



HOW TO UNDERSTAND UNIVERSITY LOANS TO AVOID A LIFETIME OF LIABILITY

Advice from class of 2021

For 19-year-old Gracie Hyde, who is currently completing the first year of a Bachelor of Economics/Advanced Studies at the University of Sydney, the HECS-HELP system was a mystery before she started uni.

"I believed it was the government paying for my uni, and at some point during my life I paid it back," Hyde says.

She now knows more about the system, such as the cost implications of failing subjects or not finishing her degree.

"I also know that you start to repay the loan once you earn above a certain amount, but I am yet to fully understand the whole process."

When will I have to start paying my loan back?

Once you earn over a certain amount of money – called the compulsory repayment threshold – you'll start repaying your loan. But if your earnings never reach the compulsory repayment threshold you won't be required to pay your HECS-HELP loan back.

The compulsory repayment threshold varies each year, but for the current financial year it is \$48,361. The amount you'll repay is based on your income; for example, someone earning \$48,361 will repay 1 per cent of their income a year, while someone earning \$141,848 or more will repay 10 per cent of their income.

HECS-HELP loan repayments are made annually as part of your tax return. Typically, your employer will withhold money from each pay to count towards your HECS-HELP repayment, just as they do with income tax.

How long will it take me to pay off my uni debt?

This is difficult to estimate because things will change in the future such as the rate of indexation applied to your debt each year, your earnings and the repayment amounts required at different income levels.

More tips

- If you change degrees, you'll still have to repay any HECS-HELP debt from your first degree. This also applies if you withdraw from a unit of study after the census date, fail a unit of study or leave uni altogether without graduating.
- If you fail more than half your subject units in a year, you may be at risk of losing your CSP and no longer qualifying for HECS-HELP.
- If you're able to pay at least \$500 of your student contribution amount upfront each year, you'll get a small discount on the amount you have to borrow under HECS-HELP.
- If you move overseas after completing uni you'll still need to make repayments towards your HECS-HELP debt once you're earning above the compulsory repayment threshold.



Michelle Bowes is a personal finance journalist and author. Her book, Money Queens: Rule Your Money, the teen girl's guide to money, is available in bookstores and online now.

BEHIND THE SCENES



WITH JONATHON MORAN

TIM OMAJI

The actor and singer, now starring on stage as Toulouse-Lautrec in Moulin Rouge, reveals his strange sleeping habit

What was your first casual job?

I worked as a dishwasher in a Chinese restaurant when I was 14. I was the only person in the kitchen that spoke English so the first few weeks were a struggle but I stuck it out and the team and I eventually clicked.

If you published a novel about yourself what would you call it?

The Sum of All Things. A book about how all the good, the bad and the ugly things in life added up to an unforgettable ride.

Favourite movie?

The Godfather. I am a big fan of gritty underworld films and The Godfather is the ultimate film of the genre. Learning about the struggles it took to get it made adds so much more to the legend.

Favourite book?

Can't Hurt Me by David Goggins. This book literally transformed my life. David's story of triumph over tragedy made me realise that I wasn't living up to my full potential.

What's a role in a movie or TV show that you would have loved to have landed?

I was short-listed for the role of James Brown in the movie Get On Up. Understandably, the role went to the late, great Chadwick Boseman.

What's the wackiest celebrity gossip rumour about you that you've heard?

There was an online article that stated my net worth was \$7.2bn. Didn't sound so bad to me but my parents called me when they read it. They were worried I could be a target for kidnapping. Shit can get real in Nigeria.

What is your absolute blowout meal?

Large cheeseburger meal with extra small fries and six chicken nuggets.

Have you had any operations?

I had a stress fracture in my lower back in 2010 from my time on FAME the musical. It took six months to fully recover.

Favourite music artist?

Michael Jackson. MJ embodied the definition of an entertainer. He was magical from his songs to his dance moves.

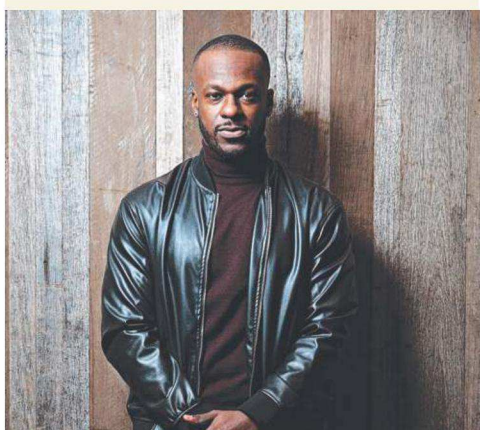
Tell us something the public would not know about you.

I can't sleep without wearing socks.

If you weren't a singer and actor, what would you be doing now for a career?

I would have been a professional soccer player. I always had a passion for it growing up and it helped that my dad was a local champion back in Nigeria.

Moulin Rouge is currently playing at Sydney's Capitol Theatre and will play in Brisbane and Melbourne in 2023.



University debt 101

MONEY
MICHELLE BOWES

If you've recently finished year 12, the transition to university is an exciting step into adulthood. But it's probably also the first time you'll encounter a significant expense – the cost of your uni degree.

Thanks to the Higher Education Contribution Scheme-Higher Education Loans Program (HECS-HELP), it can seem like uni is free. But just like any loan, a HECS-HELP debt eventually needs to be repaid.

Here are some tips on how it all works.

How do I apply for HECS-HELP?

If you're an Australian citizen/permanent resident you can get a

Commonwealth Supported Place (CSP) at uni. This means the government will pay for some of your degree – which you don't have to pay back. What you do have to pay is the student contribution, but you can use HECS-HELP to cover this.

After accepting your CSP, you will need to complete an Electronic Commonwealth Assistance Form (eCAF) to apply for HECS-HELP as part of your enrolment. To do this you'll need a tax file number, a unique student identifier number (you can get both online) and to submit your paperwork by the census date set by your uni.

How much will my HECS-HELP loan be?

How much you'll pay depends on the degree you study, and which units you choose within that degree, as the student contribution

is calculated per unit of study. In 2022, typical student contribution amounts ranged from \$3985 a year for the cheapest degrees (such as a Bachelor of Education, Nursing, Mathematics or English) to \$14,630 a year for the most expensive degrees (which include Bachelor of Commerce, Arts, Law or Economics).

If HECS-HELP is a loan, will I pay interest?

No interest is charged, but the amount you owe will increase over time to reflect changes in the cost of living. This is called inflation, and when it's added to your HECS-HELP debt (which happens on June 1 each year) it's called indexation. The amount of indexation will vary each year. On June 1 this year, a 3.9 per cent indexation rate was applied to HECS-HELP loans, while the year before it was 0.6 per cent.

Get in touch

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