

Financial FACT SHEET

Inspiring Performance

Tertiary Education Higher Education Loan Programme

From 1 January 2005, the Higher Education Loan Programme (HELP) replaced the Higher Education Contribution Scheme (HECS). If you borrow money from the Australian Government under either scheme, you will have a HELP debt.

Your HELP options

The Higher Education Loan Programme includes several borrowing options:

- » HECS-HELP – for eligible students enrolled in Commonwealth supported places. A HECS-HELP loan will cover all or part of their student contribution.
- » FEE-HELP – for eligible fee-paying students enrolled at an approved higher education provider or Open Universities Australia. FEE-HELP provides students with a loan to cover up to the full amount of their tuition fees to a limit of \$80,000, or \$100,000 for dentistry, medicine or veterinary science courses. These limits are indexed each year.
- » OS-HELP – for eligible Commonwealth supported students who wish to study overseas. OS-HELP provides students with a cash loan to cover expenses such as accommodation and travel.

Repaying your HELP loan

You must begin repaying your HELP debt when your repayment income is above the minimum threshold for compulsory repayment.

The repayment thresholds are adjusted each financial year to reflect any changes in average weekly earnings. The repayment threshold for 2007–08 is \$39,824.

Extra tax is withheld by your employer each pay period to cover the compulsory repayments which are made through your income tax assessments. You should notify your employer that you have a HELP debt by completing a TFN Declaration form.

Voluntary repayments – the advantages

In addition to compulsory payments, you can make voluntary repayments. Voluntary repayments of \$500 or more entitle you to a bonus - your HELP account will be credited with an additional 10% of your voluntary payment amount.

There are other advantages in clearing your HELP debt by voluntary repayment in the final year, rather than through your tax assessment. In addition to the 10% bonus, when you voluntarily clear your debt prior to lodging your income tax return you will be refunded all of the additional tax withheld by your employer to cover the compulsory repayment. This tax is refunded on assessment.

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This Fact Sheet contains general advice that has been prepared without considering your objectives, financial situation or needs. You should consider the appropriateness of any advice before acting on it. Peak Partnership Pty Ltd ABN 24 064 723 550. Liability limited by a scheme approved under Professional Standards Legislation.



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Voluntary repayments – an example

Jennifer's outstanding HELP debt is \$3,183. If she chooses to repay the debt via a compulsory payment on her tax return, her assessment will include a HELP repayment of \$3,183 and she will receive a net refund of \$192. If she chooses to make a voluntary repayment prior to lodging her income tax return, the total repayment required to clear the debt will be \$2,894 as she will receive a bonus of \$289. Her refund will then be \$3,375 as she is no longer required to make the compulsory repayment. By making a voluntary repayment, Jennifer saves \$289.

Jennifer should also notify her employer (using a new TFN Declaration) that she has cleared her HELP debt, so that additional tax is no longer withheld from her wages. Jennifer may expect a refund of the current year additional tax withheld in her next income tax return, depending on her circumstances.