

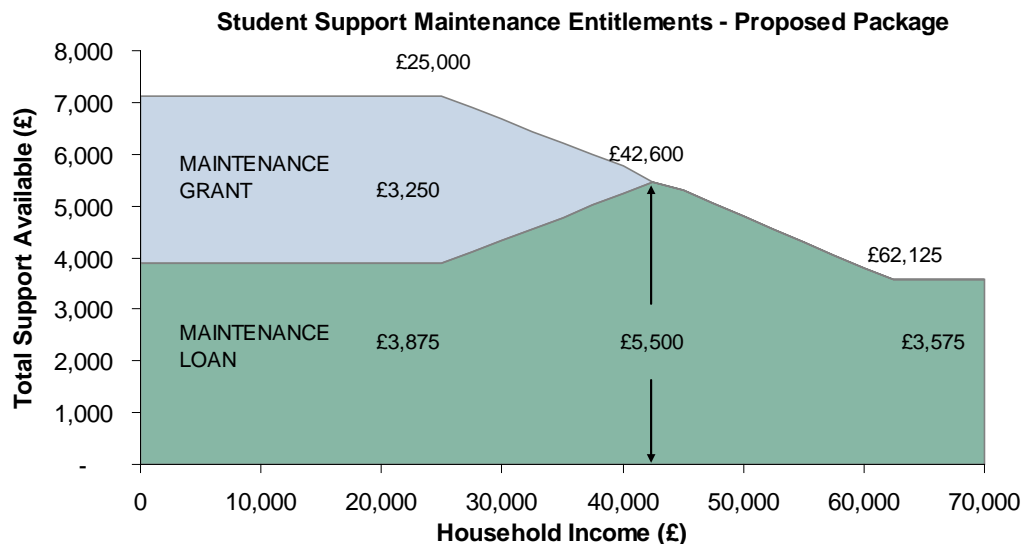
The Government Student and Graduate Finance Proposals

The Maintenance Package

The graph shows what support will be available to students depending on their household income. The vertical axis shows what the total maintenance support in the form of a maintenance loan and a maintenance grant will be available for a student on a given household income (horizontal axis).

For example a student with a household income of £0, will be entitled to both a maintenance grant and loan. The grant will be £3,250 and the loan will be £3,875 - £7,125 altogether. This is true for students with household incomes up to £25,000.

Then as household income increases the total amount of support decreases, this is true until household incomes of £62,125; students with household incomes over this will all be entitled to the same amount – a £3,575 maintenance loan only.



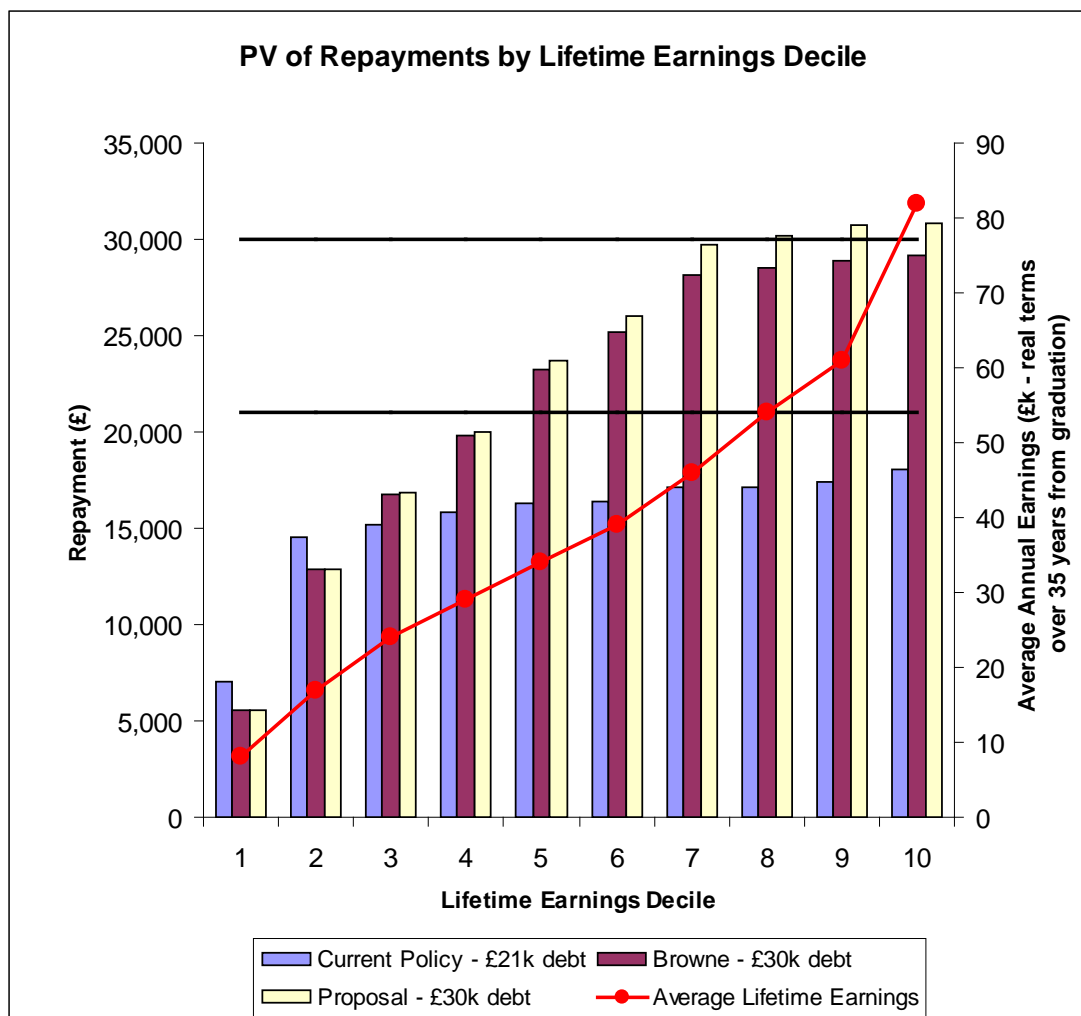
The table below shows maintenance grants and loan entitlements by Household income. The maintenance loans rates are applicable to students who study away from home and outside of London. Students living at home will be eligible for lower rates of maintenance loans; students studying away from home and in London will be eligible for higher rates of maintenance loans.

Household Income (£)	Proposed Package of Support (10/11 Prices)		
	Maintenance Grant (£)	Maintenance Loan (£)	Total (£)
under 25,000	3,250	3,875	7,125
25,000	3,250	3,875	7,125
27,500	2,795	4,102	6,898
30,000	2,341	4,330	6,670
32,500	1,886	4,557	6,443
35,000	1,432	4,784	6,216
37,500	977	5,011	5,989
40,000	523	5,239	5,761
42,500	68	5,466	5,534
45,000	0	5,288	5,288
47,500	0	5,038	5,038
50,000	0	4,788	4,788
52,500	0	4,538	4,538
55,000	0	4,288	4,288
57,500	0	4,038	4,038
60,000	0	3,788	3,788
62,500	0	3,575	3,575
65,000	0	3,575	3,575
67,500	0	3,575	3,575
Over 67,500	0	3,575	3,575

Repayments by Lifetime Earnings Decile

The chart below shows the estimated Present Value (PV) of repayments by graduates under the new system, the system proposed in the Browne Report and the current system, by lifetime earnings decile. To calculate the PV, future repayments are discounted by a real rate of 2.2% back to the year of issue.

Average annual earnings of graduates in each decile over 35 years from graduation are also shown. Under the new, more progressive, system the lowest 20% of earners will repay less than under the current system, while the top 30% of earners will repay slightly more than the original amount. This extends the progressivity of the Browne proposal, so that the highest earners make a net contribution to the system.



Example students and Graduates

The amount of maintenance loan available will vary by household income. This table shows what might be a typical debt for students on 3 year courses, living away from home outside London, from low, medium and high income households. It assumes a fee loan of £7,200 per year for each student.

The table also shows the estimated Present Value of repayments for each student depending on whether they are low, medium or high lifetime earner after graduation.

Household Income	Loans	Repayments by Graduate Lifetime Earnings Decile		
		Low (2nd)	Medium (6th)	High (9th)
Low (£15k)	£33,000	£12,000	£27,000	£34,000
Medium (£35k)	£36,000	£12,000	£28,000	£37,000
High (£65k)	£32,000	£12,000	£26,000	£33,000