



Student Finance

This guide explains how to manage your money whilst you are at university

MANAGING YOUR MONEY, MINIMISING DEBT, MAXIMISING FUN

Managing your money at university has never been more important. Credit cards, student loans, overdrafts and housing costs all play a part in spiralling student debt. This guide aims to help you, the student, ease the financial strain of higher education so that you can dedicate your time not to money worries, but to broader university life.

CHOOSING A STUDENT BANK ACCOUNT

With over 2 million people in higher education in the UK, the student market is big business for banks. Dozens of high street banks now offer packages specially designed to appeal to undergraduates. With rising interest rates and constant changes in what banks offer students, it is worth shopping around to see which bank offers the best deal for you when choosing your bank account.

OVERDRAFTS

Most student bank accounts come with an interest-free overdraft as standard. With limits ranging from £500 - £2,000, overdrafts are a popular option for students, with 65% choosing to make use of the facility. While an interest-free overdraft can be useful when money is tight, it can prove to be a hidden path to extra debt. Try to view your overdraft as a temporary buffer zone for times of hardship. Before choosing an account, it is essential to check when interest will be applied, and what rate you will pay when that happens. This is especially important after you graduate and are looking for your first job.

INCENTIVES AND PERKS

Banks may offer discount entitlements on products such as contents insurance, free gifts such as railcards, and mp3 players, and voucher books for use in high street stores. These special offers can seem great, but you should always ensure that you choose an account that will serve your financial needs best and avoid being wooed into a bad deal by the promise of a free gift! However, there are obviously some benefits to having a perk such as a Young Persons Railcard as this lasts for 5 years and will save you a third on your travel in the UK.

UNSECURED BORROWING

Credit cards

Credit cards can seem like an easy option if you are struggling financially. It is important however, not to see them as a safety belt. With credit cards often offered and approved automatically alongside student account applications, few students go to the trouble of shopping around. However, there are many different types of credit cards available and a little research could ensure you land a low interest rate and a good interest free period. Websites such as [The Motley Fool](#) will help you to compare rates choose the best deal for you.

But is it worth it? Most credit cards come with high interest rates of around 14-16% so think carefully about whether you really need one and be sure to use it sparingly and responsibly if you do. Ask yourself: can I really afford to make the repayments each month? The temptation to put shopping, drinking, and nights out on credit could land you in financial hot water and lead to debts spiralling out of control.

PLANNING AND BUDGETING

Rising tuition fees have been well publicised in the UK, with some fees reaching £3,000 a year. The true cost of student life, however, is only just being realised. Rent, bills, mobile phones, food, books, equipment, clothes, transport, entertainment; the list goes on and on and many students find themselves in trouble having underestimated the true costs of university living.

STUDENT ACCOMMODATION

Student halls

Most first year students opt to stay in student halls for the first year of their course. While halls can be a great opportunity for social networking and ease of transition, they can be quite costly as they often include meals and extra facilities. Make sure that you want to eat in your halls before you sign up, because the added cost is often significant and the quality of food not always high, especially if you require vegetarian catering. Be sure to research all alternatives before signing up for halls of residence. Halls are not usually available to second and third year students and so the majority choose to move into a rented property with friends.

Rented Accommodation

According to research released by accommodationforstudents.com in August 2007, the cur-

rent average weekly rent for a student in the UK is £60.58. However, rents vary dramatically across the UK so it is important to research all of your options. For example, those at university in London will pay an average of £102.33.

Before you make your choice, you should also research the cost of living in your area. Remember to factor in the price of transport if you are planning on living any distance from your university or college. There are websites that allow you to enter in search criteria in order to find accommodation that is right for you, such as www.accomodationforstudents.com.

BUDGETING FOR BILLS

For many, the reality of paying electricity bills, television licenses and other bills hits home for the first time while at university. For example, while most full-time students do not have to pay Council Tax, if you plan on sharing accommodation with non-students you may be expected to contribute to the household's Council Tax bill. A good tip for bills is to set up a joint house account for all your housemates into which you each put a standard amount monthly, such as £25. Then arrange for your bills to go out of that account by direct debit automatically or you can pay them by cheque. This way you can avoid arguments with your housemates as you are always paying the same amount on bills. If there is any excess in the account at the end of the year you have some spare cash for a party!

To avoid losing control of your finances, use the budget sheet at the end of this guide to work out how much you will really need to spend each month. The sheet will also help you balance your income against your expenditure to ensure you are not going to end up in debt each month. It will also give you a realistic picture of how much you can afford to spend on leisure and tell you if you will need to find part-time work.

STUDENT LOANS AND AWARDS

Student Loans

Most students can expect to have access to financial support throughout their studies. Student loans can be applied for via your Local Education Authority and will help you cover your tuition fees and general living expenses. The amount available to you will usually depend on you and your family's financial circumstance. The amount can vary between £3,415 and £6,170. Be sure to apply well before you begin your studies to avoid a delay in receiving your first payment. You will not become eligible to repay your student loan until you have graduated and are earning over £15,000 a year. Interest is charged at the rate of inflation so the amount you owe will increase each year but a student loan is still the cheapest way of borrowing while at university.

There are also a number of grants, bursaries and scholarships available that you may wish to investigate.

These include:

- **University grants** - available to those students from low income families and assessed on your parents' income.
- **Bursaries** - provided by individual universities and colleges if they charge UK students more than £2,700 a year for a course. The amount varies between £300 and £5,000 per year depending on the student's circumstances, and these bursaries do not have to be paid back.
- **Scholarships** - provided by universities to those students who have achieved exceptional academic success or by outside companies or organisations.
- **Hardship Loans/Grants** - Hardship grants and loans are also available to assist students in severe financial difficulty. The government provides funds to universities with complex rules on eligibility, but if you can prove you are in need of financial assistance you could receive a lump sum of up to £500 cash.

WORKING WHILE STUDYING

A student-debt.org survey revealed that 62% of students struggle financially during their time at university. Many students take on part time jobs to support themselves while studying. Almost half (45%) of students work at least 16 hours per week during term-time to supplement their income and a massive 81% of students work during the summer break (35% part-time and 46% full-time).

Before taking on a job, think carefully about how you will find time to maintain your academic studies. The extra income may help you cope with living expenses, but may be too high a price to pay if it cuts into your study time. A good rule of thumb is to take on the minimum number of hours required to bridge the gap between your incomings and outgoings.

SPEND LESS, SAVE MORE

Flash your student card! Signing up for an NUS card can be an excellent way to save money. Many high street fashion stores, as well as music stores, gyms and hairdressers give up to 20% discounts upon presentation of this card. Be sure to ask your Student Union about where to find these offers in your local area.

Go for seconds! Embrace the student life and get into second hand books and clothes. You will find most of the text books you need in second hand shops on campus, or you can check classified boards for ads from older students. Also you can find excellent second hand clothes in charity shops and you can find some real vintage bargains.

Become a bargain hunter! Grocery shopping can become costly so look out for reduced items, 2-for-1 offers and money saving coupons. When hunting for food, avoid expensive and unhealthy pre-packaged meals and opt for fresh fruit and vegetables - by far the cheaper and healthier, option.

WHERE TO GO FOR HELP

If you get into real financial trouble while at university, remember that you are not alone. There are many charities and other welfare agencies, such as The Family Welfare Agency (FWA), who may be able to help you financially. Student Services (usually based in your Union building) will also provide services to support students who have financial or special needs and can provide advice free of charge. Seek help earlier rather than later before your studies begin to suffer. You can also hit the internet for advice on your options. Check out www.student-debt.org.

BUDGETING AFTER GRADUATION

Following graduation, you may find yourself trying to pay back the debts accrued while studying. Those who do make it through to graduation can expect to leave with average debts of around £15,000 and are unlikely to receive quite the financial returns they might have expected.

A recent student-debt.org survey found that more than half of graduates (58%) are earning less than they expected they would following graduation. Broken down by gender, this equates to 62% of female graduates and 54% of male graduates. And remember, the need for budgeting and managing your finances doesn't stop when you graduate. Make sure you continue to watch your income versus expenditure and try not to fall into credit card traps, an easy way to fall into debt. Give yourself time to stabilize your finances and try not to rush into taking out loans or buying a house or car without careful consideration of your financial situation.

Finally, stay positive! Although you may not be on a high wage to start with, employers do value graduate qualifications. Mixing this with enthusiasm and hard work will often end up rewarding you financially. If you are lucky enough to land a high paying job, it is possible to pay back larger portions of your student loan to help clear it sooner. You can find out about this by calling the Student Loans Company on 08456 077577

By following the simple tips in this guide, you should be able to minimize the financial burden of university while still enjoying your student years.