1. **How much percent should be deducted from my earning, if I choose Plan 1 in the Student Loan?**

   The current Threshold for Student's Loan is as below and thus the deduction will be dependent on the earnings:

   Plan 1 — £22,015 annually (£1834.58 a month or £423.37 a week) - 9%
   Plan 2 — £27,295 annually (£2,274.58 a month or £524.90 a week) - 9%
   Plan 4 — £27,660 annually (£2,305 a month or £531.92 a week) - 9%
   Therefore as per plan opted and earnings, the deduction will be 9% of the amount you earn over the threshold for Plan 1 and 2 and 4.

   For Instance: If Gross income is £2586.67 and opted Plan is Plan1 then the applicable income should be 752.09 subtracting the protected income of £1834.58, thus the student loan deduction should be 67.69 (9% deduction from the taxable earning).
   And In case the earnings don't cross the Threshold the deduction will get 0.

2. **I need to switch my Plan for the deduction, whom can I reach out to?**

   Student loan team is responsible for any such plan, the party will accordingly assist you, there is no intervention of employer, once the letter for the same is shared the change will be updated in employee's record.

3. **I have opted for Post Graduate Loan; may I please know what the earnings threshold for Post Graduate loan is and accordingly how the deduction will be calculated?**

   The current Threshold for Post Graduate Loan is £403.84 a week or £1,750 a month (before tax and other deductions) and thus the deduction will be dependent on the earnings.

   The deduction will be 6% of the amount you earn over the threshold.

   For Instance: If the Annual income is £28,800 and is paid a regular monthly wage, then the monthly income will be £2,400 (£28,800 divided by 12). Therefore the earning over Postgraduate Loan monthly threshold of £1,750 is £650 (£2,400 minus £1,750), hence deduction will be £39 (6% of £650) each month.
   And In case the earnings don't cross the Threshold the deduction will get 0.

4. **What is the interest rate on a Student loan and PG loan?**

   Student Loan:
   Plan 1 - From 1 September 2020 until 31 August 2021, the maximum interest rate that can be set for the existing loan will be 2.6%. However, the low interest cap will be triggered, and therefore the rate to be charged from 1 September 2020 will be 1.1%.
   Plan 2 - Whilst studying and until the April after leaving the course - RPI + 3% (5.6%)

If you come into repayment from April 2021 - Variable interest, dependent upon income RPI (2.6%), where income is £27,295 or less, rising on a sliding scale up to RPI + 3% (5.6%), where income is £49,130 or more
If you lose touch with SLC or do not send them the information they require - RPI + 3% (5.6%), irrespective of income, until SLC have the information they require

Postgraduate loan:
Currently an Interest of 5.6% on Postgraduate Loans.
The interest is made up of the Retail Price Index (RPI), plus 3%. RPI is currently set at 2.6%.

5. **I have completed my Student loan repayment, but can see the deduction is still going from my payslip, please can you urgently look into this?**

   In case repayment is completed, thus in order to stop further deduction we should receive letter from HMRC/student loan company stating the cease of loan deduction as Student loan company has tie up with HMRC. If payment is getting submitted to Student loan company then they should transfer the money back to employee and share the document with us so that we can stop further deduction. Therefore please reach out to Student loan company at first.

6. **Make debt deductions from an employees pay**

   When you have to deduct from pay
   You have to make deductions from your employees wages if a court orders you to. This could be to pay off:
   unpaid maintenance payments
   a county court judgment
   There's a different process if you have to make deductions to pay off a benefit debt or child maintenance.

   How it works?

   You'll get a document from the court telling you to make deductions from your employee's pay.
   Work out how much you have to deduct each time your employee is paid.
   Start making deductions the next time you pay your employee. Pay them their reduced wages on their normal payday.
   Make the payment to the court.
   Stop making deductions when the debt has been paid off.
   You and your employee can be fined if you do not deduct their wages, or if you deliberately give false information about their earnings.

7. **Getting an order**

You and your employee will each get an 'attachment of earnings order' (AEO) from the court.
You must start making deductions from your employee's pay from the next time you pay them unless it's within the next 7 days.
Write to the court within 10 days if you get an order for someone you do not employ
What the order tells you?
The court order will tell you:
how much your employee owes
if it's a 'priority order' - if it does not say what it is, it's a 'non-priority order'
how much you have to take from their wages - called the 'normal deduction rate' (NDR)
the minimum amount they still have to take home - called the 'protected earnings rate' (PER)
how often the payments have to be made (weekly or monthly)
You can be fined if you do not start making the deductions.

**Change how often the deductions are made:**

If a county court made the order, you can ask them to change it, for example from weekly to monthly if that's how you pay your employee.
If a magistrate's court made the order, your employee has to ask the court to change it.

**Deductions and Minimum take home pay:**

You cannot make the normal deduction if it would take the employee below the protected earnings rate.

**The protected earnings rate is too high**

If the protected earnings rate is so high that you'll never be able to make deductions, write to both:
the Centralised Attachment of Earning Payments (CAPS) office
the court that issued the order
Include the:
court case number
attachment of earnings order number
name of the employee
CAPS
PO Box 404
Northampton
NN1 2ZY

**Priority and Non Priority Orders**

There are 2 types of orders - priority orders and non-priority orders. The way you calculate deductions for them is different.

| Type of order | What it's used for | If you cannot make the full deduction |
|---|---|---|
| Priority | Maintenance or fines | Carry the unpaid difference over to the next payday |

| Type of order | What it's used for | If you cannot make the full deduction |
|---|---|---|
| Non-priority | Civil debts | Do not carry the unpaid difference over to the next payday |

**If your employee has more than one orders**

Deduct any priority orders first, in the order the employee got them. Then deduct the non-priority orders in the order the employee got them.

You can apply to the court to combine 2 or more non-priority orders into a single order. This is called a 'consolidated attachment of earnings order.

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