

Your graduate contribution statement

6 April 2019

Mr A N Other
15 High Street
Wilmington-on-Sea
WM2 3AR

Customer Reference Number: 00000000000
You should use this reference when contacting us
Plan 2 student loan

THIS STATEMENT IS FOR INFORMATION PURPOSES ONLY - NOT A DEMAND FOR PAYMENT

Year of graduation	2017
Date eligible for contributions to start	April 2018
Date first contribution made	April 2018
Last possible date contributions can be made	April 2048

This is your annual graduate contribution statement for April 2019.

Between September 2014 and July 2017 the state gave you a total of £27,000 to cover the costs of your higher education tuition and a further £17,800 to support you with your livings costs (maintenance). In April 2018, you became eligible to contribute towards these costs based on your income.

The information contained in this summary is based on the current contributions information received from HM Revenue and Customs (HMRC).

The contribution rate for your loan is currently set at **9% of all income above £25,000 a year** (the repayment threshold for the year 2018—2019 was £25,000, but it will increase in line with average earnings each year).

Over the last year your total earnings were **£35,000** so your total repayments over the year were **£900**.

Contributions are always made in line with earnings and any amount remaining will be written off 30 years after graduation. This means that you now have a maximum of 29 years before your repayments end. At that point even if there is an outstanding balance no more will need to be repaid.

The following pages show you how much you are currently repaying and how much more you are likely to repay.

**Contributions
Plan 2****Statement date**
06 April 2019
(2 years after graduation)**Customer Reference
Number:** 00000000000
Mr A N Other**6 April 2018 - 5 April 2019****Total cost of university (tuition plus maintenance)**

£44,800

Opening balance on 6 April 2019

£49,682

The balance outstanding can be larger than the total cost of university and the opening balance. This is because interest is added each year while at university at a rate of inflation (based on the Retail Price Index - RPI) plus 3%, and after university at a rate based on your earnings (between RPI and RPI plus 3%).

Interest of £1,639.52 was added over the year, and repayments of £900 have been made. The outstanding balance is as follows:

Balance outstanding on 5 April 2020

£50,422

Your current income information**Your annual salary at 01/04/2018**

£35,000

**Total earnings over the contribution threshold
(£25,000)**

£10,000

Your contributions 6 April 2018 - 5 April 2019**Monthly contribution amount**

(This represents 9% of your salary above the threshold)

£75**Annual contribution amount****£900****Your contributions to date****Total contributions to date****£900**

Predictions of your likely future contributions

We have estimated your future contributions by combining your current income data and earnings trajectory data from the Office for National Statistics' February 2019 statistical release, which showed wage growth of 2.7% across the labour market.

When calculating your future contributions we've made some assumptions and it's important you understand what they are.

1. **The repayment threshold is currently set at £25,000.** This means that you make repayments equivalent to 9% of your income above £25,000. It is set to increase in line with average earnings each year, and this has been factored into your calculations.
2. **The rate of inflation:** This dictates the interest rate that will be charged and is therefore important. The current Bank of England target is 2%, therefore we have assumed it will be 2% for the next 30 years. Student loans are linked to the Retail Price Index (RPI) measure of inflation.
3. **Your salary growth:** We have assumed your salary will grow by 2.7% each year over the next 30 years. This is the average annual salary growth in the UK according to the Office for National Statistics, but your actual salary may increase more quickly or more slowly than this. In practical terms, it may grow quicker in the early years, and slower in the later years. And, of course, depending on your field of work it can be very different.
4. **You will work for 30 years:** Our assumption is based on the fact that you'll take no time out of working. If you do, e.g. maternity /paternity leave, work or career break, periods of unemployment, it means you'll repay LESS than the predicted amount.

Warning: some of these figures are based on assumptions about your future earnings. Your earnings may differ from these and you should take this into account if making decisions based on this statement.

Estimated contributions duration (This is the maximum length of time you can expect to make further payments over).	29 more years (We estimate your last contribution will be made in April 2048 and you won't need repay the full amount borrowed)
Estimated future contributions over next 29 years	Around £39,000

Predictions of your likely future contributions in 'today's money'

If we ignore inflation here's roughly what you'd pay in today's money. Inflation generally means the cost of goods rises, so earnings and prices will look higher in the future. Here we have discounted that.

Equivalent estimated total cost in today's money	Around £22,000
--	----------------