# Martin Lewis warns parents to start saving early as student loan thresholds remain static amid rising costs



Martin Lewis, the Money Saving Expert, has issued a clear warning to parents of prospective university students about the urgent need to start saving early due to a "hidden" and often overlooked cost related to student living loans. Speaking on This Morning, Lewis highlighted that the loans intended to cover students’ living expenses are means-tested against family income, introducing a significant financial challenge for many parents.

He explained that if the combined family income exceeds £25,000, the amount a student can borrow for living costs begins to decrease. This threshold, Lewis noted, has remained unchanged for over a decade, despite inflation soaring by 64% since 2008. Such a static figure in the face of rising living costs amounts to what he described as an “outrageous” policy. This means that many families will need to supplement their children’s living expenses from their own savings, making early financial planning essential. Lewis urged parents to start saving now to bridge the shortfall students face.

This situation reflects a broader structure of student financial support, where means-tested loans and grants aim to target funds toward students from lower-income households. The assessment process involves evaluating parental income and calculating a sliding scale of loan eligibility, which often leaves a gap that families must fill. For example, while students from families earning below certain thresholds may receive full fees and maximum loans, those with incomes slightly above these limits face diminishing entitlements, pushing the financial burden onto parents.

In further context, other government support such as maintenance loans are also subject to means testing, with household income thresholds affecting both the amount and type of loan or grant available. Data shows that households earning above approximately £39,900 see reduced loan amounts, and families earning over £48,350 may only qualify for 75% of the maximum loan. Additionally, changes to student loan repayment rules now require graduates to pay nine per cent of their income over a reduced threshold of £25,000, often over a longer repayment period, extending up to 40 years. This combination of limited financial support and prolonged repayment obligations underscores the importance of comprehensive financial planning for university costs.

Financial advice from experts such as Lewis underscores that parents can no longer rely solely on state support for their children’s higher education living expenses. Planning tools and graphs have been developed to help parents assess how much they need to save, linking income levels to expected contributions. This planning is essential as the landscape of university funding continues to evolve, with static means testing thresholds failing to keep pace with rising costs. Parents are therefore facing increased pressure to prepare well in advance to ensure their children can manage the full cost of university life.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/tv/news/martin-lewis-warning-parents-university-video-b2823206.html), [[6]](https://www.independent.co.uk/tv/news/martin-lewis-student-loans-university-b2278107.html)
* Paragraph 2 – [[1]](https://www.independent.co.uk/tv/news/martin-lewis-warning-parents-university-video-b2823206.html), [[4]](https://www.independent.co.uk/student/into-university/clearing/budget-for-the-cost-of-student-living-556834.html)
* Paragraph 3 – [[3]](https://www.independent.co.uk/life-style/personal-finance-sobering-truth-for-students-1112545.html), [[5]](https://www.independent.co.uk/student/into-university/clearing/fees-loans-and-grants-untangling-the-money-mess-8031582.html), [[7]](https://www.independent.co.uk/money/spend-save/study-all-your-options-to-avoid-the-debt-lecture-6231661.html)
* Paragraph 4 – [[2]](https://www.independent.co.uk/tv/lifestyle/university-student-savings-parents-martin-lewis-b2274780.html), [[6]](https://www.independent.co.uk/tv/news/martin-lewis-student-loans-university-b2278107.html), [[7]](https://www.independent.co.uk/money/spend-save/study-all-your-options-to-avoid-the-debt-lecture-6231661.html)

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## Bibliography

1. <https://www.independent.co.uk/tv/news/martin-lewis-warning-parents-university-video-b2823206.html> - Please view link - unable to able to access data
2. <https://www.independent.co.uk/tv/lifestyle/university-student-savings-parents-martin-lewis-b2274780.html> - Martin Lewis, the Money Saving Expert, has explained how much parents should save to support their children through university. He highlighted that support schemes are means-tested, implying that parents are expected to cover the gap for living costs. Using a graph, Lewis demonstrated how parents can assess the amount they need to save based on their income, emphasising the importance of early financial planning for university expenses.
3. <https://www.independent.co.uk/life-style/personal-finance-sobering-truth-for-students-1112545.html> - This article discusses the means-tested nature of student support, where a portion of the loan is based on the parents' residual income and the student's income. It outlines how various sources of student earnings are considered and the impact of parental income on the level of support received. The piece also details the assessment process for parental contributions and the sliding scale of expected payments based on income levels.
4. <https://www.independent.co.uk/student/into-university/clearing/budget-for-the-cost-of-student-living-556834.html> - The article provides insights into the financial expectations for parents when funding their children's university education. It explains that fees are means-tested based on parents' joint residual income, with students from families earning less than £21,475 a year having their fees fully paid. The piece also discusses the maximum loan available to students and the parental contributions required based on family income, highlighting the financial planning needed for university expenses.
5. <https://www.independent.co.uk/student/into-university/clearing/fees-loans-and-grants-untangling-the-money-mess-8031582.html> - This article delves into the complexities of student loans, maintenance grants, and parental contributions. It explains that the Government provides help through maintenance loans, which are usually paid at the start of each term. The piece outlines how maintenance grants are means-tested based on household income, with students from households earning less than £42,600 a year entitled to a non-repayable grant. It also discusses the availability of scholarships and bursaries from universities and colleges.
6. <https://www.independent.co.uk/tv/news/martin-lewis-student-loans-university-b2278107.html> - Martin Lewis, the TV personal finance expert, has issued a warning to A-level students planning to enter higher education this September. He highlighted significant changes to student loan rules, including the reduction of the repayment threshold from £27,295 to £25,000. Lewis explained that new starters will pay nine per cent of everything they earn over £25,000 towards student loan repayments, with repayments extending to 40 years from September, potentially affecting most new starters' working lives until retirement.
7. <https://www.independent.co.uk/money/spend-save/study-all-your-options-to-avoid-the-debt-lecture-6231661.html> - The article discusses the financial aspects of student loans, highlighting that 25 per cent of the loan availability is means-tested. It explains that for students from families with household incomes of £39,900 or more, the amount of loan on offer decreases, and students from families with incomes above £48,350 are likely to be eligible only for 75 per cent of the maximum loan amounts. The piece also covers repayment terms, including the start of repayments and interest payments linked to inflation.