

## **RADLEY COLLEGE**

### **FEES IN ADVANCE SCHEME**

The College wishes to draw to your attention the College's Fees in Advance Scheme which enables parents to prepay towards the College's termly tuition fees by means of an advance lump sum payment.

Parents will be aware that similar schemes are available, but the Radley scheme is competitive and the rates of discount offered are kept under frequent review. Moreover, since its use helps the College, it indirectly benefits both present and future generations of Radleians. It should be noted, however, that payment of the advance lump sum does not guarantee or assist in obtaining a place in the College, nor does it exempt a parent from payment of entrance or registration fees.

For full details of the Fees in Advance Scheme, please see the attached FIA Terms and Conditions. Further details of the scheme are covered in the question and answer format that follows.

#### **ADVANCE LUMP SUM PAYMENT**

**Question** Can any person pay the advance lump sum?

**Answer** Yes. The advance lump sum may be paid by parents, grandparents, guardians or any other person able to help a boy's education. Please note that if the payer of the advance lump sum is different to the signatory of the parent contract with the College, the payer must also sign and accept the FIA Terms and Conditions. The College also reserves the right to conduct appropriate checks to verify the identity of the payer and the source of funds being paid into the scheme.

**Question** What sum is required to defray future fees?

**Answer** Please see the attached FIA Terms and Conditions. Any amount in excess of £36,000 can be prepaid towards future fees. If you decide how much you would like to prepay and over how many terms, we can advise how much this will prepay each term. Conversely, if you determine how many terms full fees you would like to prepay, we will provide you with a formal quotation setting out the lump sum you will need to pay and the amount of fees prepaid. The lump sum amount required depends on the number of terms of your child's education at Radley you would like prepay in advance, and what proportion of these fees you would like to prepay.

**Question** Can the FIA Terms and Conditions be changed once the advance lump sum has been paid?

**Answer** The discount rate (and thereby the value of fees that will be funded) does not change after you have joined the scheme and paid the lump sum. The College does reserve the right to vary the FIA Terms and Conditions for legal or other substantive reason or in order to assist with the proper running of the scheme. In such a case, members will be given a minimum of a term's notice of any such change.

**Question** What does the lump sum provide?

**Answer** It is a prepayment towards School fees at a given amount per term, for the number of terms selected, starting at a certain date. The prepayment is exclusive of VAT which is payable by the parents in addition.

**Question** Can a lump sum be paid that does not cover the full fees?

**Answer** Yes. The rates are to be found on the FIA Terms and Conditions enclosed with this sheet.

**Question** What happens if the College's fees go up either before or after a boy enters Radley?

**Answer** The person responsible for fees under the parent contract with the College (normally the parent or guardian) is responsible for meeting the difference between the total amount due each term and the amount which has been prepaid under the scheme.

## **REFUNDS**

**Question** Are there circumstances in which the lump sum may be repaid?

**Answer** Yes. If a boy is withdrawn or excluded or his place is cancelled before he joins, the residual balance of the lump sum paid may be refunded to the person who paid it (minus any other sums owed to the College).

**Question** What is the position if a boy in respect of whom a lump sum payment has been paid subsequently receives a fee discount (for example, a means-tested bursary)?

**Answer** The value of such an award will be credited each term in accordance with the rules governing the award. If, as a result of the award, the termly amount secured by the advance lump sum payment is more than is needed, a partial refund, subject to the rules described above, may be claimed.

## **TAXATION** (See also paragraphs under Refunds)

**Question** Is the parent subject to income tax or capital gains tax on the fees provided by the advance lump sum payment?

**Answer** No. The payment of an advance lump sum is not subject to income tax or CGT. This can be beneficial when compared to other less tax efficient means of saving or investing the funds used to pay the lump sum.

**Question** Are payments subject to inheritance tax?

**Answer** We suggest that independent professional advice is taken in order to consider your particular circumstances. By way of general information, we understand that payments made from capital for education are wholly exempt from inheritance tax if they are made by the child's parent or person responsible for his education and maintenance. Payments made by grandparents and others may be considered to be exempt provided the donor survives for 7 years, and are subject to reduced rates of tax if he or she survives for more than 3 years.

**Question** Are payments exempt from VAT?

**Answer** No – from 29 July 2024, all payments of school fees in advance are subject to VAT at the time the payment is received.

## STANDARD TABLE

**Question** Can you explain how the standard table has been calculated?

**Answer** Calculations are based on the cashflows implicit in the agreement. An example cashflow is shown below:

<b>Example cash flow</b>						
Date	Sum paid to FIA Scheme	VAT paid to HMRC	School fees paid to College from FIA Scheme	Remaining Balance	Benefit of Discount	Days
01/09/2024	£275,136.00	-£45,856.00	-£16,000.00	£213,280.00	£1,425.76	122
01/01/2025	£214,705.76		-£16,000.00	£198,705.76	£1,132.35	104
15/04/2025	£199,838.11		-£16,000.00	£183,838.11	£1,400.19	139
01/09/2025	£185,238.30		-£16,000.00	£169,238.30	£1,131.35	122
01/01/2026	£170,369.65		-£16,000.00	£154,369.65	£879.70	104
15/04/2026	£155,249.35		-£16,000.00	£139,249.35	£1,060.58	139
01/09/2026	£140,309.93		-£16,000.00	£124,309.93	£831.00	122
01/01/2027	£125,140.93		-£16,000.00	£109,140.93	£621.95	104
15/04/2027	£109,762.89		-£16,000.00	£93,762.89	£714.14	139
01/09/2027	£94,477.03		-£16,000.00	£78,477.03	£524.61	122
01/01/2028	£79,001.64		-£16,000.00	£63,001.64	£362.48	105
15/04/2028	£63,364.12		-£16,000.00	£47,364.12	£360.75	139
01/09/2028	£47,724.86		-£16,000.00	£31,724.86	£212.08	122
01/01/2029	£31,936.94		-£16,000.00	£15,936.94	£90.82	104
15/04/2029	£16,027.76		-£16,000.00	£27.76	£0.00	

At the end of the Agreement, the original composition and any discount thereon will have been fully used to pay the College fees.

The answers given in this fact sheet are in accordance with the best information available to the College at the time of issuing.

Any person may apply to pay an advance lump sum in accordance with the College's Fees in Advance Scheme provided the boy in question has been entered for Radley. The FIA Terms and Conditions enclosed with this sheet should be completed and forwarded with payment (made payable to Radley College), to the Director of Finance, Radley College, Abingdon, Oxon, OX14 2HR, who will be pleased to answer any questions on the scheme.