

# STUDENT FINANCE UPDATE

APPLICATIONS – HOUSEHOLD INCOME

# STUDENT FINANCE APPLICATIONS

## INCOME ASSESSMENT PROCESS

Income to be included is based on whether the student is assessed as being dependent or independent:

Student Type	Income to include in the household assessment
Dependent Student	<ul style="list-style-type: none"><li>• Natural or adoptive parent(s); plus, where applicable</li><li>• The parent's spouse/civil partner/cohabiting partner of either sex; plus</li><li>• The student (Unearned taxable)</li></ul>
Independent Student	<ul style="list-style-type: none"><li>• Spouse/civil partner; or</li><li>• Cohabiting partner of either sex (only where a student is aged 25 or over on the relevant date); plus</li><li>• The student (Unearned taxable)</li></ul>
Independent Student (No partner, or student is under 25 and has a cohabiting partner)	<ul style="list-style-type: none"><li>• The student (Unearned taxable)</li><li>• Where a student is under 25 and is not classed as independent for another reason (e.g. care of a child) the student is a dependent student</li></ul>

# STUDENT FINANCE APPLICATIONS

## WHAT IS HOUSEHOLD INCOME?

If supporting an application for means tested student finance, SFE need the details of a student's parents, partner or other sponsors household (taxable) income and National Insurance numbers:

### **Taxable earned income includes;**

- Wages, salaries, tips, and other taxable employee pay
- Gross income received as a statutory employee
- Earnings from self-employment (after deduction of allowable expenses)

### **Taxable unearned income includes;**

- Interest from savings (only the annual summary is required)
- Benefits, Pensions and Rent from property or a room



The total household income from all taxable sources is considered when calculating entitlement to support, including taxable benefits

# STUDENT FINANCE APPLICATIONS

## WHAT IS HOUSEHOLD INCOME?

Taxable Income	Non-taxable Income
Earnings from employment	Interest and other income from an ISA
Earnings from self employment	Working Tax Credit
Rent from letting property	Child Tax Credit
Interest from a bank, building society savings	Up to £7,500 rent a year from a lodger in only or family home ( <a href="#">Rent-a-Room</a> )
Private/State Pensions and Annuities	Premium Bond winnings
Dividends from shares	National Lottery winnings
Interest from National Savings and Investments accounts and bonds	Income from tax-free National Savings (first £70 of ordinary account interest)
Income from taxable benefits in kind	Capital Gain/Capital Allowance figures

# STUDENT FINANCE APPLICATIONS

## WHAT IS HOUSEHOLD INCOME?

Taxable Benefits	Non-taxable Benefits
Jobseekers Allowance	Child Benefit
Care Allowance	Housing Benefit
Incapacity Benefit – Over 28 Weeks	Income Support – Most payments
Employment and Support Allowance (Contributory based only)	Employment and Support Allowance (Income based only)
Retirement Pension (Inc. State Pension)	War Widows Pension
Statutory Sick Pay	Disability Living Allowance
Bereavement Allowance	Universal Credit
Statutory Maternity/Paternity Pay	Maternity Allowance



More information on taxable/non taxable income can be found on the HMRC website at: [www.gov.uk/income-tax](http://www.gov.uk/income-tax)

# STUDENT FINANCE APPLICATIONS

## TAX YEAR USED IN ASSESSMENTS

Financial information is needed from parents/sponsors for the tax year prior to when the student will start in higher education:

- Information for the 2018/19 tax year for students starting in Sept 2020
- If household income drops by **15% or more** in the current tax year, SFE can reassess applications so a student may receive additional support

### **Submitting a Current Year Income Assessment form;**

- Sponsors support the student's application for finance as normal
- Complete the CYI Form with estimates of this financial year's details
- Provide evidence to support estimates at the end of the current tax year



For self-employed parents or partners, the 'prior tax year' can be taken as the accounting year which ends in the prior tax year



# STUDENT FINANCE APPLICATIONS

## CURRENT YEAR INCOME ASSESSMENT – KEY MESSAGES

Unless they expect the total household income to drop by **at least 15%** over the 2020-21 tax year, students will not be able to ask for a CYI assessment:

- Being on furlough for a few months during the COVID-19 outbreak might not give a 15% drop in income over the full 2020-21 tax year
- It's the combined household income that matters, so if only one person's income has dropped, this might not be enough for a CYI assessment

For example: If both people in the household earn £20,000, the household income would need to go down by at least 15% of £40,000:

- This would mean **a drop in income of at least £6,000 across the year**, regardless of whether one or both people in the household had a drop in income

# STUDENT FINANCE APPLICATIONS

## CURRENT YEAR INCOME ASSESSMENT – KEY MESSAGES

If the household income **was less than £25,000**, then a student will already be assessed for the maximum amount of funding, so there's no need to ask for a CYI assessment:

- Students with children or adult dependants may still be able to apply for a CYI as the threshold for GFDs is lower than for Maintenance support
- HEP bursary or scholarship income assessment thresholds may also be under £25,000 so a CYI assessment may be beneficial
- Students should check this with their HEP before applying for CYI
- If household income is expected to be **more than £70,000** or if students are not getting means tested support it's unlikely they will be able to get any extra funding through a CYI assessment

# STUDENT FINANCE APPLICATIONS

## CURRENT YEAR INCOME ASSESSMENT – KEY MESSAGES

Sponsors will still need to provide prior tax year income details on the initial application so we can see the 15% difference in their household income:

- The cohabiting partners of a parent of a student also needs to complete the CYI Form, even if only one income has changed
- CYI assessments can be applied for until the last day of an AY
- Sponsors must keep us informed of any further changes to their income throughout the year, for example if they get a bonus or change jobs
- They can do this by sending another CYI Form with updated estimates
- After the tax year finishes, we'll ask sponsors to confirm what their actual income was and send us evidence of this

# STUDENT FINANCE APPLICATIONS

## CURRENT YEAR INCOME ASSESSMENT – KEY MESSAGES

After the tax year finishes (in April 2021), we'll ask sponsors to confirm their actual income and send us evidence of this:

- If they don't do this, then a student's entitlement will be reduced and they may be asked to pay back any overpayment received

Evidence requested at the end on the tax year will include;

- **Employed:** A photocopy of their most recent P60 (if they don't have this, a copy of their month 12 or final week payslip)
- **Self Assessed or Self-employed:** A photocopy of their latest full finalised tax return, not a tax calculation or tax summary, as we can't accept these
- **Receive taxable benefits:** A photocopy of their P60 or P60U, or a DWP letter to confirm how much money they received

# STUDENT FINANCE APPLICATIONS

## CURRENT YEAR INCOME ASSESSMENT – ONLINE GUIDE

All the essential information on the CYI process can be found in our online guide: <https://media.slc.co.uk/sfe/currentyearincome/>

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student finance england

### Current Year Income assessment

#### Will your household income drop in the 2020-21 tax year?

For the 2020/21 academic year, we normally use your income details from the 2018-19 tax year to work out how much student finance your child receives. However, we understand your financial circumstances might have changed since then, for example because of the coronavirus outbreak.

If your household income is expected to drop by 15% or more compared to the 2018-19 tax year, you can ask us to calculate their student finance estimated income for the current 2020-21 tax year instead.

Doing this means your child or partner could get more student finance, but it's not right for everyone. At the end of the tax year, we'll ask for evidence to see if the estimates were right. If they were wrong, your child or partner will probably have been paid too much student finance and will need to pay it back.

This information is for parents and partners. We also have [information for students](#).

- 1 Check if you're eligible**  
Show
- 2 Apply**  
Show
- 3 Keep your income estimates up to date**  
Show
- 4 Confirm your income at the end of the tax year**  
Show
- 5 What happens next**  
Show