



School fees



EIGHT WAYS TO PAY FOR PRIVATE EDUCATION

Can't afford to send your child to a private school? Think laterally, and you may be surprised to find that it is more affordable than you imagine

BY RUTH JACKSON-KIRBY

The cost of a private education has soared in recent years. Average day school fees are 400% higher than they were 30 years ago, according to research from investment firm Killik & Co. That means today's parents need to find £325,600, on average, to privately educate a child. However, it is not just the wealthy who would

like their children to receive a private school education. So how can you make it affordable?

1. Combine state and private education

Consider how much of your child's education you want to pay for. The cost of private school for a child from reception age to upper sixth form is around £325,600, according to Killik & Co. Opt to send your child to a state primary school and then educate them privately at secondary level, and the cost falls by £117,900 to £207,700.

You could choose to state educate your child until sixth form and only pay for the final two

years. This could bring your costs down to £73,366, according to financial planning and investment management firm Brewin Dolphin.

"Many families are feeling the financial squeeze, particularly when the cost of bringing up a child has risen, and parents are having to make their money work harder," says John Fletcher, a financial planner at Brewin Dolphin.

"Unless you are fortunate enough to be able to pay school fees from savings or have a very large annual income, an alternative is to save money monthly to pay for a private sixth-form education, which can be the most influential years of study."

2. Start saving today

If you are planning to give your child a private secondary education, start saving as soon as possible. Parents saving £300 a month from their child's birth could save up enough to pay school fees from when the child is 13 to 18, according to calculations from Brewin Dolphin, which assume that



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the money is invested with an annual return of 4%.

“Overall, private schooling is considerably more affordable if you simply plan ahead,” says Fletcher.

“Make sure you also make the best use of wrappers such as ISAs, which can ease the burden further through tax relief.”

Make the most of a Stocks and Shares ISA as the tax-free returns will help boost your nest egg. For example, £300 a month placed into an investment ISA with a 4% return would be worth £3,500 more after 10 years than an account where the returns had been taxed. Just remember you cannot use your child’s Junior ISA as you will need to access the money before they turn 18.

Older parents may also be able to use their pension to help fund their child’s education. Contributions to a pension receive tax relief equating to a 20% boost – more if you are a higher or additional rate taxpayer. You can access your

Older parents could use their pension to fund school fees

pension at 55 and take up to 25% of it tax-free. If you will hit that age while your children are still being educated, you could boost your pension contributions – and get the government’s tax relief – then use your lump sum to pay school fees.

3. Choose your school wisely

You can also significantly reduce the cost of private education by choosing your school carefully. School fees can range from £12,000 to £40,000 a year depending on the school.

As with anything, if you opt for a big name you will partly be paying for the reputation. For example, school fees at Eton, Rugby and Harrow are significantly higher than at many other private schools. A year at Eton, including boarding, costs £40,000. In contrast, a year for a boarder at St Peter’s School in York costs £31,000. Both schools produce similar exam results: however, you will pay £63,000 more for a secondary education at Eton.

Also, consider geography when choosing a school. Pick a school close to your home and you could send your child as a day pupil and avoid the expense of boarding.

Boarding typically costs around £10,000 to £15,000 a year more than fees for day pupils.

4. Make the most of bursaries

One in three students at private schools receives financial assistance, which means their school fees are reduced or even waived completely, according to the Independent Schools Council. At Eton, for example, £6.5 million was spent on providing financial assistance this year. As a result, more than 20% of Eton’s students received financial support.

“Independent schools are acutely aware of the sacrifices families make to privately educate their children,” says Julie Robinson, chief executive of the Independent Schools Council (ISC). “The level of support independent schools can provide



varies depending on their individual resources. However the sector has demonstrated its ongoing commitment to widening access. Last year, ISC schools provided more than £420 million in means-tested fee assistance.”

At present, schools are even more keen to show they help students with their fees owing to the increased criticism of the charity status of private schools. Pushing their bursary and scholarship schemes helps support their argument for holding on to charity status.

“Many schools offer bursaries, which are means-assessed on a financial basis,” says Robinson. “In order to apply, a parent or guardian must complete a declaration to establish whether the student meets the necessary criteria.”

5. Research scholarships

While bursaries are designed to provide financial assistance to pupils who otherwise may not be able to afford a private education, scholarships are there to get gifted children the best possible education.

“Scholarships are available for pupils who are particularly strong either academically, or in music, sport or art,” says Robinson.

If your child has a particular talent it is worth doing some research to see if they could win a scholarship to a

IS MOVING HOUSE AN OPTION?

Or could you save money by moving to a catchment area of an outstanding state school?

The cost of houses in the catchment area of a top-rated state school is £180,000 above the national average, according to a study.

However, there are still 167 schools rated outstanding by Ofsted that are valued under the national average of £247,000.

Of all the top-rated schools in the country, Feversham Academy and Carlton Bolling College – both in Bradford – have the cheapest houses nearby, at £91,634 on average, the survey from online mortgage broker Trussle found.

private school. Typically, scholarships reduce fees by around 10%, however “both scholarships and bursaries can be awarded to students at the same time”, says Robinson, so you could significantly reduce your costs by using both.

6. Check for discounts

“Many schools offer sibling discounts, where parents can access reduced fees if they have more than one child attending the school at one time,” says Robinson. Consider it buying in bulk, but for education rather than loo rolls. For example, Clifton College in Bristol offers a 5% discount for a second child and 20% for a third – but they do have to be at the school at the same time.

You may also find there are discounts for the children of clergy, private school teachers or those with parents in the armed forces. These can range from 5% to 10% depending on the school. But these discounts are

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rarely advertised so make sure you ask about them.

7. Pay upfront

For many parents, spreading the cost is the only way they can afford school fees, paying either monthly or by term. However, if you can afford to pay for a school year upfront, check if the school will give you a discount.

Private schools are classed as charities, which means that they can place their money in low-risk investments and not pay tax on the returns. So if the school takes your fees upfront and invests the money, they will get a bigger return than you could manage as you are likely to face a higher tax bill. The school then splits that benefit with you.

For example, say a school took the fees and invested them in a high-interest cash account paying 3%. Its charity status means it won't pay tax on that return.

By contrast, a parent paying higher-rate income tax would only earn 1.8% after tax on the same account. If the school then offers the parent a 2% discount for paying upfront, both parties can benefit.

8. Use the Bank of Mum and Dad

There is no law saying school fees can only be paid by parents. In many cases, grandparents also help out. This can be beneficial for everybody, particularly if the grandparents are worried about inheritance tax.

Gifts made out of income are free of inheritance tax as long as it doesn't affect the gift giver's standard of living. So, if your annual income is £50,000 but you only need £40,000 to meet your needs you could put the other £10,000 towards your grandchild's school fees without having to worry about inheritance tax. This could be a great way to reduce your estate in order to minimise a future inheritance tax bill.

Grandparents could also contribute lump sums. They can gift up to £3,000 a year and it is free from inheritance tax. If they gift more than that, and survive for seven years after the gift, it would also be exempt from inheritance tax. **mw**

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