



Blundell's

FOUNDED 1604

Fees Prepayment Scheme

Blundell's School Fees Prepayment Scheme

The School operates a scheme whereby a lump sum payment may be made by parents, grandparents or others, to cover part or all of estimated future fees. The scheme is designed to provide commercially attractive returns, thereby giving mutual benefit to participants and the School alike.

Basis and Tax Advantages

The Scheme offers a discount against future fees equivalent to the compound interest that would have been earned by the principal sum, both prior to entry and subsequently on the reducing balance (as the agreed termly transfers are put across to the school fees account). The discount rate is fixed from the time the prepayment is made.

No liability to Income Tax arises from this discount.

Timing and Amount

Discount is calculated from the first day of January/April/September following receipt of the prepayment (thus corresponding with the School terms – each being treated as one third of a year).

The greatest discount is obtained when a prepayment is made well in advance of entry.

A quotation can be supplied to provide either:

- A fixed amount of fees for any number of terms, or
- An amount of fees increasing annually to take account of inflation.

Additional prepayments may be made at any time prior to or during a pupil's stay at Blundell's School.

The minimum prepayment will equate to one year's fees.

Flexibility

Unlike some commercial schemes which are linked to annuities, the School's simple arrangement of applying a straightforward annual rate of interest to the capital permits flexibility as to timing and amount of termly payment should circumstances alter before or during a pupil's time at the School. Transfers can also be effected between brothers and sisters in the same family if required.

No arrangement fees are charged and amendments to the termly payments can be made without penalty subsequent to the initial payment being received.

If the pupil does not enter Blundell's School, but goes instead to another independent school, the agreed fees may be paid over each term to that school.

Inheritance Tax

Continuing legislation and differing individual circumstances make it impossible to cover this subject and therefore we recommend that professional advice is sought.

Current Rates and Quotations

The insert gives an illustrative example of how the Scheme works in practice, together with an application form for a quotation.

Please complete the accompanying application form for an individual quotation, or further information on any aspect of the Scheme, or contact:

The Fees Ledger Manager
The Bursary
Blundell's School
Tiverton
Devon
EX16 4DT

Phone: +44 (0)1884 252543
h.rayner@blundells.org

Formalities

The only formality required when a prepayment is made is the participant's signature to a simple agreement acknowledging the terms of the Scheme and detailing the precise termly payments to be made.

Conditions of Prepayment of Fees Scheme

1. The acceptance of a prepayment of fees does not automatically guarantee a place at the School. A vacancy can only be promised by the Head and any such promise is made subject to the pupil passing Entrance Examination process.
2. If a pupil for whom a lump sum has been paid shall not enter the School for any reason, the following options will be available:
 - 2.1. A sum equal to the amount paid will be refunded to the person making the original pre-payment;
 - 2.2. The value of the termly fees secured by the prepayment be transferred on a termly basis to the school to which the pupil is being sent, subject to the willingness of the second school to accept such arrangements, and it being an educational charity.
3. If a pupil for whom a prepayment under this scheme has been made dies or leaves the School before the completion of the period covered by the prepayment there will be refunded that proportion of the original payment as is represented by the number of unexpired terms relative to the total number of terms initially agreed, less any amount owing to the School. Broken terms are not taken into account. If a parent or guardian removes a pupil without a full term's notice one term's fee will be deducted.
4. A prepayment under this scheme does not exonerate a parent or guardian from the customary charges by way of registration and entry fees, and charges for extras. Accounts will be rendered before the beginning of each term showing sums due to the School and not covered by the prepayment, or sums due to the parent or guardian when the payment exceeds the amount due. The parent or guardian must discharge sums due to the School before the start of the ensuing term. Any termly refund due to parents or guardians will be held on account unless immediate repayment is requested.
5. It should be noted that *this scheme will cover only the termly fees contracted for*. Should there be subsequent increase in the termly rate of fees so covered then this additional cost will be charged on the termly account.
6. The School reserves the right to discontinue this scheme at any time or to vary the amounts and conditions of prepayment in respect of new entrants, and in respect of existing prepayment in the event of any adverse changes in the law relating to charities.

June 2023

The information in this publication is correct at the time of printing. Changes may be made for educational or other reasons.

Fees Prepayment Scheme

The current discount rate is **2.0%** (equivalent interest rate of **3.33%** for a 40% taxpayer).

As an example, a parent or grandparent wishing to make a payment to cover estimated total fees of a pupil starting in Year 9 in September 2023 for a period of between one and five years would receive discount as set out below. Figures are based on an annual increase in fees of 5%.

	Local Day Fee			Full Boarding Fee		
	Fees Covered	Discount	Prepayment	Fees Covered	Discount	Prepayment
Period	£	£	£	£	£	£
One Year	23,610	157	23,453	43,590	291	43,299
Two Years	48,401	817	47,584	89,360	1,512	87,848
Three Years	74,431	2,032	72,399	137,417	3,755	133,662
Four Years	101,762	3,854	97,908	187,878	7,118	180,760
Five Years	130,460	6,341	124,119	240,862	11,710	229,152

Please note that this prepayment **does not** guarantee that all fees will be covered, only those termly amounts contracted for in the agreement. Should subsequent fee increases be greater than 5%, the additional cost will be billed on the termly account. If the fee increase is less than 5%, then the excess prepayment will be available as a credit against any Extras charges.



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