

Student Loans Interest Rates and Repayment Threshold Announcement

The Department for Education (DfE) today (12 August 2021) 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 2021 until 31 August 2022, the **maximum** interest rate that can be set for the existing Income Contingent Repayment Loans will be 1.5%. However, the low interest cap will be triggered, and therefore the rate to be charged from 1 September 2021 will be **1.1%**.

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

From 6 April 2022, the repayment threshold for pre-2012 (Plan 1) loans will rise to £20,195.

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

From 1 September 2021 until 31 August 2022 one or more interest rates may apply to you, subject to any caps in place to reflect the Prevailing Market Rate:

Your circumstances	Interest rate
Whilst studying and until the April after leaving the course	RPI + 3% (4.5%)
Whilst you are in repayment (from the 6 April after you leave your course)	Variable interest of RPI (1.5%) to RPI +3% (4.5%), dependent upon income. Lower and higher interest income thresholds will be confirmed in due course
If you lose touch with SLC or do not send them the information they require	RPI + 3% (4.5%), irrespective of income, until SLC have the information they require

Prevailing Market Rate cap:

From 1 September 2021 to 30 September 2021:

The temporary Prevailing Market Rate cap is in place, reducing the highest interest rate level by 0.3 percentage points to 4.2%.

The in-study rate will be 4.2%.

The variable rate will be 1.5% – 4.2%.

From 1 October 2021 to 31 August 2022:

The in-study rate will revert to RPI +3% and increase from 4.2% to 4.5%.

The variable rate will revert to RPI to RPI +3% which will be 1.5% – 4.5%.

The income and variable interest thresholds for post-2012 (plan 2) loans to apply from April 2022 will be announced in due course.

Postgraduate Loans

From 1 September 2021 until 31 August 2022, the interest rate for borrowers in England taking out a Postgraduate Master's or Doctoral loans will be 4.5% (RPI + 3%), subject to any caps in place to reflect the Prevailing Market Rate.

Prevailing Market Rate cap:

From 1 September 2021 to 30 September 2021:

The temporary Prevailing Market Rate cap is in place, reducing the interest rate by 0.3 percentage points to 4.2%.

From 1 October 2021 to 31 August 2022:

The interest rate reverts to RPI+3%, which will be 4.5%.

The income thresholds for Postgraduate Masters or Doctoral Loans to apply from April 2022 will be announced in due course.

Mortgage Style Loans

From 1 September 2021 until 31 August 2022, the interest rate for mortgage style loans will be 1.5%.

The deferment threshold for mortgage style loans will be £36,284.

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