

Budget 2011 Changes to Student Loans and Allowances

As part of the 2011 Budget, the Government has announced some changes to Student Loans and Allowances.

These changes focus on encouraging personal responsibility and getting better value for taxpayers.

A number of these changes are subject to legislation expected to be passed later in 2011 and in 2012.

The changes to Student Loan eligibility criteria are:

- People aged 55 and over will only be eligible for the compulsory fees component of the Student Loan.
- Part-time full-year students will no longer be entitled to borrow the course-related costs component of the Student Loan.
- Students who have an overdue repayment obligation of \$500 or more that has been overdue for a year or more will not be entitled to a further Student Loan.
- All students applying for a new Student Loan will be required to nominate a contact person as a condition of accessing the Student Loan Scheme.

In addition, there are:

- changes to the two-year stand-down for Student Allowances and Student Loans for sponsored family members of protected persons.
- changes to funding for aviation students.

The following changes were also announced that will affect students who have a Student Loan:

- From 1 April 2012 borrowers will be required to apply for a repayment holiday. The term of repayment holiday available will be shortened to one year.
- From 1 April 2012 borrowers will no longer be able to include losses in the calculation of income for repayment purposes.
- The Student Loan repayment threshold will remain at \$19,084 until 31 March 2015.

Student Loan changes for students aged 55 years and over

From 1 January 2013, people aged 55 years and over will no longer be eligible for living costs or course-related costs. They will only be eligible for the compulsory fees component of the Student Loan.

Students who are over 55 as at the announcement date (19 May 2011), or are 55 and over as at 1 January 2013, will continue to be eligible for all components of the Student Loan for the qualification they were enrolled in on the date of the announcement (19 May 2011), until they complete this qualification or until 1 January 2015, whichever is earlier.

There is no change to Student Allowance eligibility or criteria for these students. Those aged 55 years and over will continue to be eligible for a Student Allowance provided they meet all other criteria.

Students are not eligible for a Student Allowance or Student Loan living costs if they are receiving support through New Zealand Superannuation or Veterans Pension.

Student Loan changes for part-time full-year students

For study starting on or after 1 January 2012, part-time full-year students will no longer be entitled to borrow the course-related costs component of the Student Loan.

Currently students who were studying part-time for 32 weeks or more have remained eligible for assistance with their course-related costs through the Student Loan scheme.

Students starting study on or after 1 January 2012 will need to be studying full-time or limited full-time with StudyLink's approval regardless of the length of their course to be eligible for this component.

Changes to Student Loan eligibility for those with overdue repayment obligations

From 7 February 2013, students who have an overdue repayment obligation of \$500 or more, which has been overdue for a year or more, will not be entitled to further Student Loans while their repayment obligation remains outstanding.

To qualify for a Student Loan again students will need to reduce any outstanding repayment obligation to under \$500 and reapply for a Student Loan.

This will apply to all new applications made from 7 February 2013.

Requirement to nominate a contact person for new Student Loan applications

For study starting on or after 1 January 2013, all students applying for a new Student Loan will be required to nominate a contact person as a condition of accessing the Student Loan Scheme. They will need to provide a contact name and phone number as well as an address and/or email address.

This will allow Inland Revenue to make contact with an alternative person to try and get the borrower's up-to-date contact details if they have not met their repayment obligations.

Exempting sponsored family members of "protected persons" from the two-year stand-down for Student Allowance and Student Loan

For study starting on or after 1 January 2012, people who are sponsored into New Zealand by a family member with protected person status will be exempt from the two-year stand-down that applies to Australian citizens and New Zealand residents who apply for Student Allowances and Loans.

Improving the Value for Money of the Government's Investment in Pilot Training

From 2012, tertiary education providers delivering pilot training programmes funded by the Tertiary Education Commission will be able to charge a maximum fee of \$39,273 (GST excl.) per EFTS. This will be regulated through the Annual Maximum Fee Movement.

Additionally, students will no longer be able to borrow through the Student Loan Scheme for their solo flight fees for Private Pilots and Commercial Pilots Licence requirements. Providers will now need to charge for these fees separately and they will not be subject to the Annual Maximum Fee Movement.

Students enrolled in pilot training programmes in 2011 will not be affected by this change for the duration of their current programme of study.

Please contact the Tertiary Education Commission for more information about this change.

Need more information?

Our website www.studylink.govt.nz has more information on the changes to Student Loans and Allowances.

For more information on education-related initiatives announced in the 2011 Budget visit the Ministry of Education website at www.minedu.govt.nz.

For specific enquiries please contact StudyLink's helpdesk on 0508 885 885 or email us at StudyLink_ChangeSupport@msd.govt.nz.

The next edition of StudyLink News will provide you with an update on the changes and information about upcoming stakeholder meetings.

