

Baroness Wilcox

Parliamentary Secretary for Business,
Innovation & Skills

Baroness Sharp of Guildford
House of Lords
London SW1A 0PW

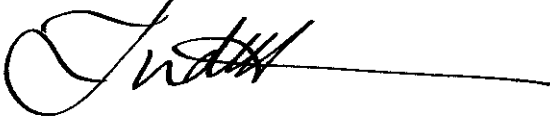
//¹¹ November 2010

Dear Margaret,

I am grateful for your question during the recent Higher Education oral statement and wish to respond to the issues you have raised about the repayment of student loans.

Repayments will be charged at a rate of 9% of the portion of an individual borrower's income above the threshold of £21,000 per annum (or a monthly/weekly equivalent). Repayments are linked directly to a borrower's income and not the size of their loan; thus the size of the loan does not affect disposable income. For example, based on earnings of £25k, repayments will be only £30 per month. Because monthly payments are income contingent and affordable, we do not believe that there will be a disincentive effect on graduates to enter employment.

A copy of this letter will be placed in the House of Lords Library.

best wishes


BARONESS WILCOX

1 Victoria Street, London SW1H 0ET
www.bis.gov.uk