



Overseas study -Financial Issues

Studying overseas is often one of the memorable and rewarding experiences for students. However, the pleasure of overseas study can soon sour if things go wrong financially. It is important to be suitably prepared before you arrive. This leaflet briefly covers some common financial issues for students studying overseas. For a more general overview of overseas exchange, visit the Melbourne Abroad web site

www.mobility.unimelb.edu.au

Getting ready – Making preparations

Travellers overseas are often surprised when they notice the difference with exchange rates and the **cost of living** in a new country. Most Universities have information for foreign students regarding the cost of daily living on their websites, so it is well worth checking out these sites. Other websites to check from the host country should be online supermarkets – check the cost of groceries against your current shopping list and real estate sites (if you haven't organised accommodation) to check the cost of renting.

Using the above information, it is important to sit down and write a realistic budget for how much you expect to spend while you are away. Include the big one-off costs such as flights, course fees and insurance with the ongoing costs such as accommodation, meals, spending money and costs for further travel.

Don't forget ongoing costs in Australia while you are away - Are you maintaining a rental property while away? Have car costs? Are you expecting any bills? These should all be included in your budget.

Remember – if you find you can't afford to travel just yet, the rest of the world will still be waiting for you when you can. It is better to be prepared than to 'crash and burn' midway through your semester.

Australian Government assistance

Centrelink

Youth Allowance and Austudy is paid to students studying full time overseas who fulfil the eligibility criteria. It is important to organise your benefit *before* going overseas, as you must be in Australia to submit and sign documents. It is a legal requirement that you inform Centrelink that you are going overseas, and certainly worth doing, as your benefit may change.

Full time students who are *not* studying overseas, but simply travelling, are entitled to 13 weeks of Youth Allowance or Austudy.

OS HELP loans

The federal government provides loans with long term repayment terms in the form of OS HELP loans. Loans are repaid through the HECS system. Students are entitled to borrow between \$2000 and \$5000, but must pay an extra 20% administration fee on what they borrow. For example, if you borrow \$3,000 the debt you

incur will be \$3,000 for the loan and a \$600 charge, and, therefore, you will need to repay \$3,600. The amount to repay is also adjusted to inflation (usually about 3% per year).

For more information of OS HELP, visit the Melbourne Abroad site www.mobility.unimelb.edu.au/OS_HELP.htm

Financial Assistance from the University

The University of Melbourne provides some financial assistance to students travelling overseas on exchange. A list of available resources can be found on the Scholarships office and the Melbourne Abroad web sites: www.services.unimelb.edu.au/scholarships/gradcoursework/current/travelling

www.mobility.unimelb.edu.au/ma_program/scholarships

Student Financial Aid also provides limited assistance to students in financial need. It is possible for students to obtain an interest free loan if they are in financial need for the purpose of course-related travel. For further information, visit the Financial Aid web site: www.services.unimelb.edu.au/finaid/

Bank loans and credit cards

Credit cards and loans are not savings – they are putting off a debt that you must repay eventually. Interest accumulating debts can be a big problem when students return home – particularly if they are still studying and can't work enough to pay it off! Accessing credit should not be a part of your pre-exchange budget. If you must use credit, remember to shop around for the best deal for you. For further information on credit card and debt issues, visit the Australian Security and Investments Commission's site www.fido.gov.au

Further travel

Further travel overseas after study has concluded can have some serious consequences for Youth Allowance and Austudy payments. Usually Centrelink will only pay for the length of a course while you are out of Australia. If you plan to travel before or after your studies, make sure you have some savings. Check with Centrelink about your individual circumstances.

Part time work when overseas

Many students (and their partners) undertake part time work while on exchange to help defray living costs, or to assist them with funding further travel. It is worth keeping in mind issues such as tax and superannuation in the host country, as well as potential language barriers. You should not count on part time work in your budget unless you have guaranteed work when you arrive.

**Financial Aid - Student Wellbeing Services
Ground Floor, Baldwin Spencer Building
University of Melbourne**

Web: www.services.unimelb.edu.au/finaid/

The information provided on this information sheet was correct at time of printing (July 2009). The University reserves the right to make changes as appropriate.