



Trade Support Loans - Parents and Guardians

Parents and guardians should use this fact sheet when helping their minor (an apprentice under the age of 18 years) decide whether to apply for a Trade Support Loan (TSL). This fact sheet should be read in conjunction with the fact sheets *Trade Support Loans – At a glance* and *Trade Support Loans – Under 18s*.

What is a Trade Support Loan?

The TSL can assist with everyday costs while an apprentice undertakes their training. Apprentices in a skills need occupation may be eligible to apply for a TSL of up to \$21,078.

Apprentices must repay the loans through the tax system when their income meets the minimum repayment threshold. When the apprentice has successfully completed their apprenticeship, the TSL debt can be reduced by 20 per cent.

There are no age restrictions for applying for a TSL. Individuals do not have to take out a TSL even if they are eligible. 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 *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, their parent or guardian, that they understand that the TSL must be repaid. Further information is available from [Australian Apprenticeship Support Network](#) (Apprenticeship Network) providers 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. It is the responsibility of the minor to be aware of their obligations in taking out a loan and the requirement to pay it back.

When the minor is considering taking out a TSL, it is recommended that you ensure they are making an informed decision.

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 TSL debt, for example changing jobs or moving out of home.



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. You are strongly encouraged to discuss the information on this website with the minor.

How are Trade Support Loans repaid?

The TSL needs to be repaid through the tax system once the individuals' income reaches the minimum repayment threshold. For the 2019-20 financial year the income threshold is \$45,880.

The amount that must be repaid each year is a percentage of the individual's income. The percentage increases as their income increases: The more they earn, the higher their repayment will be. The Australian Taxation Office will calculate their compulsory repayment for the year and include it on their income tax notice of assessment.

The amount that must be repaid is adjusted every year by an Indexation rate to reflect the changes to the cost of living (in line with the Consumer Price Index). The Indexation rate will increase the amount of money the individual will have to pay back.

In addition to compulsory repayments, the individual can make voluntary repayments at any time and for any amount. These repayments are not refundable and there are no discounts or penalties for making a voluntary repayment.

Further Information

For further information on eligibility and applying for a TSL, the minor should contact their [Apprenticeship Network provider](#).