance and managing it. To minimise, if not avoid debt; students need to be financially astute. The tips below, from Merlin Helps Students' finance booklet summarise some ways to minimise expenditure and maximise income. The full booklet is available free from the website at www.merlinhelpsstudents.com

Save money on:

Health Costs:

After the age of 19 you are no longer automatically eligible for free prescriptions, so apply for a low-income exemption certificate by filling in form HC1.

Books:

Use the library or buy second-hand. Also, sell those no longer needed.

Bills:

To avoid your electricity being cut off, arrange to have a 'pot' of money for bills and household expenses, which all housemates contribute into. To get the best deals on your utility bills shop around for the best providers.

Mobile Phones:

Consider the different tariffs available or switch to pay-as-you-go to keep a tab on bills. Save money by sending text messages on-line free!

Travel:

Walk, cycle, use public transport or the university bus service if there is one. For train journeys, a Young Persons Railcard will save you around 30% on each journey.

Food:

Shopping in the supermarket is cheaper than the local grocery shop. Also, try not to be tempted by quick fixes such as takeaways. Join forces and cook with friends.

Credit Cards:

If you cannot use them wisely, then avoid having a credit card at all.

National Insurance and Tax:

If you earn less than £6,035, you should not be paying any income tax or national insurance. If you are being taxed, contact the appropriate tax office immediately.

Council Tax:

Full time students are not required to pay council tax. If you have been asked to pay, prove your student status with a letter from the university.

Earn extra cash with a part-time job:

To make ends meet, try for casual work at the Students' Union or local shops and supermarkets in town, which are more than willing to find hours to suit you.

Introduction

You are probably aware by now that being a student is not as easy as it used to be! You have probably heard those financial pearls of wisdom from your mum and dad, a well-meaning older brother and sister, or god forbid, from them all!

The sad fact of the matter is, that the student of today has to be more financially switched-on than they were say 7 years ago as there simply isn't as much financial help available anymore.

Student life has become more financially dependent. Those students, who can manage their finances or have unlimited streams of money seem to be leading happier lives than the rest. Well, with some help from the MHS finance booklet, you too can learn how to extract the best lifestyle from the available money that you have without having to go into debt.

Why do I need to manage my money?

It is estimated that the average living costs of a student whilst at university can range from £3,000 to £7,450 a year. This figure includes living expenses, rent, food, books, travel, and socialising. These high costs for studying mean that the majority of students leave university owing money. MHS's own research into student debt has shown that the average student may leave University owing £13,436. It is easy to see that the maximum entitlement for most student loans and other financial aids over a 3-year period will not cover these costs and additional sources of funding will be required.

Even when considering additional means such as loans, overdrafts, parental contributions, part-time jobs, or savings it is evident that a student will need to budget to ensure that they have enough to support themselves throughout their time at university.

Managing your expenditure

Whilst at University there will be many things vying for the attention of your money. These expenses will vary from absolute necessity, may need, can do without and most importantly can minimise. This section will help you identify what is important for you and your lifestyle.

Fees

Paying your fees may not be at the top of your list of priorities, but it can mean the difference between staying on that course and being kicked off. If you encounter difficulties in paying fees or anticipate late payment it is best to inform the university sooner rather than later. More information on fees can be found in the MHS 'Student Finance' section

(www.merlinhelpsstudents.com/studentlife/yourfinances/studentfinance/studentfinance.asp).

Equipment

Some courses require you to have specialist equipment. This may be in addition to a PC you require to do assignments and research on. Find out exactly what you need and decide if you can:

- Share with a friend
- Purchase used
- or do without;

Items such as cameras, technical drawing or art equipment do not need to be branded goods costing many times more than ones that will suffice.

Books

Tutors are well known for listing huge numbers of books in their module outlines – but this doesn't mean that your parents will have to re-mortgage to help you buy them! Most of the books, if there are a lot, will overlap and if you decide to purchase a book for the module, usually just one will provide you with a basis of knowledge and you can supplement with others in the library.

There are work-rounds, if you really do not have the money to buy them or would prefer to spend your cash on something else. Virtually all the required reading for any module is available in the library - for free! Be aware that the demand for books around exam time is particularly high and you may need to reserve the book(s) you want. Another option available is the second hand bookshop where you can buy the required reading material far more cheaply, and of course you can always sell books you no longer require. If you know someone who has completed the year that you will soon start, you can always offer to buy or borrow his or her books.

Health Costs

Your health while you are a student may not be something you consider very often. However, a cold, flu or illness can need expensive medicines. Once you reach the age of 19, you are no longer automatically eligible for free prescriptions. You can apply for a low-income exemption certificate by filling in form HC1. This form is available at the health centre, Student Welfare, post offices or the Social Security. If you have frequent medications and are not entitled to free prescriptions, you may want to consider buying a prepayment certificate. This will entitle you to a number of prescriptions within one payment, saving money in the longer term.

Living costs

The concept may seem foreign to many of you that have lived under your parent's roof, but now that you have left the roost, they have become a stark reality. Bills have to be paid, it may seem like an obvious and almost patronising statement, however, it is not intended to be. Nothing in life comes free; hence, we have to pay for the services we use. Quite often, most students do not encounter bills until they move out of halls- usually in the 2nd year of a course and start to share with friends.

Arguments generally start over money and who has used what, so avoid this turmoil, and arrange to have a 'pot' of money for all bills and household expenses, which all housemates contribute into. This way, all bills can be paid fairly and those dreaded arguments should be avoided.

Take into account that living in a student pad with large rooms and a swimming pool may seem ideal at first, but will come with larger rent payments and you will also find it harder to find and keep students to share with. When looking for shared accommodation, see if your lifestyles will match as well. Living with someone that has expensive tastes will increase your expenses as well, especially if you gain their habits and may lead to arguments later. To take full advantage of reducing your living costs, living at home is always going to be the most cost-conscious option.

Of course, you can always elect to stay at home while studying. This may be the option to go for, if you are wary of incurring significant living costs or if your college or university is within travelling distance.

Keeping in Touch

Who does not have a mobile these days? From your granny to a kid brother or sister everyone has a 'little one' lingering in a pocket or handbag. The question is, are we all clued- up on how much it really costs us? As you are making many new friends you are probably going to increase your usage, so it may be worth considering the different tariffs available or switching to pay-as-you-go to keep a tab on those bills.

You can also save money by sending text messages on-line free! Always consider the use of your landline as a communication tool and use that instead of running up bills on your mobile.

Travel

Few students can afford the luxury of a car, and even those that can have the added headache of those running expenses, e.g. petrol, insurance and maintenance. So for those mere mortals that do not have wheels you will have to rely on public transport to get around. The cheapest option is usually the bus, and investing in a bus pass can save you money if you are making regular trips. There are several options available and most can be bought in local newsagents. For those that want to go a little further and are planning to travel by train, you really should invest in a Young Persons Railcard. All 16-25 year olds are eligible for one of these and having one can give you a saving of around 30% on each journey. Most universities operate a bus scheme that allows transfers for students between campuses and is usually free. Some student unions also have a mini-bus service, which takes students to venues and back again.

Food

You are one of the lucky ones if you are in catered halls, as you have no worries about meals. However, if you are not staying in catered halls, then you are likely to be fending for yourself. Students usually end up spending money on fast food, purely because it is convenient. A trip down to the local supermarket, as boring as it sounds would be far more cost effective and may even result in a balanced meal! Try to avoid those desperate trips to the local shops that charge premium prices for basic items, they are aimed at students and the like who are looking for a quick fix – so don't give them your money!

Finance Tips

Organising your finances can save you time and money and here are some tips on doing just that!

Credit Cards: Used wisely can be a good way of budgeting. If however you are not very good at this, avoid having a credit card at all costs. It is very easy to mount up your debts and have them spiral out of control if you are not disciplined. Use with caution! The rule to remember is if you can afford to live without it – do not buy it.

National Insurance and Tax: If you earn less than £6,035 you shouldn't be paying any income tax or national insurance so if you are being taxed you should contact the appropriate tax office immediately.

Council Tax: Full time students are not required to pay council tax, if you have been asked to pay you may need a letter from the university to prove your student status.

Minimum Wage: If you have a job in or outside term time, you are entitled to the minimum wage of: £4.77 for 18 to 21 year olds and £5.73 for those 22 and over. If you are not being paid this minimum amount, your employer is breaking the law!
You should visit the university welfare office as an initial step to see what action you can take.

Insurance: It is best to be cautious here. Yes, it can be something you never claim off, but let us hope you never have to! You should buy a policy that covers you in the way that suits your lifestyle, possessions and where you live. It is also important to know if you are following/will be able to follow the stipulations set down on the insurance contract about the security of your house, value of possessions etc. If you do not do this, you may not be covered in the event of a claim. It is also worth talking to your parents to see if your belongings are covered while away from home.

Keeping a track on spending: Boring as it sounds, this can save prevent all those nasty letters from the bank manager! Try to live within your means. Remember that not everyone at university is the same and that some students are better or worse off than others. As tempting as it may seem to flash your cash around – it runs out far too quickly! Construct a budget and stick to it.

Student Accounts

The main high street banks provide students accounts. These are similar to normal current accounts, but with a few added bonuses, including a stepped overdraft facility. They also provide special offers or gifts to entice students into choosing their particular offering.

When choosing a bank account there are many options to consider. All banks provide a similar basic service but it is important that you identify the bank that suits your needs by doing some research. Most bank accounts include facilities such as interest free overdrafts, student credit cards, service cards and telephone banking, internet banking and on campus branches dedicated to student services.

Most students will choose one of the big six banks such as Natwest, Barclays, HSBC, Lloyds TSB, Halifax and RBS, however they all provide different options and different facilities.

In order to try to attract students, these banks will provide incentives, for e.g. gifts or cash credit. They do this because they realise that once they have acquired your custom, it is likely they will retain your loyalty for life. These incentives are intended to attract you to a particular bank but it is necessary for you to be aware that options such as good interest rates and low charges will benefit you more in the long term. The gifts should be seen only as a nice addition but not as the most important factor in choosing the bank itself.

Interest Rates on Positive Bank Balances

Interest is paid by banks on any savings you hold periodically (depending on the account). These interest rates are represented in percentages. When opening an account to increase your savings, you should try to look for an account that offers higher interest rates. Usually these rates are low in current accounts, so you should look towards a savings account that has higher interest rates. However, there are normally restrictions on withdrawals and some rules of payments that may apply. You can also have both a current and savings account open at the same time. Remember to register for interest to be paid tax-free, as this will not be done automatically.

Overdraft and Loans

An interest free overdraft facility is offered by most student accounts. Simply, this means that no charges are incurred to any money that has been borrowed. The limit on the overdraft will vary from bank to bank, and usually they will offer up to £750 interest free in the first year of studies, increasing to around £1500 in the final year. There is also some flexibility to increase the limit by prior agreement with the bank manager. As well as the interest free overdraft limits, banks will also give a further amount depending on the bank's discretion, though it is likely you will be charged a rate of interest for this. It is important to remember that if you do go over the agreed limits, you can be charged at a very high rate. Some banks even charge this per transaction. The need to plan your finances and remain within the agreed rates is crucial.

Therefore, when choosing a bank, it is vital that you consider what features are important to you.

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Listed below are the main banks' student account offerings*:

NatWest	Barclays	HSBC	Lloyds TSB	Halifax	RBS
Interest free overdraft. Year 1 – £1250 Up to £2000.00	Interest free overdraft. Year 1 – £1000 Year 2 – £1,250 Year 3 – £1,500 Year 4 – £1,750 Year 5 – £2,000	Interest free overdraft. Year 1 – £1000 Year 2 – £1,250 Year 3 – £1,500 Year 4 – £1,750 Year 5 – £2,000	Interest free overdraft. Year 1 – £1000 Year 2 – £1,550 Year 3 – £1,500 Year 4 – £2,000 Year 5 – £2,000	Interest free overdraft. Up to £3000.00 1 year extension after graduating	Interest free overdraft. Up to £2750.00
Student Credit Card with up to £500.00 limit		Student Credit Card with up to £500.00 limit	Student Credit Card with up to £500.00 limit	Commission free foreign currency and travellers' cheques	Student Credit Card with up to £500.00 limit
NumberVault – Mobile Phone number backup system		2 years free worldwide travel insurance	£20 cash credited to your account on opening/NUS Extra card	25% discount on AA breakdown cover	10% off flights and holidays booked through membership service
Online/Telephone banking	Online/Telephone and Mobile banking	Online/Telephone banking	Online/Telephone banking	Online/Telephone banking	Online/Telephone banking
55 campus branches	Student business officers at every branch				25% off gigs and shows

* - Information subject to change, please check each banks own website for up-to-date offerings.

Maximising Your Income

This section is all about making sure you are getting everything that you are entitled to. It includes information for full time undergraduates, students with children and/or disabilities and part time students. Further information on the topics covered can be obtained from the Student Welfare Office of your university.

Part-time work

Most students have to take up part-time work to make ends meet. It has been shown though, that working during term time is not conducive to good grades so only do it if you really have to. The best way to find work quickly is either as a casual at the Students' Union or to try the local shops and supermarkets in town, which are more than willing to find hours to suit you.

Welfare Service

If you are a full time single student with no children and no disabilities, you may be entitled to help from the Welfare Service. The options available to you are:

- Help with the costs of the course. There is a grant, made available last year to cover the cost of books, travel and other related expenditure. The new grant is worth £250 and will be made available to students on low incomes. This replaces the existing £500 loan.
- Access to Learning Fund: This is a grant (you don't have to pay it back) that can be issued to anyone who can prove they are in hardship through no fault of his or her own. To apply visit the welfare office.
- Care leavers/Foyer Bursary: You must have been in care or in a foyer before starting your course.

Help from your Local Education Authority

You can apply for all the options below by filling in an HE1 form which you can get from your LEA. It's worth looking for more information about whether you qualify at the DFES website at: <http://www.dfes.gov.uk/studentssupport>

- Financial assistance with fees: This depends on your circumstances and the LEA will determine if you are eligible.
- Help regarding your student loan: If you think you qualify for more or your circumstances change, visit the student loan company's website on: <http://www.slc.co.uk/> or give them a call on: 0800 40 50 10

- Help with travel costs: If you travel abroad as part of your course or are on a clinical training placement, you may be entitled to money to cover the additional associated costs. Again, see welfare or LEA for details.

NHS students

Information for all items detailed below can be found at the department of health website at: www.doh.gov.uk or contact them on 08456 060 655. Alternatively, you can find out more from the Welfare service. All of these allowances are paid out of the Department Of Health's budget.

- Bursary: this is dependant on income
- Dependant's Allowance: This is for your dependants (Children etc) whilst you study
- Single Parent's Addition: This is available to students who are a lone guardian but is not payable to those who are already getting certain other benefits (such as the older students allowance)
- Two Homes grant: If you are maintaining a home other than your term time address, you may be eligible
- Older Student Allowance: If you were 26 before commencing your 1st year you may be eligible
- Clinical placement costs: You can claim back costs of travel, hospitality etc that are above that of your normal day
- Care Leavers Grant: Money is available if you are under 21 and have just left care.

NHS students may also benefit from the options detailed in the preceding section, depending on their circumstances and year of study.

Single Parents

You may be entitled to:

- Student loan: As above
- Adult Dependants Grant: For adult family members that are financially dependent on you.
- Lone Parent's Grant: For lone parents who started before 2001. This is not payable if you are receiving a childcare grant or the parents' leaving allowance.
- Childcare Grant: Can pay a large percentage of childcare costs during term time.
- Care Leavers Grant: As above
- 2 Homes Allowance: As above
- Travel Costs: As above

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- The Parent' Learning allowance: For full time students with dependant children who receive the childcare grant or whose dependants are on very low incomes. The amount is dependant on income and is to cover course related costs.
- Child Tax Credit: For students with dependant children, for more information on this contact the Inland Revenue on: 0800 500 222.
- Housing/Council Tax benefit: Claim at your local authority.
- Income support: Claim at the Benefits Agency; seek advice from the welfare centre.
- Child Benefit: This continues to be paid as long as you are financially responsible for the child.

For more information on benefits call the Jobcentre Plus on 08456 020 175

Full time students with a disability

You may be entitled to:

- Disabled Student Allowance: You can claim money back for the extra cost associated with having a disability.

Disabled students may also qualify for any of the alternative sources mentioned here depending on their circumstances.

Part Time Students

You may be entitled to:

- Help with the cost of fees up to an annual capped maximum. If you are studying the equivalent of 50% or more of a full time course and your family income is below specified thresholds you will be able to receive a grant. This grant replaces the current discretionary fee waiver scheme.
- Help with the costs of the course. There is a new grant being made available to cover the cost of books, travel and other related expenditure. The new grant will be worth £250 and will be made available to students on low incomes. This replaces the existing £500 loan.
- Student may also meet the criteria for the Access to Learning Fund, which can provide further financial help. This give you extra financial help to meet particular costs not covered by other sources of funding. Certain low income students undertaking 10% to 50% studying of a full-time course may apply for a discretionary fee waiver through their college or university.
- The current maximum of six years support has been extended to cover up to eight years dependent upon the course length.

For more information, call 0800 731 9133.

Useful information

Student Loan Company: Website: <http://www.slc.co.uk/>. Phone on: 0800 405 010

Job Centre Plus: Phone on: 08456 020 175

Student Debt Helpline: 08003 281 813. Open 8am-8pm Monday to Friday.

DFES (Department for Education and Skills): Website at: <http://www.dfes.gov.uk/>

Natwest: Website - <http://www.natwest.co.uk/> Phone on 0800 200 400

Barclay's: Website – www.barclays.co.uk Phone them on 0800 282 390

HSBC: Website – www.hsbc.co.uk Phone on 0800 130 130

Loyds TSB: Website - www.lloydstsb.com/ Phone on 0845 3000 134

Halifax: Website - www.halifax.co.uk/ Phone on 08457 20 30 40

Royal Bank of Scotland: Website at: <http://www.rbs.co.uk/> Phone on: 01162 538 388