

# HOW TO GET A STUDENT LOAN AND HOW TO PAY IT BACK

How much will I need?    How do I apply?

What's in a Student Loan?    How can I repay my loan in full?

Where can I find more information?

Do I need to prove I can pay back the loan?    What's in a loan contract?

When can I apply?    What are my responsibilities?

Can I get a loan if I'm studying part time?

How do I find out my loan balance?    What amount should I repay?

Who works out how much I can borrow?

How do I make repayments?    Do I have to use all my loan money?

What about interest?    What if I go overseas?



**Inland Revenue**  
Te Tari Taake



**STUDYLINK**  
Hoto Akoranga  
*A service of the Ministry of Social Development*

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A student loan can help to finance your tertiary studies. You can get a loan to help with your fees, course-related costs and weekly living costs.

When you get a student loan you'll be in contact with two government departments – StudyLink and Inland Revenue.

**StudyLink** is part of the Ministry of Social Development. Their role is to tell you about the student loan and organise your application and loan for each new course you take.

**Inland Revenue** takes responsibility for your loan the year after your course has ended. Their role is to assist you to comply with your obligations as a student loan scheme borrower until your loan is paid back.

This booklet tells you the things you need to know about getting a student loan and paying one back.

If you would like to know more about applying for a student loan visit StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz).

If you would like to know more about repaying a student loan visit Inland Revenue's website [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans) or call **0800 377 778**.

# Things to think about before taking out a student loan

A student loan can help to finance your tertiary studies. But remember, it's a loan that you have to pay back.

When you have a student loan you need to start paying it back once you earn over a certain amount – it could take years to pay off.

So before you take out a loan think carefully about whether it's right for you:

- Could you finance your studies without a loan?
- Do you really understand what's involved in paying back a loan?
- Is there a scholarship or grant you may be able to receive?
- Have you thought about working part-time while you study?
- Is there any other financial assistance (such as a Disability Allowance) you may be entitled to?

**Remember: What you borrow, you'll have to pay back.  
The less you borrow, the faster you'll pay off your loan.**

## EXAMPLES

Tama borrowed \$29,000 to complete his studies. He earns \$35,000 a year and makes the minimum repayments each week. It will take him a little over 18 years to pay off his loan.

Kim's worked part-time while studying so she only borrowed \$14,000. She also earns \$35,000 a year and pays the minimum amount each week which means she'll pay off her loan in under 9 years.

You can do your own calculations at Inland Revenue's website [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans).

## Where to find more information

You can find information about student loans at StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz), or you can talk to StudyLink staff about your individual circumstances. They can provide you with information about ways to help fund your study and agencies that may be able to help with useful information or other types of assistance.

Check out the following websites for more information and other financial options:

### Employment sites

[www.sjs.co.nz](http://www.sjs.co.nz)

[www.jobs.govt.nz](http://www.jobs.govt.nz)

### Budgeting services

[www.sorted.govt.nz](http://www.sorted.govt.nz)

[www.familybudgeting.org.nz](http://www.familybudgeting.org.nz)

### Working for Families Tax Credits

[www.ird.govt.nz/wff-tax-credits](http://www.ird.govt.nz/wff-tax-credits)

### Career information

[www.careers.govt.nz](http://www.careers.govt.nz)

### Funding information

[www.fis.org.nz](http://www.fis.org.nz)

### Income tax and student loan repayments

[www.ird.govt.nz](http://www.ird.govt.nz)

**Have you checked if you can get a student allowance?**

**The student allowance is a weekly payment to help you with your living expenses while you study full-time – and you don't have to pay it back! Check out if you can get it by visiting StudyLink's website at [www.studylink.govt.nz](http://www.studylink.govt.nz).**

**You may not have to borrow as much for living costs as you think!**

## How much you will need

Complete this budget to help you work out how much you may need to borrow a year for your studies. But remember, the less you borrow, the faster you'll pay off your loan.

STEP 1: WHAT YOU LIVE ON (NET INCOME)	STEP 2: WHAT YOU SPEND (EXPENSES)
<p><b>Income during study</b></p> <p>Student allowance    \$ <input style="width: 100px;" type="text"/> per week</p> <p>Part-time work        \$ <input style="width: 100px;" type="text"/> per week</p> <p>Scholarship            \$ <input style="width: 100px;" type="text"/> per week</p> <p>Total                    \$ <input style="width: 100px;" type="text"/></p> <p>x total number of weeks in your course    <input style="width: 100px;" type="text"/></p> <p>=                            \$ <input style="width: 100px;" type="text"/></p> <p><b>Additional income</b></p> <p>Savings                 \$ <input style="width: 100px;" type="text"/> per year</p> <p>Income from:</p> <p>Holiday work         \$ <input style="width: 100px;" type="text"/> per year</p> <p>Family help            \$ <input style="width: 100px;" type="text"/> per year</p> <p>Other                    \$ <input style="width: 100px;" type="text"/> per year</p> <hr/> <p><b>Total income for the year</b>                    \$ <input style="width: 100px;" type="text"/></p>	<p><b>Essential costs</b></p> <p>Weekly spending:</p> <p>Rent / board            \$ <input style="width: 100px;" type="text"/> per week</p> <p>Flat groceries         \$ <input style="width: 100px;" type="text"/> per week</p> <p>Food / toiletries      \$ <input style="width: 100px;" type="text"/> per week</p> <p>Other food (e.g. takeaways, bought lunches)    \$ <input style="width: 100px;" type="text"/> per week</p> <p>Medical expenses     \$ <input style="width: 100px;" type="text"/> per week</p> <p>Transport              \$ <input style="width: 100px;" type="text"/> per week</p> <p>Total                    \$ <input style="width: 100px;" type="text"/></p> <p>x total number of weeks in your course    <input style="width: 100px;" type="text"/></p> <p>=                            \$ <input style="width: 100px;" type="text"/></p> <p>Monthly spending:</p> <p>Insurance              \$ <input style="width: 100px;" type="text"/> per month</p> <p>Power                    \$ <input style="width: 100px;" type="text"/> per month</p> <p>Gas                        \$ <input style="width: 100px;" type="text"/> per month</p> <p>Water                    \$ <input style="width: 100px;" type="text"/> per month</p> <p>Phone (landline)     \$ <input style="width: 100px;" type="text"/> per month</p> <p>Appliance rentals     \$ <input style="width: 100px;" type="text"/> per month</p> <p>Total                    \$ <input style="width: 100px;" type="text"/></p> <p>x total number of months in your course    <input style="width: 100px;" type="text"/></p> <p>=                            \$ <input style="width: 100px;" type="text"/></p> <p>One-off costs:</p> <p>Flat set-up costs (e.g. bond / furniture / connection fees)    \$ <input style="width: 100px;" type="text"/> per year</p> <p>Course fees             \$ <input style="width: 100px;" type="text"/> per year</p> <p>Course-related costs    \$ <input style="width: 100px;" type="text"/> per year</p> <p>Computer                \$ <input style="width: 100px;" type="text"/> per year</p> <p>Total                    \$ <input style="width: 100px;" type="text"/></p> <p><b>Non-essential costs</b></p> <p>Weekly spending:</p> <p>Mobile / internet      \$ <input style="width: 100px;" type="text"/> per week</p> <p>Clothing                 \$ <input style="width: 100px;" type="text"/> per week</p> <p>Pets                        \$ <input style="width: 100px;" type="text"/> per week</p> <p>Entertainment        \$ <input style="width: 100px;" type="text"/> per week</p> <p>HP repayments         \$ <input style="width: 100px;" type="text"/> per week</p> <p>Car costs                \$ <input style="width: 100px;" type="text"/> per week</p> <p>Total                    \$ <input style="width: 100px;" type="text"/></p> <p>x total number of weeks in your course    <input style="width: 100px;" type="text"/></p> <hr/> <p><b>Total expenses for the year</b>                    \$ <input style="width: 100px;" type="text"/></p>

**Step 1:** Complete your income details to get your estimated total income for the year.

**Step 2:** Complete your expenses to get your estimated total expenses for the year.

**Step 3:** Subtract the amount of total expenses from the amount of total income.

If your income is more than your expenses, you may not need a student loan.



# What's in a student loan

There are three parts to the student loan: compulsory fees; living costs; and course-related costs. You choose the parts you want to apply for depending on what you need and what you qualify for. How much you can borrow from each part also depends on your circumstances. Think carefully about how much you need and only borrow that amount. Remember, borrow less and pay off your loan faster.

You'll also need to pay a \$50 administration fee every time you open a loan account<sup>1</sup> (the fee is added to your loan as soon as you use it). Once your loan is approved and your loan account opened, you will be able to use your loan.

If you get the Training Incentive Allowance, the amount you can get for compulsory fees and course-related costs goes down by the amount of Training Incentive Allowance you get (not including the Training Incentive Allowance you get for childcare, transport and disability-related costs).

## COMPULSORY FEES

This pays the compulsory fees for your course (including compulsory Student Association fees). It doesn't include special charges such as penalty fees for late enrolment, administration charges for paying by instalments or optional service fees.

Your course must be approved for student component funding or other government funding by the Tertiary Education Commission. As long as your course is an approved tertiary course you can borrow the total amount of fees your education provider requests from StudyLink. If you don't know whether your course is approved, ask your education provider.

Your fees are paid directly to your education provider. The payment will be made two weeks before your course starts or seven days from the day your first Loan Entitlement Advice (LEA) letter is sent to you – whichever is later. The date and amount of payment will be shown on your LEA letter.

Your education provider will tell StudyLink what your fees are. If you think the amount is incorrect, contact StudyLink straight away on **0800 88 99 00**. StudyLink may be able to hold the payment until things are sorted out between you and your education provider.

You can pay some of your fees yourself. If you've already paid for all of your fees with your own money, or if someone else has paid your fees on your behalf, you won't be able to use this part of the loan. If you've partially paid your fees (such as deposits or advance payments), the amount you've paid will be deducted from the amount you can borrow. For example, if your fees are \$1,500 and you paid a \$100 deposit before you applied for the student loan, your education provider can only ask for \$1,400 for compulsory fees.

**If you withdraw from your course you are still responsible for repaying your loan.  
If you are entitled to any refund it will be paid directly to your loan account.**

## LIVING COSTS

This helps with your weekly living costs, especially if you don't qualify for the full amount of student allowance. Your course must be full-time<sup>2</sup> or limited full-time<sup>2</sup> to qualify for living costs. This means your course has to reach a certain EFTS<sup>2</sup> value.

Your education provider can tell you whether your course is full-time. Under certain circumstances if you are not studying full-time you may be able to get a loan if you qualify for limited full-time status (you'll need to complete an application for this purpose). To find out more go to StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz). You won't be able to get living costs if you or your partner are on a benefit or pension.

You can borrow up to \$160.24 a week for living costs while you're studying, or on a study break of three weeks or less, like mid-semester breaks. If your break is more than three weeks, you may be able to get the Unemployment Benefit Student Hardship. For more details, visit StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz).

If you choose to receive the maximum amount of living costs each week you may choose to have this adjusted automatically through the Consumers Price Index<sup>2</sup> (CPI).

1 See page 10 for more information on loan accounts.

2 See page 16 for definitions.

You decide how much you want to borrow so if you don't need the full amount, you can ask for less. You'll only get paid living costs from when you apply for them – they can't be back-paid if you apply late or if, at any stage, you increase the amount you want to get.

#### **EXAMPLE**

Tama borrows \$100 a week at the start of his course. A few weeks later, he decides to increase his living costs to \$120 a week. This means he will only start receiving \$120 from the week that he requested it. He won't be back-paid the balance of \$20 for the weeks where he requested \$100.

The earliest your living costs payments can start is the second week of your course because you're paid one week in arrears. This means your payment for each week isn't made to you until the following week. The payments are direct credited to your bank account once a week on a Tuesday, Wednesday or Thursday. You can change the amount of living costs you borrow or view your payments at any time using your MyStudyLink account at [www.studylink.govt.nz](http://www.studylink.govt.nz).

#### **WHAT HAPPENS IF YOU GET A STUDENT ALLOWANCE**

The amount you can borrow for living costs goes down by the amount of student allowance you get after tax (not counting the Accommodation Benefit payment). For example, if you request \$160.24 a week for living costs and your student allowance is \$100 a week after tax, you can only borrow \$60.24 for your living costs.

If your loan for living costs is approved before your student allowance, you'll get the full amount that you asked for, until you start getting the student allowance. Any back-payments you get for the student allowance will automatically be used to repay the amount you've already received for living costs from your student loan.

#### **COURSE-RELATED COSTS<sup>1</sup>**

This helps with costs related to your studies, for example:

- stationery
- text books
- computer equipment
- childcare
- travel.

You can borrow up to \$1,000 per loan account (usually a 52 week period) for course-related costs. You don't have to claim all your costs at once, just specify when you apply how much you need. You can claim the balance at any time up until your course finishes.

You can apply for your course-related costs online using your MyStudyLink account. Using MyStudyLink you're able to:

- apply for course-related costs
- view the status of your course-related costs applications including payment date.

**You don't have to apply for the full amount of course-related costs, living costs or course fees – you decide which part to apply for and how much you need to borrow from each.**

<sup>1</sup> Course-related costs are paid directly to your bank account – the earliest StudyLink can do this is 14 days before your course starts.

# How to get a student loan

To get a student loan, you'll need to be a New Zealand citizen, permanent resident<sup>1</sup> or refugee. You'll need to sign a contract with the Government, and be enrolled on a course approved by the Tertiary Education Commission.

The course must be:

- full-time<sup>1</sup> (or limited full-time<sup>1</sup> with StudyLink's approval) or
- part-time and 32 weeks or longer.

People who are currently bankrupt or on a course already paid for by the Government (such as STAR or TOPS) won't be able to get a student loan.

The student loan isn't affected by any income you, your partner or parents get.

## **IF YOU'RE STUDYING PART-TIME**

If you're studying part-time part-year (less than 32 weeks) and your course has an EFTS<sup>1</sup> value of 0.25 or more, you may qualify for compulsory fees only. Visit StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz) to find out more.

## **IF YOU'RE STUDYING AT SUMMER SCHOOL**

Your Summer School course needs to be:

- full-time (ask your education provider about this) or
- part of or attached to your main programme.

## **IF YOU'RE IN PRISON**

You can apply for a student loan for compulsory fees and course-related costs (and living costs if you're on home detention). Talk to your prison education officer, visit [www.studylink.govt.nz](http://www.studylink.govt.nz), or call StudyLink on **0800 88 99 00** for more information.

## **GETTING A STUDENT LOAN AND A BENEFIT AT THE SAME TIME**

If you get the Domestic Purposes, Widows or Invalids Benefit, or Emergency Maintenance Allowance from Work and Income, you can only get a student loan for compulsory fees and course-related costs. You can't get a loan for living costs. If you get any other benefit you may not be able to get a student loan, but please talk to your Work and Income Case Manager about it.

If you get the Training Incentive Allowance (TIA) the amount you can get for compulsory fees and course-related costs goes down by the amount of TIA you get (not including any TIA you get for childcare, transport or disability-related costs). Your Work and Income Case Manager can tell you more.

<sup>1</sup> See page 16 for definitions.

# How to apply

StudyLink is responsible for processing your application. The easiest way to apply is online at [www.studylink.govt.nz](http://www.studylink.govt.nz). You can also check out the application process and find out what you may need to provide. If you can't apply online call StudyLink on **0800 88 99 00** to apply.

**Apply at least 21 days before your course starts or you may not get paid on time.**

You can apply for the compulsory fees and course-related costs part of the student loan anytime up until the date your course finishes. You can apply for living costs at any time during your course, but you'll only be paid from the date you apply – they can't be back-paid if you apply late.

## What documents you need to provide

If you are applying for the first time, you'll need to provide:

- your birth certificate or passport (to show your date of birth)
- passport or citizenship papers (to show your residency status)
- a pre-printed deposit slip from your bank (to show your bank account details). You only need to provide this if you're applying for living costs or course-related costs
- a pre-printed letter or notice from Inland Revenue (to show your IRD number)
- evidence of any name change you've had (for example, a marriage certificate).

In most cases, you won't have to provide any document StudyLink has already seen. These documents can be originals or copies verified by someone like a StudyLink (or a Work and Income) staff member, Justice of the Peace or authorised staff member from your education provider.

## The student loan contract

StudyLink will process your application and send you a loan contract to sign. This is a formal agreement between you and the Government so it's really important you read and understand the terms and conditions. If you're unsure about anything, it's a good idea to get independent legal advice before you sign it.

You'll get two copies of the contract (along with this booklet).

1. Check that the contract details are correct. If any of the information is wrong, mark your changes with a pen and write your initials next to each change.
2. Read the terms and conditions of the loan (enclosed with the contract). Make sure you understand your obligations.
3. Sign the contract.
4. Return your signed contract along with any supporting documents StudyLink needs to see in the reply-paid envelope and post it as soon as possible. The letter StudyLink sends with your contract tells you what you need to provide. Keep the "student copy" of the contract for your records.
5. StudyLink will check your supporting documents and return any originals to you by courier. If you made changes to your contract, StudyLink will update your details and you may get an updated contract to sign.
6. StudyLink will ask your education provider to confirm your study details. If you qualify for the student loan, StudyLink will send you a Loan Entitlement Advice (LEA) letter to tell you that your loan has been approved (and your loan account opened). Your LEA letter also tells you what you're entitled to, when your loan is available, and what your rights are if you want to cancel your contract.

You don't have to sign the contract if you decide not to take out a loan but please let StudyLink know by calling **0800 88 99 00**.

## IF YOU'RE UNDER 18 YEARS OLD

If you're under 18 years old, one of your parents<sup>1</sup> (or a guardian) must sign your contract to show they give their consent to you taking out all three parts of the loan.

It doesn't mean they're guaranteeing your loan. You're still fully responsible for paying it back.

Once your parent has signed the contract they can't withdraw their consent.

If you're legally married or in a civil union, have a dependent child or receive an Independent Circumstances Allowance<sup>2</sup>, you don't need a parent to sign your contract.

## OTHER THINGS YOU NEED TO KNOW ABOUT THE LOAN CONTRACT

Here are some important things you need to know:

- By signing the contract, you're saying you've read and understood the terms and conditions, and you agree to pay back the loan with any interest that may be applicable.
- You're also promising to keep the information StudyLink holds about you up-to-date. For example, you must contact them straight away if you change your address or phone number. If your loan is with StudyLink you can tell them about these changes using your MyStudyLink account at [www.studylink.govt.nz](http://www.studylink.govt.nz). If it's with Inland Revenue call **0800 377 778**.
- If you withdraw from study and don't let StudyLink know, and your education provider tells them you're not meeting attendance and programme requirements, your loan will be suspended. That means you won't get any money for living costs, and any payments for fees and course-related costs will be put on hold.

## CANCELLING YOUR LOAN

You can cancel your student loan contract if you decide you don't want a loan after you've signed it. You must do this within seven working days from the date of your first Loan Entitlement Advice letter, or you will have to pay the \$50 administration fee and repay any money we have paid to you or your education provider. A Loan Entitlement Advice letter is a notice StudyLink sends you when your loan is approved. To cancel your loan you must write to StudyLink, but please call them straight away if you decide you no longer want a loan. Find out full details on StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz).

You can either take your written cancellation into a StudyLink Outreach site, or post it to:

StudyLink Student Support Centre  
FreePost 113907  
Private Bag 11070  
Palmerston North 4442

You should call StudyLink on **0800 88 99 00** to let them know you plan to cancel your contract, but the written cancellation must still be received by StudyLink within those seven working days.

Note: cancelling your loan doesn't mean cancelling your enrolment. You need to contact your education provider if you want to cancel your enrolment.

<sup>1</sup> See page 16 for definitions.

<sup>2</sup> The Independent Circumstances Allowance is a student allowance for 16–23 year olds with special circumstances. For more details visit StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz).

## The student loan process

Once you have submitted your application for a Student Loan you can check your application status using your MyStudyLink account at [www.studylink.govt.nz](http://www.studylink.govt.nz).

### STEP 1:

You apply for a student loan. The easiest way to apply is online at [www.studylink.govt.nz](http://www.studylink.govt.nz). If you can't apply online call StudyLink on **0800 88 99 00** to apply.

You need to apply at least 21 days before your course starts, or you may not get paid on time. You can apply for your student loan before you enrol for study but you will need to be fully enrolled before we can pay you. Make sure you give StudyLink all the details they need – this speeds things up.

### STEP 2:

StudyLink will process your application and check the information you give them.

StudyLink will send you a letter asking for more information if they need it. They will also send you a letter if you don't qualify for a student loan.

### STEP 3:

StudyLink will send you a contract. You need to check it, sign it and return it quickly with the original or verified copies of any documents they ask for.

StudyLink will send you a letter telling you whether they've got everything they need. You can then apply for your course-related costs. The easiest way to apply is by using your MyStudyLink account at [www.studylink.govt.nz](http://www.studylink.govt.nz). From November 2009 you will be able to sign up to view your mail online at MyStudyLink.

### STEP 4:

StudyLink will check your details with your education provider closer to the time your course starts. They check:

- the dates of your course
- if you're full-time<sup>1</sup> or part-time
- how much your fees are (if you want them paid by your loan).

Make sure you've fully enrolled or your education provider won't be able to confirm your details and you may not get paid on time.

### STEP 5:

StudyLink will assess your student loan.

If your application is approved, StudyLink will send you a Loan Entitlement Advice letter telling you what you qualify for. If your application is declined, they will send you a letter explaining why.

### STEP 6:

Your payments can start.

- The earliest your compulsory fees can be paid to your education provider is two weeks before you course starts.
- The earliest your course-related costs can be paid is two weeks before your course starts.
- The earliest your weekly living cost payments can start is the second week of your course.

You can use MyStudyLink to check when your payments start at [www.studylink.govt.nz](http://www.studylink.govt.nz).

<sup>1</sup> See page 16 for definitions.

## The student loan account

StudyLink will set up a loan account for you once your loan is approved. This is an account that keeps track of your transactions.

In most cases, your loan account with StudyLink will run for 52 weeks from the day you start your course – unless your course finishes before 31 December in which case it will close on 31 December. You can't use your loan once your loan account has closed.

After your loan account has closed your loan balance will transfer to Inland Revenue on 28 February the following year. Inland Revenue will be responsible for collecting repayments from you until your student loan is paid back.

You need to take out a new loan (and open a new loan account) for every year of your studies.

### IF YOU'RE STUDYING MORE THAN ONE COURSE

In some cases you may have more than one loan account. If you are studying more than one course, and your second one starts before the other one finishes, you may have two loan accounts.

#### EXAMPLE

Tama is studying two courses. His first course runs from March 2009 to August 2009. His second course runs from July 2009 to June 2010. He'll have to apply for a new loan for his second course even though his first course won't have finished before his second course starts. StudyLink will open a new loan account for him.

You'll need to sign a new loan contract (StudyLink will send this to you) and pay the administration fee for every loan account you open.

Check out other options to help fund your studies at StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz).

## Keeping up-to-date

You'll get regular loan statements that show your transactions, interest charges and loan balance.

Once you have applied, you can view and update your details online using MyStudyLink at [www.studylink.govt.nz](http://www.studylink.govt.nz).

Using your MyStudyLink account you can:

- apply for your student finances
- check your student loan or student allowance application status
- view and update your personal details
- check your student loan balance, change the amount of your living cost payments and apply for your course-related costs
- view details of your next payment and previous transactions
- check out what financial assistance you may be able to get (from October 2009)
- view your mail online (from November 2009).

While your loan is with StudyLink, they will send you three loan statements a year for each loan account you have. The final loan statement will be sent to you after your loan account has been closed.

It will show:

- your loan balance as at 31 December
- the interest charged
- all your transactions for the year
- the date your loan will transfer to Inland Revenue.

When your loan is with Inland Revenue, they will send you a loan statement every six months.

You can check your current loan balance with Inland Revenue by looking up your account online at [www.ird.govt.nz](http://www.ird.govt.nz). Click on "Register Now" and follow the instructions provided. You will need your Inland Revenue number to register and you can activate your account by calling **0800 227 770**.

You can also check your loan balance or ask for another statement at any time by:

- using your MyStudyLink account at [www.studylink.govt.nz](http://www.studylink.govt.nz) (before your loan account is closed - this will give you your current year amount but will not include anything already transferred to Inland Revenue) or
- calling Inland Revenue INFOexpress on **0800 257 777** (after your loan has transferred – this will give you the total amount that has been transferred to Inland Revenue over multiple study years). Please have your IRD number handy.

### **WHAT HAPPENS IF YOU DON'T AGREE WITH YOUR LOAN BALANCE**

There's a standard process for disputing your loan balance. It's important you follow it so things can be sorted out as soon as possible.

#### **StudyLink**

If you don't agree with the loan balance on your final loan statement from StudyLink, you need to dispute it by writing to StudyLink within one month of the date on your final loan statement.

Talk to StudyLink staff by calling **0800 88 99 00** as they can often help you sort out any problems.

If you're not happy with the results you can write to the StudyLink Loan Manager.

If you're unhappy with that decision you can write to the Chief Executive of the Ministry of Social Development. You can also appeal to the Disputes Tribunal or District Court. StudyLink will send you more details about the disputes process with your final loan statement or you can download the 'Student reviews, appeals and disputes' booklet at [www.studylink.govt.nz](http://www.studylink.govt.nz).

#### **Inland Revenue**

You can only dispute your repayment obligation, any penalties charged on your account or the interest charged in any year, after your loan has been transferred to Inland Revenue. You need to talk with them straight away about your issue. They will do their best to resolve things as soon as possible. But if they can't resolve the issue for some reason, you need to follow a standard process. You can get a copy of Inland Revenue's booklet *Disputing an assessment (IR 776)* from [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans) or by calling Inland Revenue INFOexpress on **0800 257 777** (please have your IRD number handy).

#### **Commerce Commission**

Your student loan is a consumer credit contract and is subject to the Credit Contracts and Consumer Finance Act 2003. The Commerce Commission is responsible for enforcing the Act and investigating breaches of it. If you believe there has been a breach of the Act in relation to your student loan you can call the Commerce Commission on **0800 94 36 00**.

#### **Did you know?**

**MyStudyLink is an online tool that allows you to view and update your details online. You can use it to check your loan balance, change living costs payments or apply for course-related costs. You will also be able to view your mail online (from November 2009). Go to [www.studylink.govt.nz](http://www.studylink.govt.nz) to find out more.**

## **Interest-free student loans**

Any student loan borrower who has been in New Zealand for 183 or more consecutive days will be eligible for an interest-free student loan.

Interest charged will still show on your statements, but will be automatically written off.

Go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans) for more information on interest-free student loans.

### **HOW INTEREST IS CHARGED**

Interest is charged daily from the first day you use your loan until you have repaid the loan in full.

The interest rate is now 6.8% pa.

Interest rates are reviewed on 1 April each year.

## **Repaying your student loan**

If you earn more than the repayment threshold of \$19,084 (about \$367 per week) for the tax year 1 April 2009 to 31 March 2010, you are required to start making repayments towards your loan even while you are studying.

## How to make repayments

### MAKING REPAYMENTS WHILE YOU'RE STILL STUDYING

If you can afford to, it's a good idea to make repayments towards your loan while you're still studying, even if you're earning less than the repayment threshold.

You can make repayments towards your loan to StudyLink anytime after you've received your first advance payment, up until your loan is transferred to Inland Revenue (on 28 February of the year after your course finishes). Once your loan has been transferred to Inland Revenue you need to make repayments to them.

### REPAYMENTS TO STUDYLINK

Repayments can be made by cheque or by automatic payment. If you would like to make automatic payments please call StudyLink on **0800 88 99 00** and they will send you an automatic payment form.

If you are making repayments by cheque, please include your name, address, StudyLink client number, IRD number and a note stating the cheque is for your student loan.

Make your cheque payable to StudyLink and send it to:

StudyLink Student Support Centre  
FreePost 113907  
Private Bag 11070  
Palmerston North 4442

### REPAYMENTS TO INLAND REVENUE

Repayments to Inland Revenue can be made in several ways. If you are working and you earn over the repayment threshold, you will usually make your repayments through your salary or wages.

Any repayments you make to Inland Revenue won't show on your StudyLink loan statements they will only show on your Inland Revenue loan statements.

[www.ird.govt.nz/studentloans/repayments](http://www.ird.govt.nz/studentloans/repayments) has more information on repayment methods or you can request a copy of the booklet *Student loans – making repayments (IR 224)* by calling Inland Revenue's INFOexpress on **0800 257 777**.

### VOLUNTARY STUDENT LOAN REPAYMENT BONUS

The Government has introduced a ten per cent bonus for people who make voluntary repayments on their Student Loan from 1 April 2009.

This means that if you make voluntary repayments of \$500 or more than your repayment obligation in a tax year (1 April to 31 March) your loan balance will be reduced by an additional 10% of your voluntary repayments. For example, a student who makes voluntary repayments totalling \$500.00 in a tax year will have their loan account reduced by \$550.00.

The bonus will be credited by Inland Revenue to the borrowers Student Loan accounts after the end of the tax year. For anyone who repays their Student Loans in full, the bonus will be credited at the time of final payment.

Note: Repayments made to StudyLink before the loan is transferred to Inland Revenue will not qualify for the ten per cent bonus. Payments must be made to Inland Revenue to qualify.

### IF YOU'RE SELF-EMPLOYED

If you're self-employed or earning income from other sources you won't automatically have repayment deductions made from your income. Instead you will need to file an *individual income tax return (IR3)* at the end of the tax year. Once you have filed your IR3, Inland Revenue will work out how much you need to repay towards your student loan. You have until 7 February of the next year (or 7 April if you have a tax agent) to pay this amount in full. Inland Revenue will work out whether you are required to make interim repayments for the following year, along with the amount and when they are due to be paid.

For more information go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans).

### HOW TO MAKE REPAYMENTS FROM YOUR INCOME

If you receive salary or wages, student allowance, or other income support, and earn more than the repayment threshold, your employer or organisation paying you will make repayment deductions from your income on your behalf.

You need to select a student loan tax code on your *Tax code declaration (IR 330)* and return it to your employer. Ten cents in every dollar you earn over the repayment threshold will be deducted by your employer, to repay your student loan.

## WHICH TAX CODE TO USE

It's important that you use the right tax code with your employer. If you don't, you may end up with a bill at the end of the year. If Inland Revenue identifies that you are on the wrong tax code, they can ask your employer to change the code to the correct one.

You can visit [www.ird.govt.nz](http://www.ird.govt.nz) to work out your tax code. Here are a few guidelines that will help you to select the right tax code to make sure you are repaying your student loan correctly.

## IF YOU EARN MORE THAN \$19,084 A YEAR BEFORE TAX

For your main job use the code **M SL**.

For your other jobs use:

- **S SL** if your total income is \$48,000 or less
- **SH SL** if your total income is between \$48,001 and \$70,000
- **ST SL** if your total income is \$70,001 or more.

If you expect your income to be more than the student loan repayment threshold, you are required to select a student loan repayment tax code when you start working.

### EXAMPLE

Matt is in his first year at university. He's working part-time at an accountancy firm where he earns around \$20,000 a year. He also helps out at the local council. He estimates he'll receive \$2,000 a year from this extra work.

As Matt earns most of his income from the accounting firm, this is his highest source of income. He'll earn more than the repayment threshold from this job so Matt chooses the M SL tax code.

Both jobs give him a total annual income of \$22,000. This is between \$19,084 and \$48,000 so he should use the S SL tax code for his job at the council.

Matt will have to fill in an IR 330 form for each employer advising them which tax code to use.

## SPECIAL SITUATIONS

If you have more than one job and your main job is under the repayment threshold (\$19,084) but your total annual income is over \$19,084 it is a good idea to apply for a special repayment deduction rate. A special repayment deduction rate tells your employer to make deductions from your income at a certain rate.

Inland Revenue works out the rate based on your circumstances. In this situation, if you don't select a student loan tax code you will end up with a bill to pay at the end of the tax year, and if you use an S SL tax code you may end up paying back more than is required towards your student loan.

For more information on special repayment deduction rates go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans).

### EXAMPLE

Rangi is in his second year at university. He earns \$16,000 from part-time work as a bartender in the evenings and weekends. As this is his main job and it is under the repayment threshold he has selected the M tax code.

This year during the holidays he will also work at the local CD store where he will earn around \$4,000. As his total income is over the threshold he needs to start making repayments to his student loan.

If he selected S SL as his tax code for his work at the CD store, he would pay too much towards his student loan, so he has applied for a special repayment deduction rate.

## IF YOU EARN LESS THAN \$19,084 A YEAR BEFORE TAX

You don't have to make any repayments. Use **M** or **ML** for your main job. Use **S** for other jobs. However, you can still make voluntary repayments towards your loan if you want.

For more information on the correct tax code to use go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans).

## MAKING ADDITIONAL REPAYMENTS

If you are able to make extra repayments towards your loan, you'll pay it off faster. If you make voluntary repayments to Inland Revenue you may qualify for a Voluntary Repayment Bonus. Go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans) for more information on this scheme. Note: payments made to StudyLink do not qualify for the repayment bonus.

To find out how much difference just a little extra can make, go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans) and try out the repayment calculator.

#### EXAMPLE

Jeremy's student loan is \$15,000 and he currently earns \$28,500 a year. If he makes the minimum repayments each week it will take him a little under 16 years to pay off his loan. But if Jeremy pays an extra \$30 a week it will take him just under six years to pay it off. This means Jeremy can be free of his loan approximately ten years earlier.

#### PAYING BACK THE FULL AMOUNT

You can pay back the full amount of your loan at any time.

If you want to pay back the full amount of your loan while it is still with StudyLink, please call **0800 88 99 00** to check the amount you'll need to pay.

Once your loan has been transferred to Inland Revenue you can check your balance online using Inland Revenue's "Get it done online" services. See page 15 for details on how to register, or use Inland Revenue's INFOexpress by calling **0800 257 777**.

Remember, Inland Revenue doesn't have information on loans still held by StudyLink. To pay off your loan in full, you may have to pay off your loan with StudyLink as well as any balance held by Inland Revenue.

Inland Revenue's booklet *Student loans – making repayments (IR 224)* has more information or you can go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans).

#### KNOWING IF YOU'VE PAID ENOUGH OFF YOUR STUDENT LOAN FOR THE YEAR

If your only income is from salary or wages, a student allowance, or a benefit, you won't have to file a tax return, but you may receive a personal tax summary at the end of the tax year (31 March).

If you do receive a personal tax summary, you'll also get an end-of-year repayment calculation.

Your end-of-year repayment calculation will show whether you've paid enough towards your student loan, or whether you need to pay more.

If you paid more towards your student loan during the year than you needed to, let Inland Revenue know what you want to do with the overpayment.

If you underpaid your student loan for the year, you will have until 7 February of the next year (or 7 April if you have a tax agent) to pay this amount in full. For more information please call Inland Revenue on **0800 377 778** or go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans).

## Things you need to know

### Your responsibilities

When you get a student loan you agree to meet your responsibilities. By law you must be totally honest and give all the information required.

While your loan is with StudyLink you must contact them straight away if you have any change in your circumstances so they can keep your information up to date. This includes if:

- you change your name or contact details
- there are any changes in your situation that could affect your student loan. For example, you drop or add a paper, change to another course, switch from full-time<sup>1</sup> to part-time study or go on a benefit (remember to tell your education provider about any changes as well).

You can view and update your details online using MyStudyLink at [www.studylink.govt.nz](http://www.studylink.govt.nz).

Using your MyStudyLink account you can:

- apply for your student finances
- check your student loan and student allowance application status
- view and update your personal details
- check your student loan balance, change the amount of your living cost payments and apply for your course-related costs
- view details of your next payment and previous transactions
- check out what financial assistance you may be able to get (from October 2009)
- view your mail online (from November 2009).

When your loan is with Inland Revenue you must tell them straightaway if you change your name or contact details or decide to go overseas for more than six months.

It is also your responsibility to select one of the student loan repayment tax codes on the IR 330 so your employer can make deductions from your income.

## Going overseas

If you're going overseas for a period longer than six months you may be entitled to a repayment holiday of up to three years. If you are not on a repayment holiday the amount you will need to repay will be based on the balance of your loan rather than the amount you earn. You must contact Inland Revenue **before you leave**. There are several things you will need to arrange with Inland Revenue before you go. It's also a good idea to set up a nominated person who can contact Inland Revenue and make enquiries on your behalf while you are away.

If you're away from New Zealand for 184 or more consecutive days (about 6 months), or if you're away for 32 or more days during a 183-day qualifying period, you generally won't be eligible for an interest-free student loan.

For more information about going overseas and how it affects your student loan, see Inland Revenue's booklet *Going overseas (IR 223)* or go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans).

## The cost of borrowing

By law you need to know about the cost of borrowing money so you're aware in advance of the total amount you need to pay and you can see clearly the effect of any charges or interest. If you are eligible, interest charged to your loan account will be automatically written off by Inland Revenue.

You'll see a finance rate and an interest rate on the Loan Entitlement Advice letter and loan statements you receive from StudyLink.

The finance rate is the total cost of borrowing expressed as a percentage of the loan principal (the amount you borrow). The cost of borrowing includes the interest rate (currently 6.8%) plus the administration fee (\$50) and interest on the administration fee (at 6.8%). It is the administration fee that makes the difference between the finance rate and the interest rate.

The finance rate will change, depending on the proportion of the administration fee to the total loan amount. So if your total loan amount goes up, the proportion of the administration fee is lower and the finance rate goes down.

Please note you are charged the **interest rate**, not the finance rate.

# Other information

### BOOKLETS

You can find out more about your student loan obligations and making repayments from the following booklets:

- *Student loans – interest-free student loans (IR 222)*
- *Student loans – going overseas (IR 223)*
- *Student loans – making repayments (IR 224)*

These are on Inland Revenue's website [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans) or can be requested by calling Inland Revenue's INFOexpress on **0800 257 777**.

### ONLINE SERVICES

When you register for Inland Revenue's online services you can check your loan balance, see interest charged and written off, or send Inland Revenue a secure email.

To get set up go to [www.ird.govt.nz](http://www.ird.govt.nz) under secure online services and click on "Register now" and follow the instructions provided. You will need your IRD number to register and you can activate your account by calling **0800 227 770**.

Inland Revenue also has a student loan email subscription service called Notify Me that provides useful information to help you manage your loan. To subscribe to Notify Me, go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans). All you need is your email address.

While your loan is still with StudyLink you can view and update your details online using MyStudyLink at [www.studylink.govt.nz](http://www.studylink.govt.nz).

1 See page 16 for definitions.

Using your MyStudyLink account you can:

- apply for your student finances
- check your student loan and student allowance application status
- view and update your personal details
- check your student loan balance, change the amount of your living cost payments and apply for your course-related costs
- view details of your next payment and previous transactions
- check out what financial assistance you may be able to get (from October 2009)
- view your mail online (from November 2009).

## About your personal information

### **StudyLink**

By law StudyLink can check the information that you have given them. This may happen when you apply for a student loan and at any time after that.

The Privacy Act 1993 requires StudyLink to inform you that:

- The information collected in StudyLink's forms is collected under the authority of the Education Act 1989, the Regulations made under it, and relevant Ministerial Cabinet Minutes.
- The information is collected for the functions and purposes of StudyLink, and in particular:
  - granting of a student loan under the student loan scheme
  - granting financial assistance and other assistance under the Social Security Act 1964 and the Education Act 1989 (and any regulations under those Acts)
  - statistical and research purposes
  - care and protection needs of children
  - providing advice to Government
  - providing support and services to you and your family
  - providing education related services
  - providing employment related services.
- The information you give StudyLink may be compared with information held by Inland Revenue, the Ministry of Justice, the Department of Corrections, the New Zealand Customs Service, the Department of Internal Affairs, the Accident Compensation Corporation, Housing New Zealand, Statistics New Zealand, the Ministry of Health, Immigration New Zealand, the Ministry of Education, New Zealand Qualifications Authority, and the Tertiary Education Commission and Student Job Search. It may also be compared with social security information (for example, pension and benefit information) held by other governments (including Australia and the Netherlands).
- Under the Privacy Act 1993 you have the right to request access to all information held about yourself and to request corrections to that information.
- It is not compulsory to provide StudyLink with information but if you do not provide them with all the information they request, your loan application may be declined.

### **Inland Revenue**

#### **Call recording**

Inland Revenue records all phone calls answered in, and made by, their permanent call centres. Go to [www.ird.govt.nz](http://www.ird.govt.nz) or call **0800 377 774** for further information about Inland Revenue's call recording policy and how you can access your recorded information.

#### **Privacy**

Meeting your tax obligations involves giving accurate information to Inland Revenue. They ask you for information so they can assess your liabilities and entitlements under the Acts they administer.

You must, by law, give them this information. Penalties may apply if you do not.

Inland Revenue may exchange information about you with the Ministry of Social Development, Ministry of Justice, Department of Labour, Ministry of Education, New Zealand Customs Service, Accident Compensation Corporation or their contracted agencies.

You may ask to see the personal information Inland Revenue holds about you by calling **0800 377 774**. Unless they have a lawful reason for withholding the information, they will show it to you and correct any errors.

## Definitions

### **CONSUMERS PRICE INDEX**

The Consumers Price Index (CPI) is a measure of the price change of goods and services purchased by private New Zealand households. The CPI measure is also used to determine any adjustments to Student Allowance rates and Student Loan living

costs borrowing limits on 1 April each year. For more information on the CPI process go to the Statistics New Zealand website [www.stats.govt.nz](http://www.stats.govt.nz).

### EFTS

The Tertiary Education Commission decides if a course is either full-time or part-time by applying what's called an equivalent full-time student (EFTS) value to each course. The EFTS value is determined by the content of your course. If you're unsure of the EFTS value of your course, check with your education provider.

### FULL-TIME

The Tertiary Education Commission assigns an EFTS (equivalent full-time student) value to each course to determine if it meets the full-time status criteria for Student Loans.

For example

Length of individual course	Minimum EFTS value required to be full-time
12 weeks	0.3
20 weeks	0.5
32–52 weeks	0.8

The study status of your course determines what components of the Student Loan you can access.

For example:

Study status	Fees	Course-related costs	Living costs
Full-time, Full year (ie studying both 1st and 2nd semester)	Yes	Yes	Yes
Full-time, Part year (ie studying either 1st or 2nd semester)	Yes	Yes	Yes
Part-time, Full year	Yes	Yes	No
Part-time, Part year	Yes	No	No

Note: if the length of your course does not meet the required EFTS value to be full-time, StudyLink will check to see if there is any part or segment of your course which may still qualify as full-time.

For example: Your course is 32 weeks long, so you would need to have 0.8 EFTS to be full-time. Your first semester EFTS value is 0.4, but your second semester is only 0.3. StudyLink will determine that you are full-time for the first semester but not for the second semester.

### LIMITED FULL-TIME

Limited full-time status is a provision for students who are applying for financial help from StudyLink but are unable to undertake a full-time course due to one of the following reasons:

- you're finishing a recognised programme and to do this you need to study less than full-time but more than half of a full-time course, or
- your education provider supports your application to study less than full-time for one of the following reasons:
  - you have an illness that stops you studying full-time, or
  - you can't study full-time where there is sufficient cause outside your control (this could include a disability which stops you studying full-time), or
  - it's in your best interests to study less than full-time.

To apply for limited full-time status you need to complete a Limited Full-time application. You can download this from StudyLink's website [www.studylink.govt.nz](http://www.studylink.govt.nz).

### PARENT

A parent is a natural, adoptive or whāngai parent, a guardian, caregiver, step-parent, partner of your parent, or any other person acting as a parent who is responsible for your well-being and financial support.

### PERMANENT RESIDENT

For a student loan a permanent resident is someone who holds permanent residency status in New Zealand.

For more definitions and information relating to funding your study, go to [www.studylink.govt.nz](http://www.studylink.govt.nz).

For more information in relation to repaying your loan or interest charges, go to [www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans)

# MyStudyLink – get it all done online

## Using your MyStudyLink account you can:

- apply for your student finances
- check your Student Allowance and Student Loan application status
- view and update your personal details
- check your Student Loan balance, change the amount of your living cost payments and apply for your course-related costs
- view details of your next payment and previous transactions.

## New services coming soon:

- visit our redesigned website and use the improved online application service (from October 2009)
- check out what financial assistance you may be able to get (from October 2009)
- view your mail online (from November 2009).

## Inland Revenue Online

- check your loan balance
- see interest charged and written off
- send a secure email to Inland Revenue.

Go to **[www.ird.govt.nz](http://www.ird.govt.nz)** and register under "Secure online services". You will need your IRD number to register and can activate your account by calling **0800 227 770**.

Inland Revenue also has a student loan email service called Notify Me that provides useful information to help you in managing your loan. To subscribe to this service go to **[www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans)**. All you need is your email address.

## HOW TO CONTACT US

### StudyLink

Website: **[www.studylink.govt.nz](http://www.studylink.govt.nz)**  
 Phone: **0800 88 99 00**  
 Fax: **0800 88 33 88**

### Inland Revenue

Website: **[www.ird.govt.nz/studentloans](http://www.ird.govt.nz/studentloans)**  
 Phone: **0800 377 778**  
 INFOexpress: **0800 257 777**