

# WEEK 5, SERIES 2 WORKSHEET



## Student Loans UK: Should You Actually Pay Them Off?

*12-Part Money Foundations Series*

### **Key Concepts at a Glance**

- **Income-Based Repayment:** Your salary determines your repayment, not your balance.
- **Automatic PAYE Deductions:** Student loan repayments happen automatically above the threshold.
- **Voluntary Overpayments:** Extra payments are optional and may not always make financial sense.
- **Core Idea:** Understanding the system helps you make better long-term money decisions.

### **A Simple Example**

*Three people have student loans.*

*Sarah makes extra voluntary payments she may never have needed to make.*

*Daniel turns down a higher salary to avoid repayments.*

*Amara understands the system and focuses on building wealth alongside the loan.*

**Same system. Completely different outcomes.**

### **Three People. Three Approaches.**

- 1. Sarah (The Overpayer):** Makes extra payments without checking whether the loan would likely be written off.
- 2. Daniel (The Salary Suppressor):** Avoids earning more money to reduce repayments.
- 3. Amara (The Abundance Mindset):** Understands the system and focuses on long-term wealth building.

### **Take a Moment to Reflect**

- **Have I ever made financial or career decisions based on fear of my student loan balance?**

- **My Student Loan Self-Assessment**

- I know which repayment plan I am on
- I understand how my repayments are calculated
- I have checked my repayment projection
- I understand the difference between PAYE deductions and voluntary overpayments
- I know where my money should go before making extra repayments

- **My Financial Priority Order**

1. Build Emergency Fund
2. Capture Full Employer Pension Match
3. Invest Through ISA
4. Consider Voluntary Overpayments Only If Appropriate

## ***Key Takeaway***

Your student loan is not just about the balance.  
The smartest financial decisions come from understanding how the system actually works.

## ***What Comes Next?***

**Next week, we'll discuss seven habits that will change your relationship with debt**

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*This worksheet is for educational purposes only and does not constitute financial advice.*

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