



# Trade Support Loans – Under 18s

This fact sheet is for minors and must be read before applying for a Trade Support Loan. This should be read in conjunction with *Trade Support Loans – at a glance*.

## What are Trade Support Loans?

Trade Support Loans (TSLs) provide you up to \$20,808 if you are working in skills needs area. TSLs assist with the costs of living and learning while you undertake your apprenticeship. A 20 per cent discount is applied to the amount borrowed when you successfully complete your apprenticeship. You are required to repay the loan through the tax system when your income meets the repayment threshold.

There are no age restrictions for applying for a loan and it is your choice to take out a loan based on your own personal circumstances. If you are under 18 years of age, you are asked to declare on the Trade Support Loans Application Form that you have read and understood this fact sheet before applying.

## What are my responsibilities when taking out a Trade Support Loan?

Taking out a loan is a serious financial responsibility as it involves borrowing money and paying it back over time. Information to help you make a decision and identify the responsibilities involved in taking out a loan is available on the MoneySmart website at [www.moneysmart.gov.au/life-events-and-you/under-25s](http://www.moneysmart.gov.au/life-events-and-you/under-25s). You are strongly encouraged to view the information on this website to ensure you are fully aware of your responsibilities.

Before you apply for a loan, it is advised that you consider your current circumstances to see exactly where your money goes now and how much you could afford in repayments if you were to meet the income repayment threshold. It is important to think about how your circumstances may change in the future, for example changing jobs or moving out of home.

It is your responsibility to be aware of your obligations when taking on the loan and the requirement to pay it back.

Loans need to be repaid through the tax system once your income reaches the repayment threshold. For the 2018-19 financial year the threshold is \$51,957. The amount you repay each year is a percentage of your income. The percentage increases as your income increases, so the more you earn, the higher your repayments will be. The Australian Taxation Office (ATO) will calculate your compulsory repayment for the year and include it on your income tax notice of assessment.



Indexation is applied in June each year in line with changes to the cost of living (in line with the Consumer Price Index (CPI)). Once indexation is applied, this will increase the amount of money you will have to pay back. You can make a **voluntary repayment** to the ATO at any time and for any amount. There are no discounts or penalties for making a voluntary repayment. Voluntary repayments are in addition to compulsory repayments. They are not refundable.

## Further Information

It is recommended that you do your research and assess whether taking out a Trade Support Loan is the best option for you. When taking out a Trade Support Loan, it is important to remember that you are obliged to repay the total amount borrowed plus any indexation that has been applied (minus any successful completion discounts) through the tax system.

It is also recommended that you discuss your obligations with your parent or guardian so they are aware of the agreement you are entering into. In addition, if you are under 18 years of age you are encouraged to seek the acknowledgment of a parent or guardian, by having them sign the Trade Support Loans Application Form, to demonstrate that you understand that the Trade Support Loan must be repaid. Further information is available for parents and guardians from your Apprenticeship Network provider to ensure they are aware of the requirements and obligations you may take on.

For further information on eligibility and applying for a Trade Support Loan, contact your Apprenticeship Network provider.