

PRESS RELEASE

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Intergenerational Foundation response to government announcement on student fees and the repayment threshold

While IF welcomes changes to the repayment threshold the government offer does nothing to change the 41% marginal tax rate that graduates face if earning more than £25,000 a year. All the repayment threshold change does is delay the start of repayment for lower earners who will still have to pay an extra 9% of income once they reach the threshold.

The freezing of fees at £9,250 also does little to reduce the scale of debt that young people will leave university with as there is no change to the extortionate RPI+3% (6.1%) interest rate charged.

The government seems unable to grasp the unease felt by students, parents and grandparents, over the mountain of debt that graduates will carry with them for the next 30 years of their lives. What parents want to see are lower fee levels, fairer levels of interest, and lower repayments.

We suspect that the refusal to address the very high interest rate is so that the government can continue to sell-off the loan book to the private sector by continuing to front-load debt.

There is still no help for poorer students who will continue to have to take out maintenance loans to cover sky-high accommodation and living costs while at university.

The government seems determined to normalise high borrowings with very bad side effects - making graduates more willing to go into debt with other lenders and forcing them to pursue careers that are well paid over ones that are more worthwhile.

[“Parents Against Student Debt”](#) is calling for a fairer deal for today’s higher education students. The campaign, which is being led by parents angry about the very high levels of debt their children now have to take on, hopes to bring parent power to bear on the government.

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Campaign organiser Ian Wells comments, "Asking students to make some financial investment in their future is reasonable, but debts at these levels are already damaging lives and will damage the UK's economy. Successive governments have really let down a generation of young people entering higher education. They continue to inflict high interest rates while students are still studying and set repayment rates that are a real burden to young people."

Angus Hanton, IF Co-Founder, and joint campaign organiser comments, "Policy makers may say that graduate employment levels are high, but many graduates are poorly paid and about 50% go into non-graduate jobs."

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Notes to Editors

Interviews with Ian Wells and Angus Hanton are available.

For all media enquires please contact:

Liz Emerson on mobile: 07971 228823 liz@if.org.uk