

Financial Survival for Students

By
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Eighth Edition

FINANCIAL SURVIVAL

FOR STUDENTS

(Eighth Edition)

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7. GOVERNMENT FINANCIAL SUPPORT FOR HIGHER EDUCATION (ENGLAND)

What government financial support is available for study at higher education level in England?

If you are a dependent student without children, and you are from England, you can apply for a student loan to help with the cost of tuition fees and maintenance.

All maintenance grants and special support grants for students from low income families and those on certain benefits have been replaced with student loans for new applicants starting their course in 2016/17. Students who started their course in 2015/16 or before are not affected by this change. See Chapter 17 for more information about student loans and Chapter 32 for more information about tuition fees.

How much is the student loan for tuition fees?

The tuition fee loan is up to £9,000 a year if you intend to study at a public university or college and up to £6,000 if you intend to study at a private university or college.

How much is the student loan for maintenance?

In 2016/17 the maintenance loan will increase to £8,200 per year for those studying away from home outside London and to £10,702 for those in London. The maintenance loan for students who qualify for certain benefits will be £9,347 for those studying away from home outside London and £11,671 for those in London. The maximum maintenance loan for students over the age of 60 will be £3,469.

What higher education courses are eligible for student support?

To be eligible for funding your course should lead to one of the following qualifications:

- first degree, such as a Bachelor of Arts, Science or Education (BA, BSc or BEd);
- Foundation Degree;
- Certificate of Higher Education;
- Diploma of Higher Education (DipHE);
- Higher National Certificate (HNC);
- Higher National Diploma (HND);
- Postgraduate Certificate of Education (PGCE) or qualification from Initial Teacher Training.

How do I apply for government financial support?

Applications are made online at www.gov.uk/studentfinance. You should apply for funding by the end of May in the year that you intend to start university. You do not need to wait until you have accepted a place. When you apply enter your first choice of course, but you can change your course or university at a later date, once your account has been set up. Your parents or partner will need to provide information about themselves and their income before your application can be processed.

When you apply you will need to have the following information available:

- valid UK passport details;
- details of your university and course;
- your bank details;
- your national insurance number;
- your parents' or partner's details, including their national insurance number and income.

I intend to study part-time. What financial support is available?

Part-time students can apply for a tuition fee loan of up to £6,750 for a course at a public university or college, or £4,500 for a course at a private university or college. You can also apply to university hardship funds if you are struggling financially (see below). From 2018/19 part-time students will be eligible to apply for maintenance loans in a similar way to full-time students. See Chapter 17 for more information about student loans.

Is there any other funding available?

Universities in England have set up hardship funds for both full-time and part-time students who are in financial hardship to help with course-related costs such as books, equipment, childcare and general living costs. Each applicant is assessed individually by their college or university: you may be required to show evidence of your income when you make an application. Payments will usually be made as one-off grants. There is no automatic entitlement to money from these funds. Eligibility and funding amounts vary, depending on the funding criteria of individual universities.

Universities in England can also choose to provide bursaries and/or scholarships for high achieving students and students from low income families. More information about bursaries and scholarships is provided in Chapter 19.

How do I apply for university hardship funds?

Once you have taken up your place with your chosen learning provider contact the student service or welfare department as soon as possible to find out whether there are additional hardship funds available. Your students' union or university welfare officer can offer you further advice. If you are intending to apply for funding from hardship funds while at university you must show that you have applied for the full student loan for maintenance.

How do I apply for a university bursary or scholarship?

In most cases you apply for your university bursary and certain income-based scholarships when you make your application for government financial support. You may be asked to complete an additional application form, and this will be sent to you when you are offered a place or it will be available for download from your chosen university website.

Other scholarships may require you to undertake a test or examination and competition can be fierce. Scholarships that are based on academic performance at entry do not need a separate application as they are awarded automatically, based on A level (or equivalent) grades.

When completing your application for student finance, you must make sure that you don't opt out of sharing your information as your chosen university will need this information to assess your entitlement to a bursary or income-based scholarship.

Where can I find more information?

More information about all aspects of student finance can be obtained from www.gov.uk/student-finance. Application forms, guidance notes and an online application service are available on this website. A student calculator is available at www.gov.uk/student-finance-calculator to help you work out how much money you could receive.

Comparative tables of university bursary and scholarship schemes are provided in another of my books: *University Tuition Fees, Bursaries and Scholarships*. This book is updated annually. Visit www.studentcash.org.uk for more information.

49. HOW TO PLAN YOUR BUDGET

Why do I need to plan my budget?

A recent survey by a financial services company found that around half of all school leavers either underestimate the costs associated with being at university or have no idea how much it will cost. Also, a survey by the Financial Services Authority (now the Financial Conduct Authority) reported that 34.4% of students who considered dropping out of university did so because of financial difficulties.

If you start to think about your budget before you go away to college or university, and get into the habit of keeping careful records, you will be better prepared to deal with the financial cost of student life. This will help you to avoid financial problems and reduce the risk of getting into debt while you are studying.

What records do I need to keep when planning my budget?

You need to know what income you are going to receive and when you are going to receive it. Also, you need to make sure that you keep records of all expenditure so that you know exactly where your money has gone. You cannot plan your budget efficiently if you don't keep records of your income and expenditure.

In order to keep effective records you need to ensure that the following information is kept and stored in a safe, easily accessible place:

- a record of all financial transactions, which could include the following:
 - debit card transactions;
 - ATM card transactions;
 - contactless card transactions;
 - direct debits;
 - filled in cheque stubs, if you use a cheque book;
- all bank statements (paper or electronic) from current and savings accounts;
- your financial notification from Student Finance that outlines how much you are to be paid and when it will be paid;
- amounts and dates of any grants, bursaries, scholarships or awards made to you;
- amounts and dates of any other income you have received (such as a contribution from your parents or other family members);
- all payslips from any part-time or vacation work;
- any P60 or P45 forms you are given.

How do I plan my budget?

There are four simple stages to planning your budget:

- keep all records of your income and expenditure (see above);
- calculate your income;
- calculate your expenditure;
- work out the difference between the two.

If the difference between the two is positive (in the black) you need to try to keep it that way. However, if the difference between the two is negative (in the red) you need to think about what you are going to do to change the balance in your favour. There are two ways to do this: reduce your expenditure and/or increase your income.

A sample budget planner is provided below. This will show you where your money is going and provide an indication of how and where you can cut down on your expenditure. If you feel that you really cannot cut down on your expenditure think about how you can increase your income. You should do this as soon as possible because once you get into debt you could find that your debt spirals quickly out of control.

How can I reduce my expenditure?

Section 2 of this book offers advice about how you can reduce your expenditure. In summary, take note of the following points:

- Always shop around for the best deals. This applies to both high street and online shopping. Price comparison sites offer a convenient and quick way to do this.
- Write a list when you go shopping. Avoid impulse buying. Only buy what is absolutely necessary.
- Set yourself a weekly spending limit and reduce this by a small amount each week if you find that you are beginning to struggle financially. Don't spend more than your weekly limit.
- Avoid expensive shops, food outlets and entertainment. Find free ways to entertain yourself and your mates. Be inventive.
- Cook meals using cheap, healthy ingredients. Take part in free exercise, such as cycling, running, walking and football with mates. You will feel healthier, save money and be less tempted to eat expensive junk food and drink too much alcohol.

How can I increase my income?

Section 1 of this book provides in-depth information about how you can increase your income. In summary, this includes obtaining funds from the following sources:

- student loans and government grants;
- parental contribution/extra money from parents or relatives;
- grants or bursaries from educational trusts and charities;
- university grants, bursaries or scholarships (recent research has suggested that up to two thirds of students who are entitled to bursaries don't apply for them so make sure that you apply for all money that is due to you);
- university hardship funds;
- NHS and social work bursaries;
- allowances for disabilities;
- grants for teacher training;
- wages from paid employment or private sponsorship;
- tax rebate if you have paid too much tax (see Chapter 44).

SAMPLE BUDGET PLANNER

Course and living costs	Weekly expenditure
Tuition fees	
Books	
Photocopying/printing	
IT equipment	
Stationery	
Rent	
Gas	
Electricity	
Water rates	
Landline/mobile	
Insurance	
Laundry	
Transport/travel	
Leisure and entertainment	
Food and drink	
Clothing	
Household goods	
TV licence	
Credit commitments	
Sports and hobbies	
Miscellaneous expenditure	
Sub-total	
Sources of income	Weekly income
Student loan	
Contribution from parents	
University bursary	
Sponsorship	
Employment	
Income from savings	
Benefits	
Other loans/grants	
Miscellaneous income	
Sub-total	
Total weekly profit/loss (larger figure minus smaller figure)	

Where can I find more information?

The National Union of Students provides estimates of average living costs for undergraduate students during one year of full-time study. These estimates are useful as a guide and will give you an idea of what you can expect to spend throughout your course. Consult the website for more information: www.nus.org.uk. UCAS also has some useful information about budgeting for your course: www.ucas.com.

Useful, impartial advice about budgeting and an online budget calculator to help you work out your income and expenditure can be found at www.moneyadviceservice.org.uk.

Many banks offer incentives for students looking to join them, ranging from free gifts to interest-free overdrafts. It's important to consider things such as credit cards, interest rates, or whether the bank actually has any branches anywhere near you. It's also important to be responsible with your money. You don't want to spend all of your monthly budget within the first few days, after all. One of the first things a student should do is make a budget, and stick to it. Make sure the money you have covers all of the essentials, including textbooks, bills, and food. To help budget your food shopping Geoff Penrice, a financial adviser with Astute Financial Management, warns that the costs involved are more than people expect and it's very easy to overspend and end up in long-term financial difficulty. "Students need to work out how much they have to spend and then budget accordingly," he says. "There is something very powerful about writing a budget plan down, while keeping a daily written record of expenditure really helps focus the mind." We spoke to leading financial advisers and companies to put together a list of factors for both students and their parents to consider. Many financial institutions will pay interest on your savings account that can help accrue savings for college. It is often best to compare different financial institutions and determine how much interest they pay. High interest accounts are the best choice and provide the greatest benefits. Make certain that savings accounts are FDIC insured to protect your finances. Many students use multiple methods for financing college. Make certain you understand the repayment terms and will be able to make payments as required. Federal Loans. Teach students how to plan for their financial futures with these fun saving and budgeting activities, with ideas for all skill levels. Help students understand and prepare for this. In groups, have students discuss unexpected events they've seen their families contend with and share how much money they think it would cost to address those emergencies. Then, help students design a savings "first aid kit."