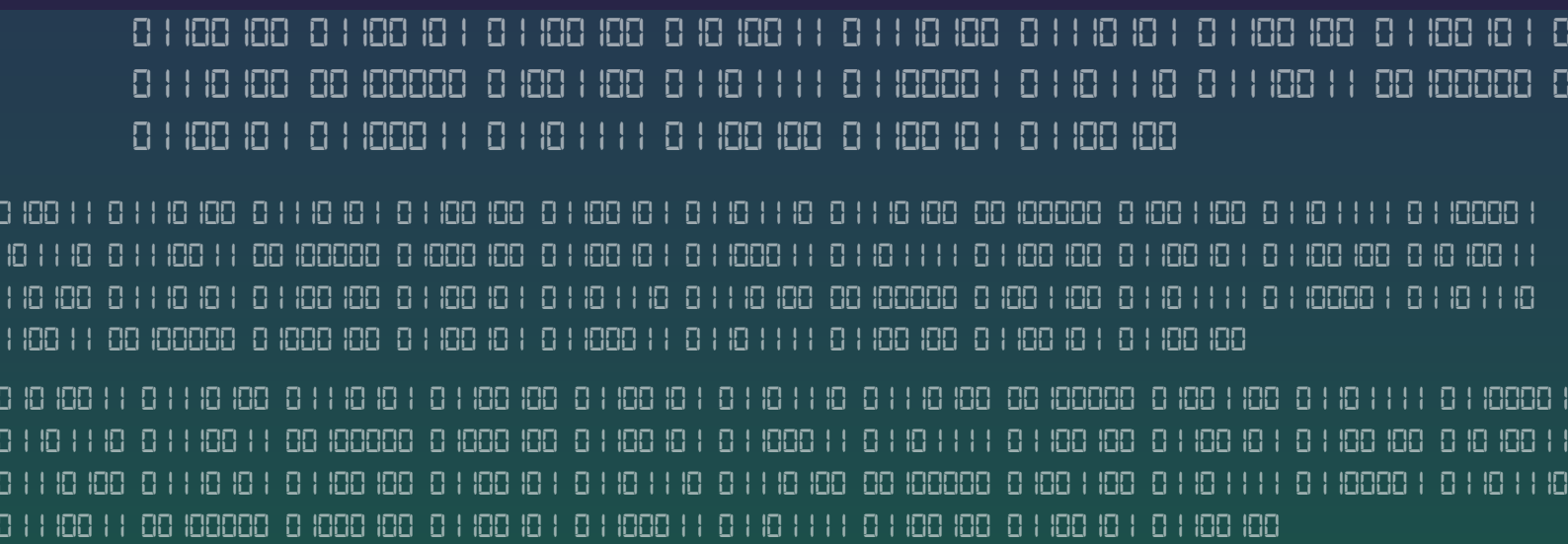


MoneySavingExpert

Martin Lewis: Student Loans Decoded Teacher Guide



In partnership with



This guide is designed to complement MoneySavingExpert's Student Loans Decoded video when it is used in an educational setting.



About the video

Martin Lewis: Student Loans Decoded, created by MoneySavingExpert.com, is a groundbreaking, no-nonsense, authoritative guide to student finance and the real impact of higher education on both students' and parents' pockets.

Speaking to a lively group of 100 pupils at Queens Park Community School in north-west London, Martin shatters popular myths and challenges the widespread misinformation that risks many young people not understanding – in practical terms – whether they can actually afford to go to university.

The film can be watched in full or in short chapters using the links below, with an optional Q&A at the end.

- [Martin Lewis: Student Loans Decoded \(full film\)](#)
- [How much does it cost to go to university?](#)
- [How much are parents expected to contribute?](#)
- [How are student loans paid back?](#)
- [How does the interest on student loans work?](#)
- [Q&A with Martin Lewis](#)

Student Loans Decoded can also be accessed on [MoneySavingExpert.com](https://www.moneysavingexpert.com).



What's in this guide?

Four session plans complementing each of the video chapters. These can be used flexibly to fit in with the time you have available. They begin with a 'big question' – promoting discussion among students and giving you an idea of their current level of understanding. The video chapters then allow students to hear from Martin himself, providing key information in a student-friendly way, and each chapter has been complemented with a relevant activity to consolidate learning from the video. Finally, there is an opportunity to reflect on learning, and signposting to further sources of information.

Top tips to take away. The final page of the guide is a printable sheet you could provide to students to take home. It highlights areas that could be useful for further discussion within the family home, as well as links to the video for parents and guardians to review.

How to use this guide

You know your students the best, and there will be very different opportunities across school to use these resources. That is why we've made them very flexible, with as little preparation time required as possible. Below are just some suggestions for how they could be used:

- During tutorial sessions.
- When discussing university applications.
- Within personal development days.
- As a stimulus for an assembly.
- To provide information at options evenings.

MoneySavingExpert.com has relinquished copyright of the video, so if you would like to, you can also share or embed this on your school's website or social media accounts.

Tell us how we did

We'd really like to know how you found the videos and the teacher guide. Once you've used them, let us know [here](#).

Student Loans Decoded

ACTIVITY 1

How much does it cost to go university?

Secondary Financial Education Planning Framework Links

I know which situations may require planned saving and planned borrowing, and that interest rates and my personal and financial circumstances will affect my choices. (14-16)

I understand that I should investigate and fully understand the terms and conditions of any contract or financial agreement before committing myself to it. (16-19)



Timing	Starter activity
5 minutes	<p>Start with the big question. Ask students: <i>"How much, typically, does it cost to go to university in England?"</i></p> <p>Write up the range of figures which students put forward for later reference and comparison. What is the average figure proposed?</p>
	Main activity
10 minutes	<p>Show the first section of the video How much does it cost to go to university? which covers the following main points:</p> <ul style="list-style-type: none"> • The 'price tag' of going to university is variable depending on length and location of course, tuition fees, maintenance loan, living costs and other factors. • Don't confuse the cost and the 'price tag' – they are completely separate numbers. • What you'll actually repay solely depends on what you earn after university. • After 30 years, any remaining debt is wiped. • Payment is made by and is owed to the Student Loans Company.
20 minutes	<p>Ask small groups to consider immediate and long-term benefits/drawbacks (financial or otherwise) of going to university.</p> <p>Ask each group to rank their thoughts and present back the top two benefits and top two drawbacks to the whole group. What proportion of responses is linked to financial wellbeing?</p>
	Plenary
10 minutes	<p>Talking to a neighbour, students should discuss the two new things they learned from today's session. Take selected responses from the whole group and discuss.</p> <p>Are there any 'action points' to be taken away from the session? For example, students might research and compare tuition fees for courses they may be interested in.</p> <p>They could also find out more about the Student Loans Company: www.gov.uk/government/organisations/student-loans-company</p>

Extension work

Investigate typical salaries for future careers in which students might be interested. How will their loan repayments be affected by their choices?

The Office for National Statistics publishes annual statistics, eg, for 2019:

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019

Notes

Further development of the key points can be found in Martin Lewis's Student Loans Mythbuster:

mse.me/studentloansmythbusting, specifically points 1-4.

Student Loans Decoded

ACTIVITY 2

How much are parents expected to contribute?

Secondary Financial Education Planning Framework Links

I understand the benefits of talking openly about my money in order to get help and advice about my financial decisions and my rights and responsibilities as a consumer. (14-16)

I can select the most suitable way(s) to pay for my living expenses, and can choose the best forms of saving and borrowing that meet my needs. (16-19)



Timing	Starter activity
5 minutes	<p>Start with the big question. Ask students: "While you are at university, who is going to pay for you to live?"</p> <p>Ask students to brainstorm the type of things that may need to be paid for outside of tuition fees (eg, accommodation, food, utilities, transport, clothing, entertainment etc).</p>
	Main activity
10 minutes	<p>Show the second section of the video How much are parents expected to contribute?, which covers the following main points:</p> <ul style="list-style-type: none"> The maintenance loan provides for everyday living costs, eg, accommodation and food. There are three scenarios to consider: <ol style="list-style-type: none"> 1) Will the student be based at home? 2) Will the student be living away from home but outside London? 3) Will the student be living away from home in London? The maintenance loan is means tested, ie, based on parental income. There is an (unstated) expectation that the difference between the maximum available loan and the loan awarded will be made up via a parental contribution. The discrepancy can be made up in other ways (eg, part-time employment).
20 minutes	<p>Use role play to explore the conversations that students may need to have with parents. Set up a scenario where a maintenance letter has arrived indicating that 80% of the available total loan will be awarded.</p> <p>Ground covered might include:</p> <ul style="list-style-type: none"> How much can your parents afford to contribute? What is a realistic budget for going to university – including accommodation costs, food, travel etc? Does the maintenance loan and parental contribution cover this or is there a shortfall? How might the student supplement the shortfall? How will these choices affect financial outcomes? What practical life skills does the student have which will help with financial management (eg, being able to cook on a budget)?
	Plenary
10 minutes	<p>Revisit the initial big question. What would the answer be now?</p> <p>Are there any "action points" to be taken away from the session? For example, students might give some thought to and research where they would like to go to university and whether they can afford to start off in university accommodation.</p>

Extension work

Investigate alternative funding sources such as bursaries, grants and awards. There is a useful reference list at: www.gov.uk/browse/education/student-finance

Notes

Further development of the key points can be found in Martin Lewis's Student Loans Mythbuster: mse.me/studentloansmythbusting, specifically point 9.

Try MSE's unique 'How much should you save for your child to go to university?' calculator for **English** students: mse.me/parentalcalc

Student Loans Decoded

ACTIVITY 3

How are student loans paid back?

Secondary Financial Education Planning Framework Links

I can estimate and calculate take-home pay for different occupations and for people in different circumstances, including deductions such as income tax and National Insurance. (14-16)

I can explain the financial implications associated with the different pathways, eg, national minimum wage, national living wage, auto enrolment (the workplace pension scheme), national insurance contributions, student finance. (16-19)



Timing	Starter activity
5 minutes	<p>Start with the big question. Ask students “How long do you think it takes the average graduate to repay their student loan?”</p> <p>Make a note of the times students put forward for later reference and comparison.</p>
	Main activity
10 minutes	<p>Show the third section of the video How are student loans paid back?, which covers the following main points:</p> <ul style="list-style-type: none"> • For repayment purposes, the tuition fee loan and the maintenance loan are added together as one loan. • The majority of borrowers do not fully clear their loan plus interest before the debt wipes after 30 years. • Repayments are deducted at source through the income tax system. • Above the loan repayment threshold, borrowers are effectively paying an extra percentage point on the amount of income tax paid. • Viewed in this way, the student finance loan is not so much a loan/debt – it’s a graduate contribution. • Think very carefully before overpaying your student loan.
20 minutes	<p>In small groups, ask students to imagine that they are part of a pressure group committee seeking to have student loans rebranded and renamed.</p> <p>They should consider the implications of the word “loan” when repaying and the message that this transmits. They should consider alternatives, such as “tax”, “contribution” or “payments”.</p> <p>They should decide on how it would be best to advertise their demands and summarise the main reasons why they think their approach is correct. A brief presentation by each team should be given to the whole group.</p> <p>NB: They cannot simply choose to disband the current system altogether!</p>
Timing	Plenary
10 minutes	<p>Ask students to come up with three pieces of information that they would pass on to a friend who had not attended this session. They should try to explain why they chose each of their options.</p> <p>Are there any “action points” to be taken away from the session? For example, students might wish to find out more about the income tax system.</p>

Extension work

Investigate whether repaying a student loan early is a good idea. A starting point for research could be: mse.me/studentloansrepayment

Notes

Further development of the key points can be found in Martin Lewis’s Student Loans Mythbuster: mse.me/studentloansmythbusting, specifically points 3, 5 and 17.

ACTIVITY 4

How does the interest on student loans work?

Secondary Financial Education Planning Framework Links

I know which situations may require planned saving and planned borrowing, and that interest rates and my personal and financial circumstances will affect my choices. (14-16)

I know that I will need to change the way I manage money in response to changes in my personal and financial circumstances and to changes in the economy. (16-19)



Timing	Starter activity
5 minutes	Start with the big question. Ask students “What percentage of interest do you think you pay on a student loan?”
	Main activity
15 minutes	<p>Show the fourth section of the video How does the interest on student loans work?, which covers the following main points:</p> <ul style="list-style-type: none"> • Student loans attract interest based on the Retail Price Index (RPI) – the rate of inflation. • While at university, interest accrues at the RPI rate plus an additional percentage (currently 3%). • After graduation, a separate percentage is added to the RPI rate dependent on the amount being earned. This forms a sliding scale of rates. • Regardless of how much interest accrues, repayment is still based on crossing the loan repayment threshold. • Very few graduates will actually pay off their loan AND the interest because of the 30-year wipe, meaning in practice student loans are interest-free for many.
20 minutes	<p>In small groups, ask students to imagine that they have graduated from university and are now earning enough to start repaying their loan. They have predicted that they are in a well-paid job and that they will eventually earn enough to repay the loan in full before it wipes. Ask them to debate the pros and cons of each of these positions:</p> <ul style="list-style-type: none"> • They should overpay their student loan to pay it off more quickly and reduce the interest accrued. • They should continue to pay the standard percentage of their income. • They should borrow money from family/use inheritance to repay the student loan in full immediately. <p>Areas covered might include alternative uses for the money, loss of work, having children, unexpected life events, or on the other hand, more disposable income or less interest repaid overall.</p>
Timing	Plenary
10 minutes	<p>Ask students to identify two pieces of advice which they would give to someone else who had not been able to attend the session.</p> <p>Are there any “action points” to be taken away from the session? For instance, students might find out more about how inflation operates and RPI.</p>

Extension work

Use the Student Finance Calculator (mse.me/repaymentcalc) to carry out some practical investigations into likely repayments. More able students can change some of the assumptions made by the tool to see how this affects repayments.

Notes

Further development of the key points can be found in Martin Lewis’s Student Loans Mythbuster: mse.me/studentloansmythbusting, specifically points 1, 3, 4 and 7.

HANDOUTS FOR STUDENTS AND PARENTS



Martin Lewis: Student Loans Decoded

Martin Lewis, founder of MoneySavingExpert.com, has prepared a groundbreaking, no-nonsense, authoritative guide to student finance and the real impact of higher education on both students' and parents' pockets.

Speaking to a lively group of 100 pupils at Queens Park Community School in north-west London, Martin shatters popular myths and challenges the widespread misinformation that risks many young people not understanding – in practical terms – whether they can actually afford to go to university. The programme can be watched in full, but it has also been split into chapters:

- Martin Lewis: Student Loans Decoded (full film)

mse.me/studentloansdecodedfilm

- How much does it cost to go to university?

mse.me/costdecoded

- How much are parents expected to contribute?

mse.me/maintenancedecoded

- How are student loans paid back?

mse.me/repaymentdecoded

- How does the interest on student loans work?

mse.me/interestdecoded

- Q&A with Martin Lewis

mse.me/studentloansdecodedqqa

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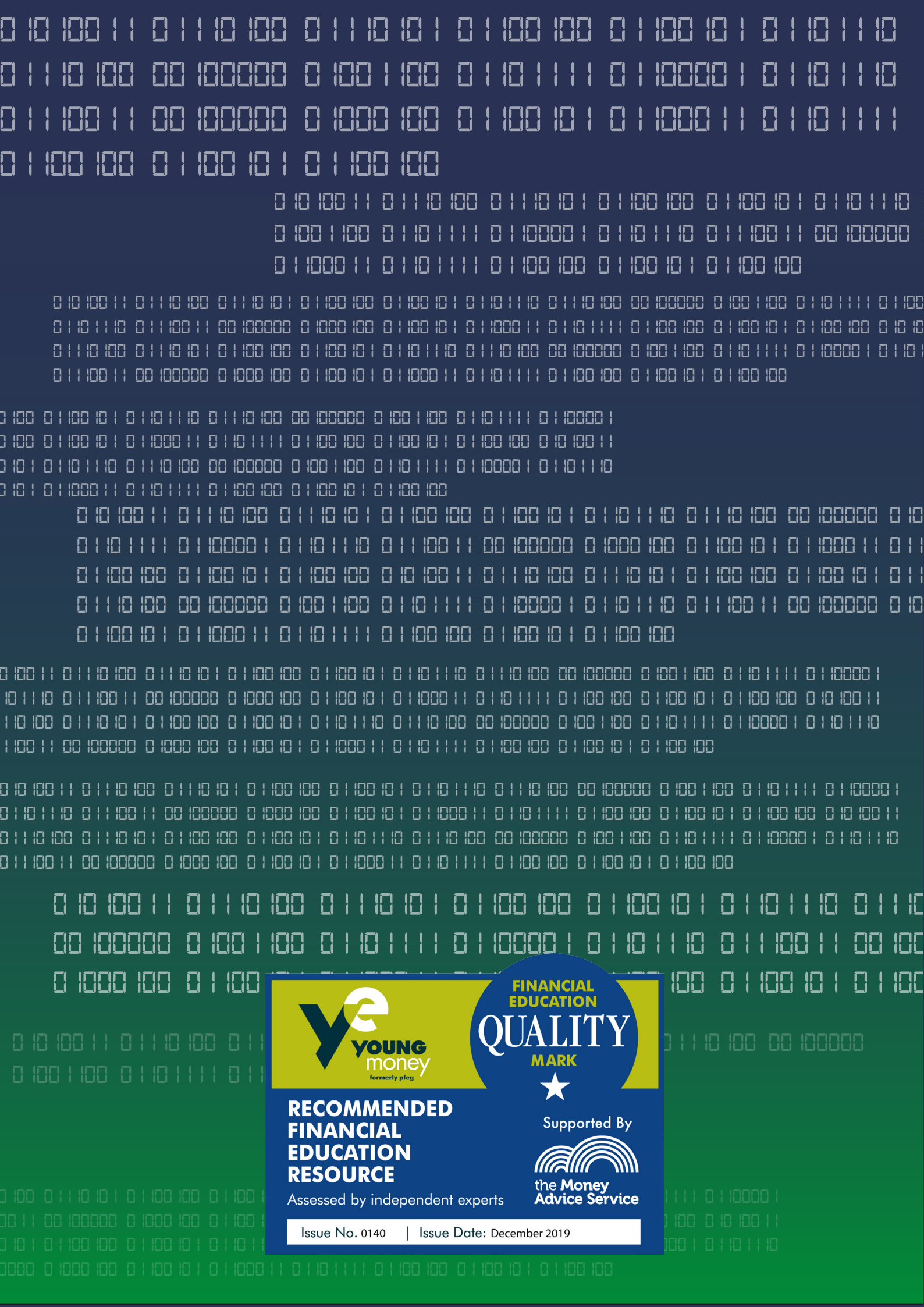
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Top Tips

Watch this video at home and revisit it as many times as needed to truly understand how student finance works and how the 'price tag' of university is different from what you'll actually repay.

- Parents may especially want to watch the chapter How much are parents expected to contribute? This covers the means-testing of maintenance loans – designed to help with living costs – based on parental income. Try MSE's unique 'How much should you save for your child to go to university?' calculator for English students: mse.me/parentalcalc
- Living away from home can involve taking responsibility for some or all of the costs that make up a household budget. Working through MSE's Student Budgeting Planner together is a great way to start thinking about the income and expenditure involved when you go to university, and how that can be managed over each term: mse.me/studentbudget
- Research different careers and the qualifications they might require online to identify possible pathways into the career or industry. Job sites or company websites can be a good place to start.
- University websites will display information about tuition fees that can be input into MSE's Student Finance Calculator to explore likely loan repayments: mse.me/repaymentcalc
- Look at the different bank accounts available to students – you can do this online or in a branch nearby – to see what is needed to open one and what it will give you in return. Explore the features of these bank accounts in detail. They will often provide an interest-free overdraft while in education, repayable not long afterwards, but beware anything that looks too good to be true!
- Finally, check out Martin's Student Loans Mythbusting guide, which shatters common myths about student loans, grants and finance, including the 20+ key facts every potential student, parent and grandparent should know: mse.me/studentloansmythbusting







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