

Student Loans Interest Rates and Repayment Threshold Announcement

The Department for Education (DfE) today (11 August 2020) confirmed the annual updates to the Interest Rates and Thresholds of Income Contingent Student Loans and Mortgage Style Student Loans, as set out in the relevant regulations and terms and conditions of the loans.

Income Contingent Student Loans

Undergraduate loans

Income Contingent Student Loans for pre-2012 (Plan 1) loans

From 1 September 2020 until 31 August 2021, the **maximum** interest rate that can be set for the existing Income Contingent Repayment Loans will be 2.6%. However, the low interest cap will be triggered, and therefore the rate to be charged from 1 September 2020 will be **1.1%**.

Please monitor this website regularly as the rates may change during the academic year.

From 6 April 2021, the repayment threshold for pre-2012 (Plan 1) loans will rise to £19,895.

Income Contingent Student Loans for post-2012 (Plan 2) loans

From 1 September 2020 until 31 August 2021 one or more interest rates may apply to you:

Your circumstances	Interest rate
Whilst studying and until the April after leaving the course	RPI + 3% (5.6%)
If you come into repayment from April 2021	Variable interest, dependent upon income RPI (2.6%), where income is £27,295 or less, rising on a sliding scale up to RPI + 3% (5.6%), where income is £49,130 or more
If you lose touch with SLC or do not send them the information they require	RPI + 3% (5.6%), irrespective of income, until SLC have the information they require

The repayment threshold for post-2012 (plan 2) loans will rise to £27,295 from 6 April 2021 to 5 April 2022.

Postgraduate Loans

From 1 September 2020 until 31 August 2021, the interest rate for borrowers in England taking out a Postgraduate Master's or a Doctoral loan will be 5.6% (RPI + 3%).

The repayment threshold for Postgraduate loans continues to be £21,000.

Mortgage Style Loans

From 1 September 2020 until 31 August 2021, the interest rate for mortgage style loans will be 2.6%.

The deferment threshold for mortgage style loans will be £30,646.

Any queries from borrowers who have mortgage style loans should be addressed to their loan administrator.