

## Student Loans – HECS-HELP-TSL

### When do I have to start repaying my student loan?

You will need to start repaying your loan once your yearly income has passed the repayment threshold. In the 2018/19 financial year the repayment threshold was \$51,957 and in the 2019/20 financial year it will be \$45,881.

### How much will I need to pay?

How much you pay will depend on how much more than the repayment threshold you earn. The more you earn the higher the percentage of your total income you will be required to pay back to your loan. The relevant amounts and percentages are listed below:

2018-19	
HELP repayment income (HRI*)	Repayment rate
Below \$51,957	Nil
\$51,957 – \$57,729	2.00%
\$57,730 – \$64,306	4.00%
\$64,307 – \$70,881	4.50%
\$70,882 – \$74,607	5.00%
\$74,608 – \$80,197	5.50%
\$80,198 – \$86,855	6.00%
\$86,856 – \$91,425	6.50%
\$91,426 – \$100,613	7.00%
\$100,614 – \$107,213	7.50%
\$107,214 and above	8.00%

So if you were to earn \$50,000 in the 2018/19 financial year, you would be below the threshold, but in 2019/20 you are required to pay 1.0% (\$500) towards your student loan.

### How are payments made?

Payments are made by having additional tax withheld by your employer each pay. You indicate your HELP Debt on your Tax File Number Declaration form that you provide your employer.

2019-20	
HELP repayment income (HRI*)	Repayment rate
Below \$45,881	Nil
\$45,881 - \$52,973	1.00%
\$52,974 - \$56,151	2.00%
\$56,152 – \$59,521	2.50%
\$59,522 - \$ 63,092	3.00%
\$63,093 - \$66,877	3.50%
\$66,878 - \$70,890	4.00%
\$70,891 - \$75,144	4.50%
\$75,145 - \$79,652	5.00%
\$79,653 - \$84,432	5.50%
\$84,433 - \$89,498	6.00%
\$89,499 - \$94,868	6.50%
\$94,869 - \$100,560	7.00%
\$100,561 - \$106,593	7.50%
\$106,594 - \$112,989	8.00%
\$112,990 - \$119,769	8.50%
\$119,770 - \$126,955	9.00%
\$126,956 - \$134,572	9.50%
\$134,573 and above	10.00%

### I think I will be above the repayment threshold next year. What should I do?

You need to talk to the person in charge of payroll and let them know that you will need to have student loan repayment withheld from your wages. If you do not, you will be left with a large amount to pay when you lodge your tax return. If you hold multiple jobs, your employer may not know you are over the threshold.

# Student Loans Continued

## **I realised part way through the year that I am going to be over the threshold. What should I do?**

You should still let the person in charge of payroll know the situation. The sooner you start having the payments withheld the more you will have at the end of the year to cover your payment.

## **What happens if I have more than I need to pay withheld from my wages?**

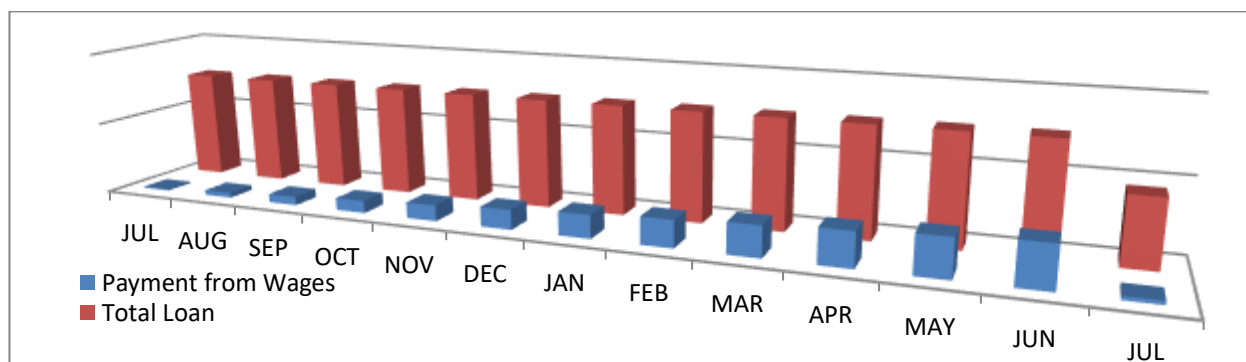
If you have too much withheld during the year from your wages, it will be refunded to you when you complete your tax return or used to pay any other tax debt.

## **What happens if I haven't paid enough from my wages to cover my annual payment?**

If you haven't had enough withheld from your wages or maybe haven't had any wages withheld during the year and you are above the repayment threshold. Then the amount owing will be taken from your tax refund. If there is not enough in your tax refund then you will be required to pay the rest as you would if you owed tax.

## **Why doesn't my loan reduce during the year when I make payment from my wages?**

Many people are surprised at tax time that their student loan has not reduced during the year because of the payments made from their wages. This is because payments made during the year actually form a nest egg or savings to pay a lump sum when a person lodges their tax return.



As shown above the red bars indicate the student loan remaining the same throughout the year until it reduces in July when the tax return is lodged and the payment is made.

The blue bars show payments from wages adding up during the year and reduces when the tax return is lodged in July and the payment is transferred to the loan.

## **More Information**

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