



# Trade Support Loans - Under 18s

## Parent/Guardians

This Fact Sheet is provided for parents and guardians of minors (that is, individuals under 18 years of age) to assist them in helping their minor to decide whether to apply for a Trade Support Loan. This Fact Sheet should be read in conjunction with the *Trade Support Loans Fact Sheet* and the *Trade Support Loans Under 18s Fact Sheet*.

### What are Trade Support Loans?

Trade Support Loans provide up to \$20,808 to apprentices in priority areas to assist them with the costs of living and learning while undertaking an apprenticeship. A 20 per cent discount is applied on the amount borrowed when the apprentice successfully completes their apprenticeship. Apprentices are required to repay the loans through the tax system when their income meets the income repayment threshold.

There are no age restrictions for applying for a loan and individuals do not have to take out a loan even if they are eligible. It is important to note that if the apprentice is under 18 years of age, they are asked to declare on the *Trade Support Loans Application Form* that they have read and understood the *Trade Support Loans Under 18s Fact Sheet* before submitting an application form.

In addition, if the apprentice is under 18 years of age they are encouraged to seek acknowledgment from you that they understand that the Trade Support Loan must be repaid. Further information is available from Australian Apprenticeships Centres for you to ensure you are aware of the requirements and obligations the minor may take on.

### What are the responsibilities of a minor 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. As the minor is considering taking out a Trade Support Loan to assist them with the costs of living and learning while undertaking an apprenticeship, it is recommended that you ensure they are making an informed decision. See *Further Information* below which provides a link to the MoneySmart website.

When providing assistance to the minor in the decision making process, it is important to consider circumstances that may change in the future and which could affect the minor's ability to repay the Trade Support Loans debt, for example changing jobs or moving out of home.

It is the responsibility of the minor to be aware of their obligations in taking out a loan and the requirement to repay.

Loans need to be repaid through the tax system once the individuals' income reaches the repayment threshold. For the 2018-19 financial year the income threshold is \$51,957. The amount that is required to be repaid each year is a percentage of the individual's income. The percentage increases as their income increases, so the more they earn, the higher their repayment will be. The Australian Taxation Office (ATO) will calculate their compulsory repayment for the year and include it on their income tax notice of assessment. Voluntary repayments are in addition to compulsory repayments. They are not refundable.

Indexation is applied annually in line with changes to the cost of living (in line with the Consumer Price Index (CPI)). Once indexation occurs, this will increase the amount of money the minor will have to pay back. The minor is able to 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.

### **Further Information**

It is recommended that you do research and assess whether taking out a Trade Support Loan is the best option for the minor as there are serious responsibilities associated with taking out a financial loan. Information to assist with identifying 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). It is advised that you read through this material with the minor.

For further information on eligibility and applying for a Trade Support Loan, the minor should contact their Australian Apprenticeship Support Network provider.