YOUNG PEOPLE AND NATIONAL INSURANCE

October 2017

TaxPayers' Alliance

Fees, loans and tax: young people and national insurance

Executive summary

Tuition fee hikes, planning policies and lifestyle taxes all hit younger people hardest by making education, housing and entertainment more expensive.

The government should lighten the load it places on young people, but abolishing tuition fees or making student loan repayment terms even more generous would be **unfair to those who don't go** to university. It would also take life choices away from young people and give them to politicians and bureaucrats. Instead, we should lift the starting age for employee national insurance from 16 to 26, 30 or 32. The government **shouldn't** give hand-outs to students and graduates; it should help all young people by taking less of their money.

The three options we propose are:

1. Raise the starting age on employee national insurance from 16 to 26 instead of the government's plan to raise the student loan repayment threshold from £21,000 to £25,000. Nobody aged 25 or under would pay any employee national insurance. The government's plan raises spending by £2.3 billion, ours cuts tax by £2.6 billion. **A median earner would pay £5,488 less national insurance** by the time they turn 26 years old.
2. Raise the starting age on employee national insurance from 16 to 30, cut the student loan repayment threshold from £21,000 to £12,500 and raise the repayment rate from 9 to 15 per cent. Most graduates would repay their loans and no under 30s would pay any employee national insurance. Do this instead of the government's plan to raise the student loan repayment threshold from £21,000 to £25,000. The government's plan raises spending by £2.3 billion, ours cuts spending by £4.4 billion and cuts tax by £7.2 billion. This option would cut the subsidy of student loans by £4.4 billion to £1.2 billion rather than increasing it by £2.3 billion to £7.9 billion.

   Under 30s would be better off by £7.2 billion a year, with median earners paying £12,564 less national insurance by the time they turn 30 years old. Instead of repaying just £742 of their student debt under the current system or nothing under the government's plans, graduates on median earnings would repay £9,589 by their 30th birthday.

   Importantly, it would strengthen market forces in higher education so students choosing their courses would benefit from cost savings, instead of the government, while tax cuts would boost economic output and employment. This would improve job prospects for workless young people and raise after-tax incomes of graduates and non-graduates alike.
3. Raise the starting age on employee national insurance from 16 to 32 instead of Labour's plan to abolish tuition fees. No taxpayer under 32 would pay any employee national insurance. Labour's plan raises spending by around £9.5 billion; ours cuts tax by £10.2 billion.

We have calculated that the long-term fiscal impact of these options will be similar to government and Labour plans to increase spending on student loans. It should be noted, however, that they do this by reducing the tax burden on young people now instead of reducing the amount graduates will have to repay in the future. So while the long-term impact will be the same (not including the economic benefits of cutting tax rates), these proposals will result in less cash for the government now and more in future relative to the government and Labour alternatives.

Inter-generational unfairness?

The split between support for Conservatives and Labour at the 2017 general election was more pronounced on age than almost any other demographic category. YouGov found that net support for Labour was 47 per cent among people aged 18-19, 40 per cent among those in their twenties and even 26 per cent among thirty-somethings.[1] By contrast, Conservatives enjoyed a 10 per cent lead among 50-something voters, a 41 per cent lead among 60-somethings, and a 50 per cent lead among those aged 70 or above.

The scale of this demographic fissure on age is new and while contrasting support levels between demographic groups for political parties is not intrinsically important, it does reflect a deeper, real problem. This problem has long been growing but has only recently erupted into electoral significance. For decades, green belts and other planning restrictions have been slowly squeezing wealth from typically younger non-owners of property to typically older owners by driving up rents and house prices.[2] The introduction of tuition fees and then their dramatic increase in 2012 represented another substantial redistribution of resources from younger to older people, as did the infamous coalition government 'triple lock' policy of increasing pensions at the highest of prices, earnings growth or 2.5 per cent. Alcohol and cigarette taxes disproportionately affect the young, too, because younger people consume more of each.

The striking swing in support among younger people towards Labour was partly due to their policy platform of abolishing tuition fees and introducing rent controls. It was also a reaction to Conservative policy since 2010, particularly on tuition fees, rent controls and Brexit (support for leaving the EU is strongly correlated with age). It is right to address the intergenerational unfairness of government policy. But it should be corrected in the right way.

Tuition fees and student loans

Student loans were introduced in 1990. In 1998, most students began paying £1,000 a year towards their tuition fees and were eligible for maintenance loans. Loans replaced grants for students from low-income households in the following year. In 2006, the student contribution towards fees was tripled to £3,000 a year and then tripled again to £9,000 in 2012. In 2017 the cap was raised to £9,250. Repayments are calculated at the rate of 9 per cent on income above a threshold of £17,775 (pre-2012 courses) or £21,000 (courses begun after 2012). Interest rates are applied at the base rate plus 1 per cent (pre-2012 courses) or RPI plus 3 per cent for those earning over £41,000 or RPI for those earning under £21,000 (courses begun after 2012).

Almost all universities (113 out of 116 English institutions in the Reddin survey[3]) charge the maximum £9,250 a year fee for all courses. The average fee loan in 2016-17 was £8,905[4], when the cap on tuition fees was still £9,000. A student who began a three-year course this year will have accrued a debt of £54,217 (or £50,719 in 2017 prices) by graduation in 2020.[5] Loans are written off after 25 years (pre-2012

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[1] Curtis, C., *How Britain voted at the 2017 general election*, YouGov, 13 June 2017, https://yougov.co.uk/news/2017/06/13/how-britain-voted-2017-general-election/

[2] Niemietz, K., *Redefining the Poverty Debate Why a War on Markets is No Substitute for a War on Poverty*, IEA, 2012, https://iea.org.uk/wp-content/uploads/2016/07/IEA%20Redefining%20Poverty%20Debate.pdf

[3] The Complete University Guide, Foundation & Undergraduate Tuition Fees 2017–18, https://www.thecompleteuniversityguide.co.uk/university-tuition-fees/reddin-survey-of-university-tuition-fees/foundation-undergraduate-tuition-fees-2017%E2%80%9318,-ukeu/

[4] Bolton, P., *Tuition Fee Statistics*, House of Commons Library, Number 917, 2 December2016, http://researchbriefings.files.parliament.uk/documents/SN00917/SN00917.pdf

[5] Belfield, C. et al, *Higher Education funding in England: past, present and options for the future*, IFS, July 2017, Table A.2., https://www.ifs.org.uk/uploads/publications/bns/BN211.pdf

courses) or 30 years (courses which begun after 2012). More than three-quarters of students are not expected to fully repay their loans.[6]

For this majority of students, the student loans system operates effectively as a graduate tax because how much they pay is dependent on how much they earn. It is only students who pay back all of their loans before the 25 or 30-year cancellation date who effectively have a loan. Repayments disincentivise work for the same reason taxes do and cost control is weak because most students would save little themselves if their courses were any cheaper, unless radically so. Opting for a cheaper course normally only means that less debt is written off at the 30-year limit. So it is unsurprising that almost all courses charge the maximum fee allowed.

Proposals to abolish fees

Labour pledged to abolish tuition fees in their manifesto for the 2017 general election, a pledge which the party leader, Jeremy Corbyn, repeated in his speech to the September 2017 party conference. The IFS estimate that this would increase the government's upfront outlay by £1.2 billion, which reflects the spending on fees of students who currently choose not to take up student loans. They estimate the full cost, however, to be £6.5 billion[7], taking into account the present value of future student loan repayments, when students graduate. They have also promised to reintroduce maintenance grants for students from the poorest households, which would add another £1.5 billion.

The total cost of this policy would therefore be an estimated £8 billion a year for students in England. This estimate does not make assumptions regarding how student numbers, and therefore costs, might increase. Nor does it account for Scotland, Northern Ireland or Wales, where education is a devolved matter but the Barnett formula would add to the cost.

Abolishing tuition fees would therefore be a very expensive policy. It is also seriously flawed. First, it removes the incentive for students to select a course which is high quality and low cost, and to make the most of their time as a student. The quasi-tax nature of the repayments system weakens this incentive for most students which has substantially weakened forces acting to control costs and push up quality. But eliminating this mechanism altogether is the wrong approach to the problem.

It also disproportionately benefits students who go on to earn the highest incomes. Repayments from graduates earning over £100,000 would fall by 67 per cent while the lowest-earning graduates would benefit very little, according to the IFS.[8]

Proposals to cut interest rates

The Russell Group of 24 elite universities and UK 2020[9], a think tank, have called for lower interest rates than the RPI + 3 per cent charged while students are still studying and when their graduate incomes exceed £41,000. The reasons offered are that this rate is substantially higher than the rate at which the government can borrow and that it is higher than commercial lending rates, although it is acknowledged that the terms are much more generous than commercially available.

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[6] Belfield, C., et al, *Labour's Higher Education proposals will cost £8bn per year, although increase the deficit by more. Graduates who earn most in future would benefit most* , IFS, 11 May 2017, https://www.ifs.org.uk/publications/9217

[7] Ibid.

[8] Ibid.

[9] Tice, R., and Al-Humaidhi, T., *Timebomb, how the university cartel is failing Britain's students*, uk2020, 2017, http://www.uk2020.org.uk/wp-content/uploads/2017/09/JRTI5635_UK_higher_education_timebomb_report_170830_WEB.pdf, and Bradshaw, T., *Blog: Sustainable funding in higher education*, Russell Group, 17 July 2017, http://russellgroup.ac.uk/news/blog-tuition-fees-in-higher-education/

This analysis is flawed. The small interest rate, up to 3 per cent above a measure of inflation, goes nowhere near to covering the risks involved with lending on such generous terms. The rate is also needlessly complex and a better policy would be to charge a flat 3 per cent regardless of the income of the graduate. Assessing repayments on income levels already protects low-income graduates.

Government plan to raise the loan repayment income threshold to £25,000

The prime minister announced three policies on 1 October, the first day of her party's 2017 annual conference. First, the cap on tuition fees would remain at £9,250 in 2018 instead of rising to £9,500. Secondly, the repayment threshold would rise from £21,000 to £25,000 for students enrolled since autumn 2012. Finally, the government would conduct a review into the funding of higher education.

This announcement followed recent reporting that the chancellor of the exchequer is considering cutting the tuition fee cap from £9,250 to £7,500 to rein in costs in universities.[10] This would represent a cut of over £5,000 over a three-year degree. He is also reported to be considering cutting interest rates and varying the tuition fee cap according to subject, to account for the differences in graduate employment prospects between subjects.

Freezing the cap on tuition fees next year is a relatively small measure that will save money for both taxpayers and students. It will reduce both the upfront cash requirement and the long-term cost of higher education loans by approximately £300 million.[11]

Raising the income threshold for repayments to £25,000 will cost £2.3 billion a year, raising the estimated subsidy in student loans from £5.6 to £7.9 billion a year. The number of graduates who will not repay all their loans will rise from 77 per cent to 83 per cent.[12] This will make the system even closer to a graduate tax, weakening incentives for students to control costs and for graduates to create wealth.

A more satisfactory approach to reducing costs in universities, however, would be to reduce the extent that the loans system is effectively a graduate tax which leaves students with no or little incentive to control their spending on courses. Instead of raising the income repayment threshold and cutting interest rates, the government should cut the income repayment threshold and raise the repayment rate so more graduates pay off their loans and do so faster.

Tax cuts, not spending rises or regulation

Students should be trusted more, not less. Instead of directly intervening in tuition fee levels or handing a larger subsidy to graduates, we should instead cut taxes. You don't have to be a student or graduate to struggle with the cost of living. Non-graduates are finding it difficult to cope with the cost of living, too. While there is some justification for subsidising higher education with taxpayers' money because it is associated with higher incomes and social mobility, the current levels of subsidy are already too generous. Even higher spending, in the form of the government's repayment threshold rise to £25,000 or Labour's proposal to abolish tuition fees altogether each have serious flaws and both are unfair on the taxpayers who are left with the bill.

The tuition fee system reflects the fact that university is not cheap, and it is right that the beneficiaries of higher education should contribute towards the cost. This isn't only because it means they are personally likely to earn much larger incomes than non-graduates. It's also because the cost

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[10] Griffiths, S., Chancellor Philip Hammond set to slash university tuition fees by £5,000, *Sunday Times*, 17 September 2017, https://www.thetimes.co.uk/article/chancellor-philip-hammond-set-to-slash-university-tuition-fees-by-5-000-mxrkh0qxn

[11] Belfield, C. et al, *Higher Education finance reform: Raising the repayment threshold to £25,000 and freezing the fee cap at £9,250*, IFS, IFS Briefing note BN217, 2017, https://www.ifs.org.uk/uploads/publications/bns/BN217.pdf

[12] Ibid.

makes students think twice before committing to a very costly activity and helps focus attention on ensuring value for money.

Instead of spending more on students, we should cut taxes for all young people.

Because it already only applies to people based on their age, the simplest, best way to do this would be to raise the starting age for liability for national insurance. This would avoid adding ugly complexity to the tax system and should be seen as a step towards a longer-term objective of eliminating national insurance altogether.

An alternative to raising the starting age for employee national insurance would be to raise the starting age for employer contributions. Market forces would mean the benefit would be passed on to employees in the form of higher wages but for presentational reasons, it is regrettably inevitable that the direct effect of cutting the employee charge would be politically preferable. Table 1 at the end of this document provides our estimates for both national insurance receipts by age in 2018-19, together with our estimates for how much employer national insurance would be recouped in income tax. Tables 2 provides our estimates for employee national insurance contributions for a median earner in 2018-19, together with student loan repayments under the current system, the recently announced new system and the system we propose below. Tables 3 and 4 provide our estimates of those numbers for earners in the 25th and 75th percentiles on the earnings distribution.

Transferring costs from taxes to loans, and from non-graduates to graduates

The current student loans system has set up a fiscal problem for the future because the very substantial subsidy on student loans will only be recognised in the deficit when they reach their expiry and are written off, 30 years after graduation. Our proposal eliminates much of this problem by making the terms much more affordable to taxpayers but less generous to graduates. It balances this with a substantial tax cut for under 30s.

Non-graduates under 30 would enjoy a substantial tax cut. Graduates under 30 would be required to use most of the tax cut to repay more of their student loan. Graduates over 30 would still be required to repay more of their loans but would no longer enjoy the tax cuts if the government made no progress towards eliminating national insurance in time.

Abolish employee national insurance on taxpayers aged 25 and under

Instead of raising the student loan repayment threshold from £21,000 to £25,000 a year for students who began their courses in 2012 or later, the government should instead raise the starting age for employee national insurance from 16 to 26, in effect abolishing employee national insurance for everyone aged 25 and under. The IFS estimate the cost of raising the repayment threshold to £25,000 at £2.3 billion a year. We estimate that raising the employee national insurance starting age to 26 would mean £2.6 billion lower receipts for the treasury.

While the cost to the exchequer would be approximately the same for both measures, raising the threshold is hidden from the deficit because its impact is only recorded at the time when remaining loans are written off. More importantly, lifting people out of employee national insurance would strengthen work incentives with wider effects on economic growth and employment which we have not calculated. It would also mean that the proportion of students failing to repay their loan would not rise from 77 to 83 per cent. In fact, due to the enhanced work incentives, it is likely that graduates might increase their earnings leading to greater numbers eventually repaying their loans in full.

Abolish employee national insurance on taxpayers aged under 30

Better still, instead of simply abandoning the proposal to increase the student loan repayment threshold to £25,000 a year, the government should cut it to £12,500 a year and raise the repayment rate from 9 to 15 per cent. This should apply for the entire life of new loans but only until age 30 for repayment of existing loans. This would mean a post-2012 graduate earning £26,000 would repay £2,025. Currently, they would repay £360 and under the government's proposals they would repay just £90. We estimate that this would cut the student loans subsidy by £4.4 billion from £5.6 billion to £1.2 billion.

Compared to the cost of the student loans system with a threshold at £25,000 a year, our proposed system would be £6.7 billion a year cheaper. We estimate that the treasury would lose £7.2 billion a year by abolishing employee national insurance for the under 30s, without calculating any 'dynamic' effects from improved work incentives nor tax recouped from consumption taxes.

We have not estimated the reduction in the number of borrowers who would no longer fail to fully repay their loans, but it is likely to be substantial and we expect that the majority of graduates would be able to fully repay their loans. This would mean the loans system would, for most, operate like loans with safe-guards rather than a quasi-tax. Students would therefore have a personal financial incentive to avoid unnecessarily expensive courses and graduates would benefit from repaying more of their loans sooner because it would mean that their final repayment would be brought forward rather than given to the government in the form of a lower amount of debt written off at the end of the loan term.

Taxpayers on median earnings currently pay an estimated £12,564 in national insurance by their 30th birthday and repay £742 of student loans, if they are graduates. The government's plan would reduce their loan repayments to zero because it is only at age 30 when forecast median earnings rise above £25,000. Our proposal would mean they would repay £9,589 of their loan but save £12,564. Taxpayers at the 25th percentile of earnings will earn a forecast £16,860 at age 29 and already make no student loan repayments before 30 (and therefore do not benefit from the government's plan). Under our proposal, they would repay £2,538 of their loan but save £5,508 in national insurance. Taxpayers at the 75th percentile of earnings will earn a forecast £33,590 at age 29 and repay £4,889 of their student loan before 30. Under the government's plan, this will fall to £2,609. Under our proposal, they would repay £18,883 of their loan before reaching 30 but save £20,565 in national insurance.

Abolish employee national insurance on taxpayers aged under 32

Labour's policy of abolishing tuition fees and restoring maintenance grants is estimated to cost £8 billion in England. Scaled up to a UK level on a population basis, this would equate to around £9.5 billion. We estimate that the treasury would lose £10.2 billion a year by abolishing employee national insurance for taxpayers aged under 32, without calculating any 'dynamic' effects from improved work incentives nor tax recouped from consumption taxes.

Taxpayers on median earnings will pay an estimated £16,742 in national insurance by their 32nd birthday and repay £1,594 of student loans, if they are graduates. The government's plan would reduce their loan repayments to just £131 because it is only at age 30 when forecast median earnings rise above £25,000. Our proposal would mean they would save £16,742 in national insurance. Taxpayers at the 25th percentile of earnings will earn a forecast £16,819 at age 31 and already make no student loan repayments before 32. Under this proposal, they would save £7,596 in national insurance. Taxpayers at the 75th percentile of earnings will earn a forecast £35,978 at age 31 and repay £7,545 of their student loan before 32. Under the government's plan, this will fall to £4,546. Under this proposal, they would repay £25,860 of their loan before reaching 30 but save £27,150 in national insurance.

Sources and methodology

- Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) data on earnings at selected points in the earnings distribution (10, 20, 25, 30, 40, 50, 60, 70, 75, 80 and 90th percentiles) by age for 2015 were applied to 2015-16 national insurance thresholds and then weighted by the number of jobs in each age. These were weighted again by the number of jobs closest to the selected points on the earnings distribution to produce estimates of employee national insurance receipts in 2015-16.
- The Office for Budget Responsibility (OBR) March 2017 forecast for employee national insurance receipts in 2018-19 was distributed to match the proportions generated by our model's 2015-16 estimate to calculate estimates of employee national insurance receipts in 2018-19 by age.
- Estimates for employer national insurance receipts in 2018-19 by age were calculated using the same methodology as described above for employee national insurance.
- Employer national insurance changes were assumed to pass through to wages. Our model estimated average earnings in 2018 by adjusting ASHE 2015 earnings data by OBR March 2017 forecasts for earnings growth in 2016, 2017 and 2018. We then calculated average employer national insurance contributions in 2018-19 by age at the selected points in the earnings distribution (10, 20, 25, 30, 40, 50, 60, 70, 75, 80 and 90th percentiles) assuming a national insurance primary and secondary threshold of £160 a week and an upper earnings limit of £45,900. We applied income tax rates to the estimated average employer national insurance charges assuming an income tax personal allowance £12,000 and a higher rate threshold of £46,500.
- We used the estimated earnings in 2018-19 to estimate average student loan repayments in 2018-19 for median earners and those at the 25th and 75th percentile in the earnings distribution. Total figures for amounts of national insurance saved or loan repayments made by particular earners' 26th, 30th and 32nd birthdays are simple sums of the estimates up to the relevant age for 2018-19.

Table 1: forecast national insurance receipts by age, 2018-19[13]

Age	Forecast national insurance receipts by age in 2018-19, £m				Forecast cumulative national insurance receipts by age in 2018-19, £m			
	Employee	Employer	*Less income tax*	Net employer	Employee	Employer	Less income tax	Net employer
16					0	0	0	0
17	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0
19	51	57	5	52	51	57	5	52
20	134	150	15	134	185	207	20	187
21	217	243	27	216	403	450	48	402
22	271	303	37	266	674	753	84	669
23	429	480	62	418	1,103	1,233	146	1,087
24	624	697	93	604	1,728	1,930	239	1,691
25	839	938	131	807	2,567	2,868	370	2,498
26	993	1,110	158	952	3,560	3,977	528	3,449
27	1,142	1,275	184	1,091	4,702	5,253	712	4,541
28	1,179	1,317	192	1,126	5,881	6,570	904	5,666
29	1,334	1,490	288	1,202	7,215	8,060	1,192	6,868
30	1,509	1,710	328	1,381	8,724	9,770	1,520	8,250
31	1,484	1,676	325	1,351	10,208	11,445	1,845	9,601
32	1,535	1,750	336	1,414	11,743	13,195	2,181	11,014
33	1,642	1,904	363	1,541	13,385	15,099	2,544	12,555
34	1,644	1,912	365	1,547	15,029	17,011	2,909	14,102
35	1,658	1,942	407	1,535	16,686	18,954	3,316	15,637
36	1,639	1,957	409	1,548	18,325	20,911	3,725	17,186
37	1,573	1,885	393	1,493	19,898	22,796	4,118	18,678
38	1,639	1,973	408	1,565	21,537	24,769	4,526	20,243
39	1,671	2,041	446	1,595	23,208	26,810	4,972	21,838
40	1,695	2,074	455	1,618	24,903	28,883	5,427	23,456
41	1,713	2,088	460	1,628	26,616	30,971	5,887	25,084
42	1,866	2,292	502	1,791	28,483	33,264	6,389	26,875
43	1,948	2,416	528	1,888	30,431	35,680	6,917	28,763
44	1,893	2,325	511	1,814	32,325	38,005	7,427	30,577
45	1,969	2,416	530	1,887	34,293	40,421	7,957	32,464
46	2,025	2,491	549	1,943	36,318	42,912	8,506	34,407
47	2,029	2,478	516	1,962	38,347	45,390	9,021	36,369
48	1,990	2,422	505	1,917	40,337	47,812	9,526	38,286
49	2,039	2,494	520	1,974	42,376	50,306	10,046	40,260
50	1,844	2,260	475	1,785	44,220	52,566	10,521	42,045
51	1,885	2,288	507	1,781	46,104	54,854	11,028	43,826
52	1,799	2,199	461	1,737	47,904	57,053	11,489	45,563
53	1,747	2,100	443	1,657	49,651	59,153	11,932	47,220
54	1,651	1,993	420	1,573	51,302	61,146	12,352	48,794
55	1,547	1,860	393	1,467	52,849	63,006	12,745	50,260

[13] This table lists the estimated forecast national insurance receipts by age for 2018-19 for both employee and employer contributions. It also lists estimated income tax recouped from foregone employer national insurance receipts. It then lists the same numbers cumulatively, adding the numbers for an age cohort to all those under that same age.

Age	Forecast national insurance receipts by age in 2018-19, £m				Forecast cumulative national insurance receipts by age in 2018-19, £m			
	Employee	Employer	*Less income tax*	Net employer	Employee	Employer	Less income tax	Net employer
56	1,431	1,711	364	1,347	54,280	64,716	13,109	51,607
57	1,288	1,527	326	1,200	55,567	66,243	13,436	52,807
58	1,205	1,455	309	1,146	56,772	67,698	13,745	53,953
59	1,055	1,238	241	998	57,827	68,936	13,985	54,951
60	851	994	194	799	58,679	69,930	14,180	55,750
61	773	885	174	711	59,452	70,815	14,354	56,461
62	629	712	141	571	60,081	71,527	14,495	57,032
63	521	604	119	485	60,602	72,131	14,614	57,517
64	398	450	91	359	61,000	72,581	14,705	57,875
65	0	290	60	230	61,000	72,870	14,765	58,105
66	0	222	32	190	61,000	73,092	14,797	58,295
67	0	140	19	120	61,000	73,232	14,816	58,416
68	0	109	15	94	61,000	73,341	14,831	58,510
69	0	66	9	57	61,000	73,406	14,840	58,566
70	0	46	6	40	61,000	73,452	14,846	58,606
71	0	28	3	24	61,000	73,480	14,849	58,630
72	0	20	2	18	61,000	73,500	14,852	58,648
73	0	0	0	0	61,000	73,500	14,852	58,648
74	0	0	1	-1	61,000	73,500	14,853	58,648
75	0	0	0	0	61,000	73,500	14,853	58,648

Table 2: estimated employee national insurance and student loan repayments by age for median earners, 2018-19[14]

Age	Earnings	Estimated payments, by age				Estimated cumulative payments, by age			
		Employee NI	2017 terms	2018 terms	TPA terms	Employee NI	2017 terms	2018 terms	TPA terms
16	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0
18	4,446	0	0	0	0	0	0	0	0
19	7,831	0	0	0	0	0	0	0	0
20	11,471	378	0	0	0	378	0	0	0
21	13,475	619	0	0	146	997	0	0	146
22	14,870	786	0	0	355	1,783	0	0	502
23	16,799	1,018	0	0	645	2,800	0	0	1,147
24	18,511	1,223	0	0	902	4,023	0	0	2,048
25	20,524	1,465	0	0	1,204	5,488	0	0	3,252
26	21,769	1,614	69	0	1,390	7,101	69	0	4,642
27	22,861	1,745	168	0	1,554	8,846	237	0	6,196
28	23,088	1,772	188	0	1,588	10,619	425	0	7,785
29	24,530	1,945	318	0	1,805	12,564	742	0	9,589
30	25,676	2,083	421	61	1,976	14,647	1,163	61	11,566
31	25,783	2,096	430	70	1,992	16,742	1,594	131	13,558
32	26,295	2,157	477	117	2,069	18,899	2,070	248	15,627
33	26,529	2,185	498	138	2,104	21,084	2,568	385	17,732
34	26,940	2,234	535	175	2,166	23,319	3,103	560	19,898
35	27,931	2,353	624	264	2,315	25,672	3,726	824	22,212
36	28,030	2,365	633	273	2,330	28,037	4,359	1,097	24,542
37	27,765	2,333	609	249	2,290	30,371	4,968	1,346	26,832
38	27,898	2,349	621	261	2,310	32,720	5,589	1,606	29,141
39	28,425	2,413	668	308	2,389	35,133	6,257	1,915	31,530
40	28,065	2,369	636	276	2,335	37,502	6,893	2,190	33,865

[14] This table shows the median earnings by age (using ONS figures for 2015 adjusted for OBR forecasts for earnings growth in 2016, 2017 and 2018), estimated forecast employee national insurance contributions of a median earner by age in 2018-19, estimated student loan repayments by age under the current system in 2018-19 ("2017 terms"), estimated student loan repayments for median earners by age in 2018-19 under the government's plan to raise the repayment threshold to £25,000 a year ("2018 terms"), and estimated student loan repayments by age for median earners in 2018-19 under the our proposal to raise the repayment rate to 15 per cent and cut the repayment threshold to £12,500 a year ("TPA terms").

Table 3: estimated employee national insurance and student loan repayments by age for earners in the 25th percentile, 2018-19[15]

Age	Earnings	Estimated payments, by age				Estimated cumulative payments, by age			
		Employee NI	2017 terms	2018 terms	TPA terms	Employee NI	2017 terms	2018 terms	TPA terms
16	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0
18	2,474	0	0	0	0	0	0	0	0
19	4,471	0	0	0	0	0	0	0	0
20	6,657	0	0	0	0	0	0	0	0
21	7,666	0	0	0	0	0	0	0	0
22	9,115	95	0	0	0	95	0	0	0
23	11,424	372	0	0	0	468	0	0	0
24	12,952	556	0	0	68	1,024	0	0	68
25	14,621	756	0	0	318	1,780	0	0	386
26	15,253	832	0	0	413	2,612	0	0	799
27	16,153	940	0	0	548	3,552	0	0	1,347
28	16,081	931	0	0	537	4,483	0	0	1,884
29	16,860	1,025	0	0	654	5,508	0	0	2,538
30	17,219	1,068	0	0	708	6,576	0	0	3,246
31	16,819	1,020	0	0	648	7,596	0	0	3,894
32	16,933	1,034	0	0	665	8,629	0	0	4,559
33	17,408	1,091	0	0	736	9,720	0	0	5,295
34	17,418	1,092	0	0	738	10,811	0	0	6,032
35	17,299	1,077	0	0	720	11,889	0	0	6,752
36	17,388	1,088	0	0	733	12,977	0	0	7,486
37	17,337	1,082	0	0	726	14,059	0	0	8,211
38	17,742	1,131	0	0	786	15,190	0	0	8,997
39	17,573	1,110	0	0	761	16,300	0	0	9,758
40	17,037	1,046	0	0	681	17,346	0	0	10,439

[15] This table shows earnings by age at the 25th percentile (using ONS figures for 2015 adjusted for OBR forecasts for earnings growth in 2016, 2017 and 2018), estimated forecast employee national insurance contributions at the 25th percentile by age in 2018-19, estimated student loan repayments by age under the current system in 2018-19 ("2017 terms"), estimated student loan repayments at the 25th percentile by age in 2018-19 under the government's plan to raise the repayment threshold to £25,000 a year ("2018 terms"), and estimated student loan repayments by age at the 25th percentile in 2018-19 under the our proposal to raise the repayment rate to 15 per cent and cut the repayment threshold to £12,500 a year ("TPA terms").

Table 4: estimated employee national insurance and student loan repayments by age for earners in the 75th percentile, 2018-19[16]

Age	Earnings	Estimated payments, by age				Estimated cumulative payments, by age			
		Employee NI	2017 terms	2018 terms	TPA terms	Employee NI	2017 terms	2018 terms	TPA terms
16	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0
18	6,731	0	0	0	0	0	0	0	0
19	12,539	0	0	0	0	0	0	0	0
20	16,190	944	0	0	0	944	0	0	0
21	17,685	1,124	0	0	778	2,068	0	0	778
22	19,384	1,328	0	0	1,033	3,396	0	0	1,810
23	22,582	1,711	142	0	1,512	5,107	142	0	3,323
24	24,746	1,971	337	0	1,837	7,078	480	0	5,159
25	27,755	2,332	608	248	2,288	9,410	1,087	248	7,448
26	29,737	2,570	786	426	2,586	11,981	1,874	674	10,033
27	31,022	2,724	902	542	2,778	14,705	2,776	1,216	12,811
28	31,888	2,828	980	620	2,908	17,533	3,756	1,836	15,720
29	33,590	3,032	1,133	773	3,164	20,565	4,889	2,609	18,883
30	35,537	3,266	1,308	948	3,456	23,831	6,197	3,558	22,339
31	35,978	3,319	1,348	988	3,522	27,150	7,545	4,546	25,860
32	37,456	3,496	1,481	1,121	3,743	30,647	9,026	5,667	29,604
33	37,916	3,552	1,522	1,162	3,812	34,198	10,549	6,829	33,416
34	38,152	3,580	1,544	1,184	3,848	37,778	12,092	8,013	37,264
35	40,313	3,839	1,738	1,378	4,172	41,617	13,830	9,391	41,436
36	40,431	3,853	1,749	1,389	4,190	45,470	15,579	10,780	45,625
37	40,761	3,893	1,779	1,419	4,239	49,363	17,358	12,198	49,865
38	41,837	4,022	1,875	1,515	4,401	53,385	19,233	13,713	54,265
39	42,449	4,095	1,930	1,570	4,492	57,481	21,163	15,284	58,757
40	41,903	4,030	1,881	1,521	4,410	61,511	23,045	16,805	63,168

[16] This table shows earnings by age at the 75th percentile (using ONS figures for 2015 adjusted for OBR forecasts for earnings growth in 2016, 2017 and 2018), estimated forecast employee national insurance contributions at the 75th percentile by age in 2018-19, estimated student loan repayments by age under the current system in 2018-19 ("2017 terms"), estimated student loan repayments at the 75th percentile by age in 2018-19 under the government's plan to raise the repayment threshold to £25,000 a year ("2018 terms"), and estimated student loan repayments by age at the 75th percentile in 2018-19 under the our proposal to raise the repayment rate to 15 per cent and cut the repayment threshold to £12,500 a year ("TPA terms").