



**Calling all
Students and
Fresh
Graduates!**

NEED HELP MANAGING STUDENT LOANS?



Hey there! Whether you're starting your tertiary education journey or gearing up for graduation, this resource guide will help you to understand and manage your student loans!

Disclaimer: This Guide introduces student loan basics and does not cover scholarship bonds.

Student Loan Management Resource Guide



Understanding and Managing Student Loans

The Guide features two sections:

Section 1 Helps you to decide whether to take on a student loan:

- P3 – What is a student loan?
- P4 – Key terms related to loan management
- P5 – What to consider before taking on a student loan?
- P6 – What are the types of loans available?
- P7 – What are the milestones that I should know of?
- P9 – Considerations to make



Section 2 Guides you on loan repayment, financial planning and career resources:

- P11 – 4 Ways to avoid taking on more debt
- P12 – Tips from seniors
- P13 – How can I manage my finances?
- P14 – Career resources
- P15 – Resource links





WHAT IS A STUDENT LOAN?

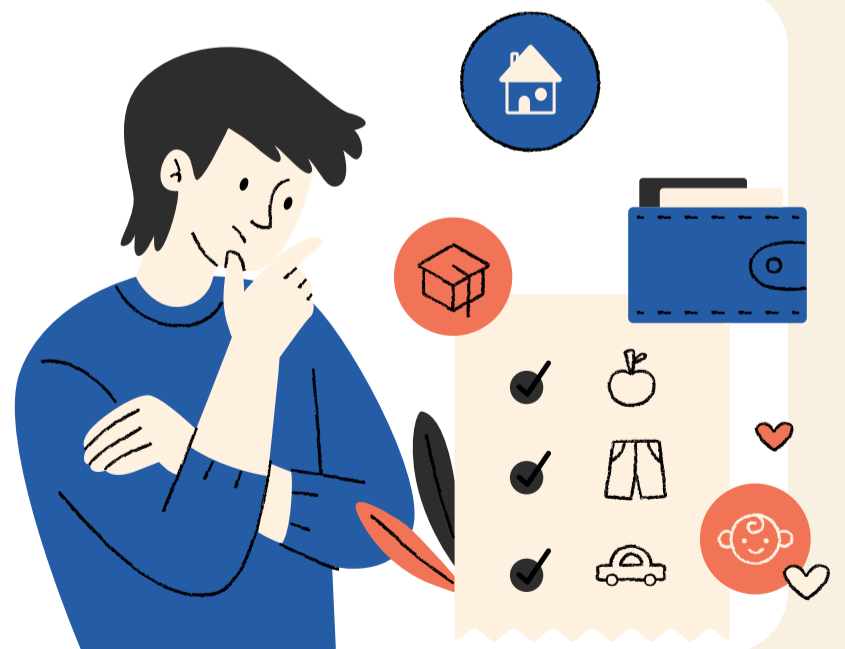
A student loan is a financing option offered by banks and government entities to help students finance the cost of their tertiary education.



Repayment terms and conditions vary depending on the type of loan scheme undertaken.



It is essential for students to carefully consider the terms and conditions of any loan they take on and to plan for repayment to avoid financial difficulties in future.



KEY TERMS RELATED TO LOAN MANAGEMENT

01 Interest Rate

The interest rate refers to a percentage of the loan amount being added to the total loan amount.

02 Loan Amount or Principal

Total amount of money you are borrowing.

03 Maximum Loan Limit

Maximum amount of money you can borrow.

04 Repayment Plan

All loans come with a repayment plan. It is important to choose one that has a manageable repayment amount.

05 Loan Tenure

Total length of time you have to repay the loan.

06 Deferred Payment

Certain loans allow you to defer repayment until after graduation, but that may mean higher interest being accrued.

07 Late Payment Charges

This is the extra interest charged if you miss a repayment.

08 Early Repayment Fee

Depending on the terms of the loan taken, banks may charge you a possible penalty for early repayment of your loan.





WHAT TO CONSIDER BEFORE TAKING ON A STUDENT LOAN?



The first step is to understand the tuition fee amount you need to pay for your course to decide how much to borrow. The amount borrowed is also known as principal amount.

Next, 3 interlinked factors that you need to understand for any loan.



1. Interest Rates

- Interest is the **cost of borrowing money**, paid to the lender
- Check **when and how** interest is calculated for your loan



2. Repayment Amount

- You are **required to repay the loan with interest** on the borrowed sum
- Monthly repayment amount can vary between loan schemes, due to the different interest rates and loan tenure



3. Repayment Duration

- Repaying your loan takes time, but it is **not advisable to prolong the repayment duration**
- A longer repayment duration would lower monthly repayment amount but more interest will be charged overall. Ultimately, this will cost you more in the end.



When in doubt, do discuss with a trusted adult or approach your schools' administrators for assistance.



WHAT ARE THE TYPES OF LOANS AVAILABLE? :

There are 3 types of loans available for publicly-funded institutions and 1 for private institutions:

- The **MOE Higher Education Student Loan (HESL) Scheme** is available to MOE-subsidised diploma and undergraduate programmes at publicly-funded institutions, i.e. Autonomous Universities (AUs), Arts Institutions, Institute of Technical Education (ITE), and Polytechnics. It is interest-free during the course of study:
 - For Singaporean students, the HESL covers up to 90% of subsidised tuition fees. It can also cover the remaining 10% of subsidised tuition fees if the income criteria is met.
- The **CPF Education Loan Scheme** applies only to approved courses at publicly-funded institutions, such as AUs and Polytechnics
 - Covers up to 100% of tuition fee if using own, spouse's, parent's or sibling's CPF Ordinary Account (OA), subject to the Available Withdrawal Limit for education
- **Loans with Private Banks** are for private institutions and publicly-funded institutions



For more information on the requirements such as eligibility criteria, please visit the CPF and MOE websites on page 15.

All information within this guide on the MOE HESL and CPF Education Loan Scheme are with input from MOE and CPF respectively.

WHAT ARE THE MILESTONES THAT I SHOULD KNOW OF?



represents start of repayment

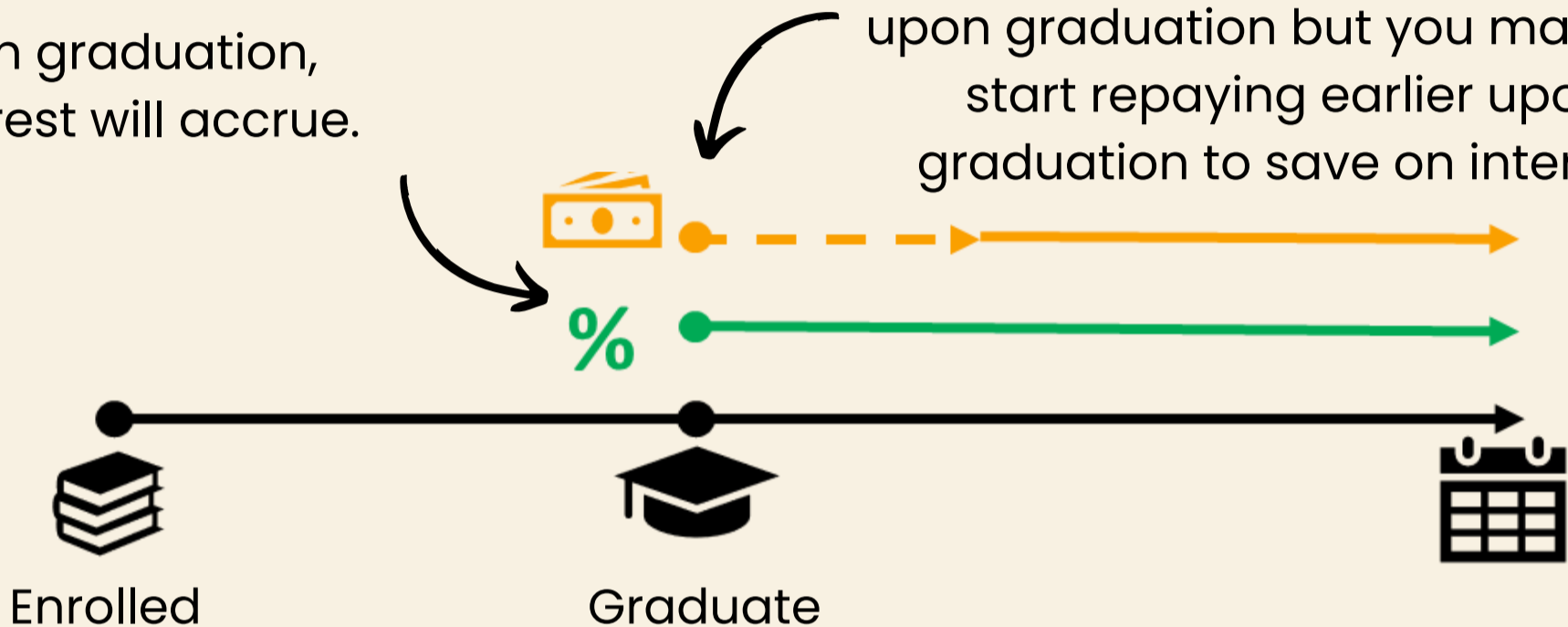


represents start of interest rate

MOE Higher Education Student Loan Scheme

Upon graduation, interest will accrue.

Can start repayment within 1 year upon graduation but you may also start repaying earlier upon graduation to save on interest.

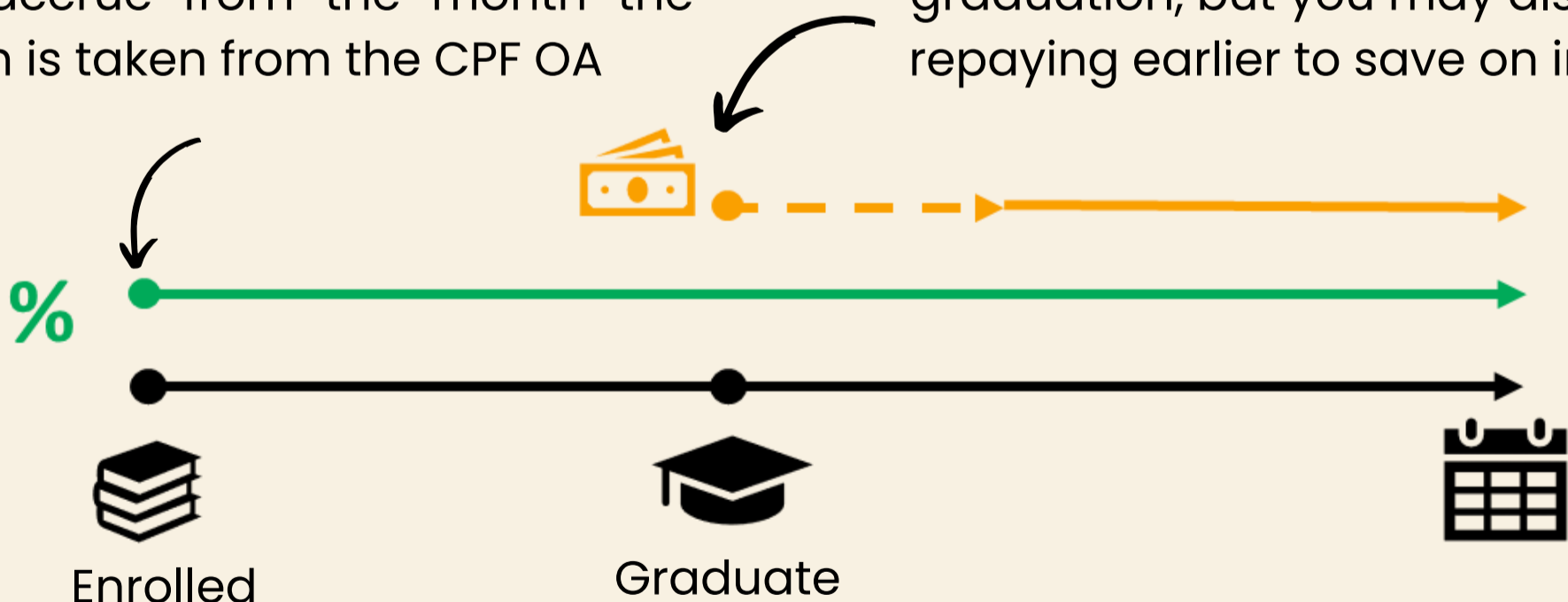


- Repayment in monthly instalments over a maximum of 10 years, or partial/lump sum.

CPF Education Loan Scheme

Prevailing CPF OA interest begins to accrue from the month the loan is taken from the CPF OA

Repayment starts 1 year upon graduation, but you may also start repaying earlier to save on interest



- Repayment in monthly instalments over a maximum of 12 years, or partial/lump sum into the lender's CPF OA.
- Repayment must be made in cash. CPF savings cannot be used to repay the loan.

WHAT ARE THE MILESTONES THAT I SHOULD KNOW OF?



represents start of repayment

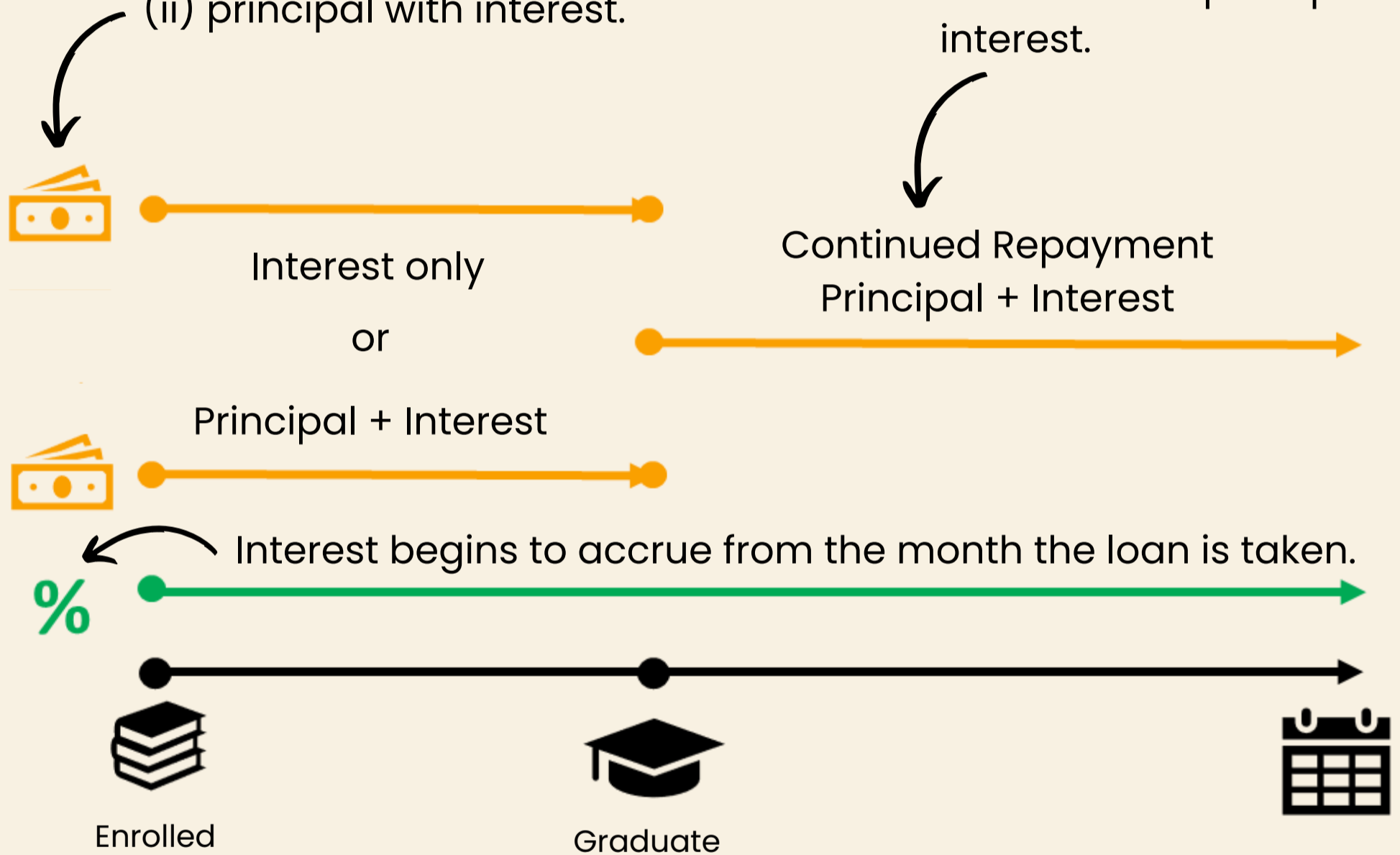


represents start of interest rate

Private Bank Loan

Repayments while you are studying can consist of either (i) interest only or (ii) principal with interest.







After graduation, repayment will consist of principal and interest.




- Repayment in monthly instalments as far as 20 years, or lump sum
- Repayments with private banks can begin while you are studying. Do make sure you are able to afford the repayment amount while studying

CONSIDERATIONS TO MAKE

Use the following table to guide your objective assessment to see which fits you

	MOE Higher Education Student Loan (HESL) Scheme	CPF Education Loan Scheme	Private Bank Loans
 Loan Coverage	For Singaporean students – Up to 90% of subsidised tuition fees. Remaining 10% can be covered if income eligibility criteria is met	Up to 100% of subsidised tuition fees, subject to Available Withdrawal Limit in CPF OA	Up to 100% of tuition fees, depending on bank
 Repayment Start	Within 1 year after graduation	1 year after graduation	Immediate when loan is drawn
 Repayment Period	10 years	12 years	Varies (as far as 20 years)
 Monthly Repayments	Monthly payments, partial/lump sum allowed	Monthly payments, partial/lump sum to lender's CPF OA	Fixed or flexible repayment plans, varies by bank
 Interest Accrual	Based on government interest rates. Interest-free during course of study, interest accrues after graduation	Based on prevailing CPF OA rate. Interest accrual from the month loan is taken from CPF OA.	Variable, depends on the bank
 Fees and Charges	No additional fees beyond interest and late payment interest charges	An administrative fee of \$10 (excludes GST) is charged on each deduction made from CPF OA	May have processing fees, late payment penalties
 Impact on Parents' Retirement	No impact	Impact on lender's retirement savings if repayment is not made promptly	No impact
 Overall Consideration	Suitable for those who can fully repay loan within short period to save on interest and who wants to preserve CPF savings	Not suitable for those with low CPF savings as it compromises their retirement saving	Banks may offer flexible repayment options, but careful management is needed to avoid additional fees like late payment fee

 You can use your own or siblings' Post-Secondary Education Account (PSEA) funds to pay the fees and charges for approved institutions and programmes. You can also use your PSEA funds to repay government education loans, including Higher Education Student Loan or approved financing scheme i.e. the CPF Education Loan Scheme.

Click [here](#) to find out more on PSEA.

Now that you understand student loans and its considerations, it is important to avoid taking more debt. Flip over to find financial planning tips, as you embark on the next phase of your life!





WHAT'S NEXT AFTER GRADUATION?

Congrats on graduating!

Are you ready for the next phase?

In the next section, we will explore how you can start to plan for your student loan repayment, with tips on financial planning and career guidance resources!

Even if you have not graduated yet, this information will help you plan ahead!



Financial planning and debt management

Read pages 11 to 13 for information on the four pillars of financial planning and get tips on debt management!

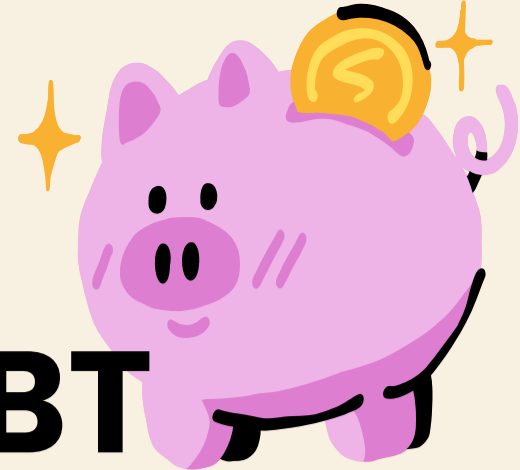


Career guidance resources

To pay off your student loans, you would need to have a job. As you embark on finding suitable jobs, read page 14 on some useful resources that can aid you in your journey!



4 WAYS TO AVOID TAKING ON MORE DEBT



PRIORITISE REPAYING HIGH-INTEREST LOANS

- If you have multiple loans, **focus on making higher repayments on loans with the highest interest rates**, while still meeting the monthly repayments for other loans
- This is to avoid missing a payment and incurring late fees



SET UP AUTOMATIC PAYMENTS

- Important to set up GIRO for the repayment
- With a busy lifestyle, it is easy to lose track of repayment. This ensures that you **never miss a payment and helps you avoid late fees.**



AVOID TAKING ON NEW DEBT, SUCH AS BNPL

- While repaying your student loans, try to **avoid taking on new debt**
- Some types of spending can easily lead to debt and snowball, e.g. using Buy-Now-Pay-Later (BNPL) plans. Live within your means



PAY MORE THAN THE MINIMUM

- Where possible, try to pay more than the minimum required amount each month. Even **small additional payments can help you pay off your loan faster and save on interest incurred.**
- Some loan schemes have penalty fees for earlier repayment, so do check your loan terms



TIPS FROM YOUR SCHOOL SENIORS



Curious to know how your seniors have managed their student loans? Here are some tips we have gathered from your seniors.

01

KNOW YOUR INTEREST RATE

“Understanding interest rate is crucial—it affects the total amount you'll repay and helps you make informed financial decisions.”

02

SET UP GIRO

“The late payment charges can stun you like vegetable. Set up GIRO and avoid missing payments.”

03

OWE MONEY PAY MONTHLY

“To understand repayment better, always ask how much you will be repaying each month in dollar terms.”

04

ASK AROUND AND UNDERSTAND THE IMPACT

“Don't be shy to ask around for advice. Ultimately, you decide which works best for you. For example, using CPF savings may impact future housing and retirement needs.”

05

START SAVING SMALL AMOUNTS

“Small steps today, big savings tomorrow.”

06

OWNSELF EDUCATE OWNSELF

“Continuously improve your financial literacy. Stay informed about personal finance topics and seek professional advice.”

HOW CAN I MANAGE MY FINANCES?

As you take your first steps into the working world, now is the best time to start building a strong foundation for your long-term goals! Here are four pillars of financial planning to help manage your finances.



Download the Basic Financial Planning Guide



Download the Budget Spreadsheet template.



1

Money Management

The foundation of financial planning. It includes budgeting, saving and wise spending habits to achieve short and long-term financial goals.



4

Retirement

Preparation for financial independence post-employment. It involves saving and investing during working years to sustain lifestyle needs in retirement.



Insurance

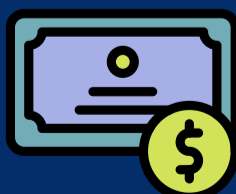
Ensures protection against unexpected events like accidents or health issues. Having enough coverage is crucial to avoid financial strain during emergencies.



2

Investing

Involves putting money into assets like stocks or bonds to increase wealth over time. It requires understanding risk, return, and diversification.



3

Download the investment starter guide.



CAREER RESOURCES FOR JOB SEARCH

Congratulations on your graduation and welcome to the workforce!
For a start, follow these few steps from WSG's **Career Starter Pack** to give your search a leap.

Find suitable job opportunities

Gain insights on available jobs at [MyCareersFuture](#) job portal. Tap on skills match score to identify suitable jobs.



Personalised career coaching

Receive additional assistance in finding a job from Workforce Singapore's [Career Coaches](#).



Congratulations on your first job!

Keep learning new skills and increase your value in the industry.



Know yourself

Employers look for candidates who are confident and know what they want.

Learn to present the best version of yourself through the [Career Starter](#) programme.



Ace the Interview

Get interviewer's attention with C.A.R.



What is C.A.R.?

Context Provide a summary of the situation.

Action Elaborate on how you solved the challenge.

Result Share the outcome and what you have learnt.

Resource Links



Website



Instagram



Financial Education
(Talks/Workshops)



INLAND REVENUE
AUTHORITY
OF SINGAPORE

Find out more about your
income tax matters here!



IRAS LinkedIn
Work Friend Newsletter



For more information on the requirements such as eligibility criteria, please visit the [CPF](#) and [MOE](#) websites.

