



## JOINT ARTICLE

### Accelerated repayment incentive for the betterment of TELS graduates

The Accelerated Repayment Incentive (ARI) mechanism is designed to assist Tertiary Scholarship and Loans Scheme (TELS) recipients to settle their loans early.

The ARI was introduced in the 2018/2019 National Budget as an early loan repayment mechanism intended to benefit TELS students. ARI encourages TELS graduates to make early repayment of loans and offers heavy incentives if loans are repaid before the due dates. The earlier the repayment date, the higher will be the discount percentage on the overall loan amount.

TELS Accelerated Repayment Incentives are set in three steps, affording 10%, 25% and 50% discounts on the amount of the loan. ARI steps are determined based on the graduate's total debt and how quickly their discounted portion of the loan is settled after their first day of employment post-graduation.

Total Debt Level (Upon Graduation)	Discount applicable at various repayment periods		
	50%	25%	10%
Less than \$20,000	< 2 years	2-4 years	4-6 years
\$20,000-\$49,999	< 3 years	3-6 years	6-8 years
\$50,000-\$99,999	< 4 years	4-8 years	8-10 years
\$100,000 plus	< 5 years	5-10 years	10-12 years

If students are on TELS and have total debt up to \$19,999, then the following repayment method will be applicable to the students. Students will be given a 50% discount if they pay before 2 years. A 25% discount will be applicable from 2 – 4 years and a 10% discount will be applicable for 4 - 6 years. Similarly, if the student debt is between \$20,000 - \$49,999, then the student will get a 50% discount if they pay within 3 years, 25% if they pay within 3 – 6 years and a 10% discount for 6 – 8 years. Table above highlights discount applicable at various repayment periods.

*Example: Brian has a total loan of \$19,000 and pays \$9,500 within two years from his graduation date or first employment date after graduation. The remaining \$9,500 will be waived.*

A discount on loan repayments will mean that a significant portion of overall loan debt will be waived by the Government. This is to encourage students to settle their loans early to achieve early financial independence. ARI incentive will be equity-based, allowing those with more debt, more time to repay their loans at a discounted rate. ARI discount applies from the first date of employment of TELS graduates and all discount calculations shall be carried out from the date of employment. The years 2020 and 2021 will not be counted for ARI calculation due to COVID-19 Pandemic as TELS loan repayment was suspended for two years. For Example, if a graduate started employment in 2020 and was required to repay 50% within two years, then two years will be taken from 1st January 2022.

ARI scheme also intends to make TELS a self-sustaining model, allowing an influx of repayments to be reinvested in the scheme at a much faster rate. Graduates are encouraged to take advantage

of the Fijian Government incentives by early repayment of their loan and enjoy a waiver of the partial loan amount as per ARI.

The TELS was introduced in 2014, to ensure that every young individual has access to tertiary education and is not prevented from pursuing higher education due to a lack of financial support.

**ENDS...**

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