Studying Overseas: 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 come home mid-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.

If you are not currently receiving a student payment and need to apply:
• you can lodge a claim up to 13 weeks prior to becoming eligible
• you should not leave it too late as claims can take up to a month to process
• visit www.centrelink.gov.au to apply

If you are currently receiving Youth Allowance or Austudy:
• You can continue to receive payments whilst on exchange as long as you remain enrolled.
• If you are on the “at home rate” of Youth Allowance you are eligible for the “away from” home rate whilst overseas.
• Rent assistance is not payable for accommodation outside of Australia.

Suggestions:
• Advise Centrelink well before you depart to allow for documents to be processed.
• Take the letter from your tertiary institution advising of the details of your study and your departure and return dates to your local Centrelink office. Once the documents have been processed you will receive a letter notifying you of the dates you are entitled to receive payments. Make sure you check the dates carefully and if you believe they are incorrect, contact Centrelink immediately.
• Nominate a person to be permitted to enquire whilst you are away and leave copies of your verification documents with them.
Centrelink and leisure travel
Full time students who are not studying overseas, but simply travelling, are entitled to 6 weeks of Youth Allowance or Austudy. However, if you are studying, your payment will suspend when your study is complete and will not resume until you arrive back in Australia. Therefore it is worth considering taking any leisure travel prior to starting study, rather than afterwards.

OS HELP loans
The federal government provides loans with long term repayment terms in the form of OS HELP loans to undergraduate students with a minimum of 50 credit points remaining in their degree. Loans are repaid through the HECS system. Students are entitled to borrow up to $5824. The amount to repay is also adjusted to inflation. Note that this is not compound interest.


Financial Assistance from the University
The University of Melbourne provides some financial assistance to students travelling overseas on exchange. A list of available resources and funding can be found on the Scholarships office and the Melbourne Abroad web sites: www.mobility.unimelb.edu.au/outgoing

For Undergraduates: www.services.unimelb.edu.au/scholarships/ugrad/current/travelling
For Graduate students: www.services.unimelb.edu.au/scholarships/gradcoursework/current/travelling

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. Compound 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. Using credit should not be a part of your pre-exchange budget. For further information on credit card and debt issues, visit the Australian Security and Investments Commission’s site www.moneysmart.gov.au

If you must use credit, remember to shop around for the best deal for you. There are a number of interest rate comparison sites on the net, including www.mozo.com.au

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.

Banking and Telephone issues
Many overseas travellers are shocked to see high billing charges when they use their Australian ATM cards or mobile phones while they are overseas. Some banks charge over $20 per overseas ATM transaction. Ask your bank or telephone provider about their overseas charges before you go, and make arrangements accordingly.

Student Financial Aid
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 (December 2012).