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Trade Support Loans – Parents and Guardians

Parents and Guardians should use this fact sheet when helping their minor (an Australian Apprentice (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 sheet *Trade Support Loans – At a glance*.

What is a Trade Support Loan (TSL)?

A TSL can help apprentices pay for their everyday living expenses while they undertake their Australian Apprenticeship or Traineeship (collectively known as an ‘apprenticeship’). It is an interest-free government funded loan that is paid in monthly instalments for up to six months at a time. The debt is indexed annually and TSL recipients will get a 20 per cent discount on their debt when they have successfully completed their apprenticeship.

There are no age restrictions for applying for a TSL and it is the apprentice’s choice to take out a loan based on their personal circumstances. If the apprentice is under 18 years of age, they are encouraged to seek acknowledgment from you, their parent or guardian, that they are fully aware of the commitment into which they are entering.

What are the responsibilities for a minor when taking out a Trade Support Loan?

Taking out a TSL 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 TSL 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 TSL is available on the [MoneySmart website](#). You are strongly encouraged to discuss the information on this website with the minor.



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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.

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 (ATO) 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 TSL, the minor should contact their [Australian Apprenticeships Support Network Provider](#).