

# Habs

HABERDASHERS'  
ELSTREE SCHOOLS

## FEES IN ADVANCE SCHEME PARTICULARS AND TERMS & CONDITIONS (Effective 1<sup>st</sup> March 2022)

### OBJECTIVE

1. The objective of the Fees in Advance Scheme (“the Scheme”) is to provide a method where the cost of independent education can be reduced by making an advanced lump sum payment. The payer can be the parents or guardian of the child or anyone else who wishes to make a single sum advance payment to help with the cost of educating the pupil.

### BASIS OF THE SCHEME

2. In return for a lump sum payment at or after the acceptance of an offer of a place for the pupil, the School offers a credit to be applied against each term’s fee invoice for a set number of terms. The total value of these credits will be commuted at an agreed rate to calculate the amount of the lump sum payment that is initially deposited with the School. The Standard Table used to calculate the rate of commutation will be revised periodically in line with Bank of England base rate changes, although the rate applied at the time of joining the Scheme will remain in force for the duration of the fees in advance period.

### TERMS AND CONDITIONS

3. These Terms and Conditions are supplemental to the School’s standard terms and conditions that the parents or guardian agreed when accepting a place for the pupil concerned. These Terms and Conditions form part of the contractual relationship between the parents/guardian and the School.

4. All payments made in accordance with the Scheme form part of the general funds of the School and may be used for such purposes as the Governors may from time-to-time direct. In return for the payment, the School will make a specified payment to the fee account of the pupil of an agreed amount and for an agreed number of terms.

5. Please note that the parents or guardian must meet the difference between the amount per term paid by the School under this Scheme and the total school fees due in respect of the pupil each term. This will include increases in fees, extras and expenses incurred by the School on the child’s behalf and will be detailed on the termly fee invoice. Payment of any such difference shall be made in accordance with the School’s standard terms and conditions. The normal condition for eligibility for the prompt payment discount will apply to parents who subscribe to this Scheme in that the outstanding balance of the invoice must be received into the school bank account by the first day of term to qualify for the prompt payment discount.

6. The Scheme may be used to provide advanced payments towards fees for any set number of terms during the pupil’s potential time at the School, from a minimum of three terms. The minimum amount accepted by way of payment into the Scheme is an amount calculated to generate termly payments of £1,000 per term. Please note that there is no maximum limit and the termly amount invested can exceed the current fee level.

7. To calculate the single sum advance payment needed for a set number of terms, please refer to the accompanying Standard Table. The Standard Table shows the commuted cost of providing £1,000 per term up to a maximum of 36 terms. This is the Standard Table currently in force. FIA applications received after this date will be based on this rate. The cost of providing different levels of payment per term and the resulting commutation can be calculated from this Table. If you would like assistance calculating the amount please contact the Fees Manager who will be happy to help.

8. The commutation rate used in this current Standard Table is **2.50%** per annum and is calculated on a straight line basis. The Standard Table and commutation rate will be reviewed by the School in line with movements in bank base rates. **On this occasion, recognising the current financial situation, the two schools have agreed to continue to offer a better rate of return than Bank of England base rates** passing the additional savings on to those who wish to join the FIA scheme. Payers should complete the Application Form and submit it to the Bursary at least half a term before the term that the first FIA deduction is applied to. Once payment is made the commutation rate will apply for the duration of the arrangement secured by that payment. On receipt, the School will confirm the amount of the payment, the number of terms intended to be covered by the arrangement, the applicable commutation rate and the amount to be credited against fees each term.

9. The form should be returned to the school at least one and a half months before the Term you are commencing the FIA. The deadlines are as follows:

Spring Term: 15<sup>th</sup> November  
Summer Term: 15<sup>th</sup> February  
Autumn Term: 15<sup>th</sup> June

10. The School must in all cases receive payment before the beginning of the first term to be covered. For the purposes of the Scheme, terms will be deemed to commence as follows:

Spring Term: 4<sup>th</sup> January  
Summer Term: 15<sup>th</sup> April  
Autumn Term: 1<sup>st</sup> September

11. A single sum payment will only be accepted in respect of those children for whom a registration fee and deposit have been paid and an offer of a place accepted.

12. The payment of a single sum for the provision of a future fee credit does not in itself guarantee a child a place in the School, nor does it in any way alter the terms of entry to the School or entitle the child to preferential treatment.

13. The School's standard terms and conditions shall continue to bind the parents/guardian and, subject to Clause 14, if a child leaves the School for any reason prior to the commencement of the last term covered by this Scheme, the unused proportion of the payment made under the Scheme will be refunded (less any amounts owed to the School at the time of the refund, including any fees payable in lieu of notice). The Standard Table used to calculate the applicable commutation rate shall be used to calculate any such unused proportion.

14. The repayment referred to in Clause 13 will be augmented by an interest payment that recognises the benefit to the school of the unused portion of the advanced payment. The interest will be paid to parents net of basic rate tax.

15. If the child is admitted to another fee paying school, the payment into the Scheme may, at the parents'/guardian's request, be used by the School to make payments by instalment towards the fees of that other school as and when due. This must be at the request of the payer and is at the School's discretion, but is normally a better alternative to repayment of the original sum.
16. The balance of single sum payments can be transferred, without restriction, between pupils at the School who are siblings.
17. Queries or requests for information should be addressed to the Finance Manager at the School.
18. In the event of any change to the School's charitable status, the Governors reserve the right to make reasonable changes to the terms of the Scheme with a minimum notice period of three months.

#### TAXATION

19. The basis of the Scheme is that the School can invest the lump sum received without sustaining a tax liability. A parent who is liable for 40% tax and who invests in a typical on line savings account paying 4.0% interest<sup>1</sup> would receive only 2.4% net, when compared to the potential savings over 15 terms of **5.56%** - an increased saving of 3.16% for higher rate tax payers.
20. Parents or other relatives may be concerned with the effect of taxation on the benefit provided under this Scheme. At the time of going to print we are advised that the saving that is made on the fees is not taxable. Since personal financial circumstances can play such a large part when deciding whether or not to enter the Scheme and as the School, its Governors or Officers cannot accept responsibility for the accuracy of this information, parents and relatives should consult their professional advisers.

1<sup>st</sup> March 2022

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<sup>1</sup> Based on Halifax 3 year fixed rate on-line savings account minimum investment £500 for 3 year term as at 24/4/12.

## STANDARD TABLE

### HABERDASHERS' ASKE'S ELSTREE SCHOOLS - FEES IN ADVANCE SCHEME

Cost of providing £1,000 of fees per term

Commutation Rate: 2.50 % p.a.

Number of Terms	NPV Interest Factor	Amount Payable £	Commutation £ (Discount)	Discount Received %
3	0.984	2,975	25	0.83%
4	0.976	3,951	49	1.23%
5	0.967	4,918	82	1.64%
6	0.960	5,878	122	2.03%
7	0.952	6,829	171	2.44%
8	0.944	7,773	227	2.84%
9	0.936	8,709	291	3.23%
10	0.928	9,638	362	3.62%
11	0.921	10,558	442	4.02%
12	0.913	11,471	529	4.41%
13	0.906	12,377	623	4.79%
14	0.898	13,275	725	5.18%
15	0.891	14,166	834	5.56%
16	0.883	15,049	951	5.94%
17	0.876	15,925	1,075	6.32%
18	0.869	16,794	1,206	6.70%
19	0.862	17,656	1,344	7.07%
20	0.855	18,511	1,489	7.45%
21	0.848	19,358	1,642	7.82%
22	0.841	20,199	1,801	8.19%
23	0.834	21,033	1,967	8.55%
24	0.827	21,859	2,141	8.92%
25	0.820	22,680	2,320	9.28%
26	0.813	23,493	2,507	9.64%
27	0.807	24,299	2,701	10.00%
28	0.800	25,099	2,901	10.36%
29	0.793	25,893	3,107	10.71%
30	0.787	26,680	3,320	11.07%
31	0.780	27,460	3,540	11.42%
32	0.774	28,234	3,766	11.77%
33	0.768	29,002	3,998	12.12%
34	0.761	29,763	4,237	12.46%
35	0.755	30,518	4,482	12.81%
36	0.749	31,267	4,733	13.15%

### **Example A – Parent/guardian pays the majority of school fees in advance**

*Parents 'A' wish to provide a sum of £5,000 per term for 15 terms. The total of the fees credited over these 15 terms would be £75,000.*

*The commutation rate is 2.50% so parents 'A' actually pay to the school the sum of £70,830 (from the Standard Table £14,166 x 5) so the termly cost to parents of providing the £5,000 worth of fees is reduced to £4,722 (an average saving of 5.56% per term).*

*The parents will receive an invoice each term showing the credit of £5,000 and the parents pay the balance of the invoice by the due date.*

### **Example B – Parent/guardian pays the minimum qualifying amount**

*Parents 'B' wish to purchase 3 terms at a rate of £1,000 per term. The total of the fees credited over these 3 terms would be £3,000.*

*The commutation rate is 2.50% so parents 'B' actually pay to the school the sum of £2,975 (from the Standard Table) so the termly cost of £1,000 is reduced to £991.67.*

*The parents will receive an invoice each term showing the credit of £1,000 and the parents pay the balance of the invoice by the due date.*

Subject to the Terms and Conditions of Fees in Advance Scheme.

1<sup>st</sup> March 2022

# Habs

HABERDASHERS'  
ELSTREE SCHOOLS

## FEES IN ADVANCE SCHEME – APPLICATION FORM AND AGREEMENT

Name of Pupil (Please Print ).....

Who is \*currently in Year..... Girls/Boys School .....

\*entered for admission in..... (\*delete as applicable)

We/I agree to the conditions set out in the Fees in Advance Scheme Particulars and Terms & Conditions of 1<sup>st</sup> September 2019 and we/I have made/will make a BACS transfer (see note below) on ..... for £....., on the basis of the current Standard Table annexed:

£ ..... per term from .....[term and date] for ..... (No. of terms)

Signature of Parents or Guardian (required whoever makes the payment) ..... .....	Signature of person making payment (if different from Parent/Guardian) ..... Relationship to the Pupil .....
Date.....	Date.....
Permanent Address: ..... ..... ..... ..... .....	Permanent Address: ..... ..... ..... ..... .....

Each person who signed the Form of Acceptance on entry to the school should also sign here.

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Bank details for BACS transfers: NatWest bank account 11370890, Sort code 60-50-06 (IBAN: GB80 NWBK 60500611370890, BIC: NWBK GB 2L). Please use your surname followed by 'FIA' as a reference. Should you require further advice or information please contact the Fees Manager, Mrs Naik, fees@habsboys.org.uk, 020 82662424.

1<sup>st</sup> March 2022