

## CHECKLIST



### Enter into employment without having any debt - Hints for students



A lot of students and apprentices get hold of a credit to finance their studies or apprenticeship. After completing the studies they are confronted with high sums that have to be paid back. In addition to that appear costs like health insurance premium contribution, cost of living and other costs. The principal expense factors are the federal student loan, other student loans, health insurance, rent and additional cost of living.



#### Federal student loan (BAföG)

##### ➤ after completing the studies

- repayment possible in little rates
- if you decide paying back the sum all at once, the burden will be significantly lower
- the repayment has to be carried after five years according to the maximum duration of promotion
- repayment can also be started directly after the studies
- for more information click on the brochure on the right side

##### Tips

- ✓ don't choose the rates too high as the burden could be too high – just after the studies can appear additional costs like, apartment, health insurance etc.
- ✓ lend money from parents or use savings eventually to pay back the federal student loan all at once or for the most part – then the total sum will be significantly lower (50 %)
- ✓ if you get a little salary, it is possible to apply for the exemption of the repayment
- ✓ are you married, have got children or living in a registered partnership it will increase the income limit of the exemption ([additional information you can find here](#))
- ✓ **Attention:** only the maximum of 10,000 Euro has to be repaid, that's why it is sometimes not worth it paying back all at once especially if you claimed promotions of over 15,000 Euro.

##### ➤ after dropping out of the studies

- when deciding for a change in subject area after at the latest three semester you still receive the promotion out of the federal student loan (BAföG), only if there is an acknowledged reason for the change for example lack of eligibility or change in leaning
- dropping out of the studies means that you have no claim on the federal student loan (BAföG)
- repayment is possible after five years according to the maximum duration of promotion

##### Tips

- ✓ there are limits to 10,000 Euro in repayment and possible exemptions see "after completing the studies – tips"
- ✓ don't choose the rates too high as other financial burdens can queue





## KfW student loan

### ➤ after completing the studies

- similar to BaföG you can choose also a waiting period for the repayment, up to 23 months after the last payment or completion of the studies
- in contrast to BaföG it has to be repaid in the whole sum
- interest rates of 6,5 % are due
- like with every other loan too, it has to be dealt with additional fees that are added to the credit level and interests
- for more information click on the brochure on the right side

#### Tips

- ✓ unscheduled payments are possible, changes concerning the plan of repayment are possible only within a determined time window
- ✓ don't choose the rates of repayment too high at the beginning, these can be modified later if necessary
- ✓ make use of the waiting period, that can be shortened also later
- ✓ **Careful:** note the periods for changes in the process, payments – these end mostly several months before the actual changes take place and then they can't be modified anymore for several months.

### ➤ after dropping out of the studies

- payment of loan ends immediately
- you can and should make use of the waiting period for the paying-off

#### Tips

- ✓ note the periods and keep an eye on them – changes can only take place within a determined time window and come into force later
- ✓ don't choose the rates too high due to numerous and other new cost expenses



## Other student loans

- next to the KfW student loan, the arrangements for other student loans can vary

#### Tips

- ✓ in general it is recommended to study carefully the conditions and to note the flexible possibilities of repayment like begin of paying out with the first income and waiting period
- ✓ the possibilities of paying out and repayment should have the ability to be modified at any time, as unforeseen changes during and after the studies can appear
- ✓ You should also take an eye on to the interests and fees, only these could mean a high monthly burden
- ✓ The German student union recommends not to finance the studies only through a loan
- ✓ **Attention:** Don't ever drop out of your studies to get rid of your debts, the studies are an important investment into your future and if you drop out beforehand the promotions are left out – repayments have to be carried out straight away, the situation gets even worse in all areas





## Health insurance

- if you are not insured within your family health insurance the costs for health insurance come to under 100 Euro every month during the studies
- if you find a job straight away after leaving the university these costs are divided between the employer and the employee – though they are subtracted from your gross income – therefore you don't take care of the payment
- if you are on the dole you don't have to pay the costs for the health insurance
- Careful: Working as a freelancer puts you into the position to take care of your own health insurance – these costs can come up to over 300 Euro monthly – an additional significant burden

### ➤ Attention: The following particularities in side jobs and student side jobs

- a lot of students works as employee or freelancer next to their studies and receive an additional income with the promotion of their parents ,federal student loan, student loan
- the cheap student tariffs of the health insurance are based on a low income
- if you get hold of a higher income through side jobs (be it a fulltime job in the semester holidays, freelancer activities or other side jobs ) and it exceeds the base of computation – the demanding sum will increase ([more information](#))
- the increase of the health insurance premium contribution is carried all at once and then you are asked to repay everything retrospectively – if a student has worked for six months and has earned very well but paid the low contribution the whole time – he will have to pay the debts all at once to the health insurance.
- if you get in touch with the health insurance beforehand you can agree cheap rate payments

#### Tips

- ✓ if you get into financial trouble you should get in touch with your health insurance beforehand – on many occasions rate payments are possible
- ✓ if the health insurance premium contributions are not paid and you don't get into contact with the health insurance – attachment of debts can occur – these should be really avoided
- ✓ even if you drop out of the studies you should get in touch with your health insurance and clarify the future insurance conditions – more often cheap alternatives are possible
- ✓ eventually you could think about affiliating to the private health insurance with cheaper contribution rates – although you should examine the costs and insurance very carefully beforehand





## Additional cost of living

- after completing their studies the majority of students and apprentices are looking for an own apartment – the communal residence or parental home will be left
- Having an own apartment means the carriage of extra costs that aren't shared with others – for example rent, electricity, gas, television, running costs, technical equipment, radio and television licence fee, food etc.
- public transport in connection with the student season ticket can't be used anymore for free – the costs amount to over 50 Euro or more monthly
- to that are added great single purchases, repair costs, consumer expenditure for clothes, technical equipment, holidays and other purchases
- These costs are often underestimated, hire purchases are carried out and the danger to lose the overview very quickly. Debts arise before beginning your professional career



## What to do to avoid debts? General hints

To get rid of a pile of debts at the beginning of the working life or end of studies/apprenticeship students and apprentices should keep always an eye on their finances. The following can be of great support:

- create a budget with all the earnings and a summary about all expenditures
- avoid hire purchases
- gross borrowing from bank only if it is really necessary
- the studies shouldn't be financed predominantly through a loan
- in case of side jobs or side earnings clarify beforehand, how these react with the taxes and the health insurance
- don't ever think about dropping out of the studies to repay the debts – the studies/apprenticeship should always be treated with priority and stands for an important investment into the future
- if possible make use of a scholarship to finance the studies, an overview you can find here, plus scholarships of universities( in that case you should inform yourself about all possibilities and chances)
- a frequent reason for debts is the existence of a pregnancy, following separation and the activity as single parent – if no support can be expected through family or relatives you really can get into financial trouble
- Money shouldn't be spent always in the same way – it is recommended to set up savings in case bigger repairs on washing machine, car or similar have to be carried out or other unforeseen events take place



## What is to do if you don't find a way out of the debts?

In that case you should get in touch with a debt counsellor. He will develop a special repayment plan so that you can get on top of your debt problem. Federal states and local authorities offer public and free advice centres. In addition exists the possibility to go to private advice centers on debt counseling. Although they are liable to costs.

