

Top 10

Strategies to pay for

PRIVATE SCHOOL FEES

(plus top 20 most expensive private schools boys/girls)



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Before you get started

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Before acting on any information contained herein you should consider if it is suitable for you. You should also consider consulting a suitably qualified financial, tax and/or legal adviser.

Information in this handbook is no substitute for professional financial advice.

We encourage you to seek professional financial advice before making any investment or financial decisions. We would obviously love the opportunity to have that conversation with you, and at the rear of this handbook you will find information about our authorised representative and how to go about booking an appointment.

If ultimately you decide not to meet with us we still encourage you to consult with another suitably licensed and qualified financial adviser.

In any circumstance, before investing in any financial product you should obtain and read a Product Disclosure Statement and consider whether it is appropriate for your objectives, situation and needs.

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Letter from the Wealth Adviser Library

Dear Reader

Welcome to the Wealth Adviser Library

This library was built specifically to facilitate the provision of sound financial information to everyday Australians.

Our mission is to build an accessible, comprehensively supported team of members who share our vision and commitment to providing tailored financial advice and a new foundation of financial understanding and security for everyone.

With a national network of likeminded experts, we have the potential to provide the financial building blocks for future generations.

Knowledge gives you a huge advantage

We believe that knowledge gives you a huge advantage in creating and effectively managing wealth; in planning to reach your goals; and in being prepared for whatever unexpected twists and turns life may present.

That's why our team of experts has created this series of digital handbooks and manuals that seek to inform you of not only the benefits but also the potential risks and pitfalls of various strategies and investments.

We trust you enjoy this publication and find it informative and professionally presented. Of course, your feedback is always welcome as we strive to continually offer content in a format that is relevant to you.

Take the next step

Wealth Adviser (a division of WT Financial Group Limited) supports more than 400 privately owned and operated advice practices around the country. We invite you to engage with one of our advisers to discuss what it was you were hoping to achieve when you obtained this handbook, and to establish if they can help you achieve your goals and objectives.

At the rear of this handbook you will find details on how to book an appointment.

Wealth Adviser Library

Introduction

There are many potential uncertainties when it comes to private education. Parents will typically spend hours discussing whether this is the right option for their children and, if so, which schools to consider. There is one thing, however, over which there is very little uncertainty: It is likely to be expensive.

A recent report released by the Australian Scholarship Group estimated that it may cost as much as \$541,275 to put a 2015 baby through some of the top private schools in Sydney (\$175,109 for primary school and \$359,043 for high school). These figures obviously reflect the top-end of the market (with Sydney being the most expensive city on average as far as private education is concerned) but even a lower figure (e.g. \$300,000 per child) can place significant pressure on the family budget. Things are also not likely to get better anytime soon as fee rises at private schools are consistently outstripping inflation, making private education progressively more expensive.

It should be obvious, in light of the above, that parents going down the private education route should have strategies in place to ensure that they are able to pay the fees and other costs involved while also pursuing other vitally important financial goals like saving for retirement.

It is with this in mind that we have produced this eBook.

Strategies for paying private school fees

1. Start saving early if at all possible

Over the course of the next few pages we will look at several investment strategies but before we do so it is important to simply make the point that starting to save for schooling related expenses as soon as a child is born is one of the most basic ways to take the pain out of private school fees. You obviously do not know whether your newborn will, in fact, attend a private school but preparing for the possibility by regularly investing money for this purpose can give you a significant leg-up when the time comes for his or her education to commence. Even if you decide not to go down the private school path, having money set aside for educational expenses is bound to come in handy further down the track as even in a public school there will still be textbooks, uniforms, school camps and possibly extra tuition fees to pay for.

2. Crunch the numbers

The fees that you may be required to pay for private schools can differ widely depending on the school that you end up choosing. For some schools in the Catholic Education sector fees can be as low as \$3,000 per year while an elite school can easily charge upwards of \$30,000 p.a. You should, furthermore, also look beyond school fees when you tally up the numbers. Extra-curricular activities, camps, uniforms and other education related expenses will all have to be factored in. The annual amount required that you end up with should obviously have a significant impact on the strategy that you decide on in the end.

3. Pick the correct investment vehicle

Simply placing educational funds in a regular bank savings account is not advisable. Rates of return for savings accounts are relatively low and any income you gain will be subject to your regular tax rate. It is, therefore, important that you get the best possible financial advice so that you can choose an investment vehicle that could potentially deliver high rates of

return within a favourable taxation environment. We will now turn to some of the investment vehicles that you could possibly look at.

4. Make the most of your mortgage

Many people are finding that placing education funds in mortgage offset accounts is one of the most effective ways of saving for this purpose. There are no entry costs (if you already have an offset mortgage) and savings placed in your mortgage could dramatically reduce the amount of money that you will eventually have to pay for your house. This is because extra funds in your redraw account will have the effect of reducing your interest payments. In this way the money that you're saving for education can fit neatly into your broader financial planning goals. For this strategy to work you will have to carefully budget to ensure that you place enough funds in the redraw account to cover educational needs. You will also have to be very disciplined and avoid withdrawing funds for any other purpose.

The main drawback of this strategy is that the funds are not "compartmentalised" for education and it becomes hard to impossible to know how much has actually been saved for education and ultimately if you have not done enough, you will not be able to tell. Having a separate account for education savings is a constant reminder of how far you have come and how far you have to go.

5. Investigate the use of investment bonds or scholarship funds

In some cases, especially where the investor is subject to high rates of income tax, the possibility of formal investment funds should be investigated. The two types that are most commonly used for educational purposes are Investment Bonds (Insurance Bonds) and Scholarship Funds. The basic nature and pros and cons of each of these investment vehicles will be discussed below:

Investment Bonds: Investment bonds may also be known as insurance or education bonds and are offered by some financial institutions. In terms of the make-up of

these bonds they can be described as a tax effective managed fund. The most significant benefit associated with this kind of product is that they essentially gain 'tax paid' status after you've paid in contributions for ten years. This is because the ATO will consider that tax was paid at the 30% company tax rate within the product. If you, therefore, have a marginal tax rate higher than 30% you will not have to pay any tax on earnings. A very appealing prospect indeed. Bonds can be purchased on behalf of a child, either as a lump sum or on a regular monthly basis, and you can nominate the time when ownership passes to them (to be used for educational expenses). Investment bonds are generally considered to be conservative investments (depending on the actual investment option chosen) but the makeup of individual bonds can vary widely so it would be best to get some sound financial advice before fully committing yourself.

Scholarship Funds: While the proceeds of investments bonds can be used for any purpose, Scholarship Funds are restricted to educational uses only for beneficial tax arrangements to apply. Scholarship Funds are in many ways similar to managed funds with the crucial difference that tax paid within the fund can be reclaimed by the fund operator when money is paid over to the nominated student for educational purposes. This means that the recipient receives such funds tax free. There are currently two scholarship plans in Australia, namely those provided by Lifeplan Funds Management (<https://www.australianunityinvestments.com.au/our-products/lifeplan/lifeplan-education-investment-fund>) and the Australian Scholarship Group (<http://www.asg.com.au/>)

6. Shop around

You may perhaps have your heart set on a particular school but it is important to recognise that significant savings can in some cases be gained by opting for another institution. This does not necessarily mean lowering your standards as there is no real direct correlation between higher fee levels and academic success. It is therefore important not to simply be swayed by the

price tag but to conduct thorough research to find the best possible educational environment for your child at the best possible price. Towards the end of this guide we will highlight some of the best schools in Sydney and it will be clear that there is a large price differential within a group of schools that can all be classed as excellent.

7. Consider schools that 'means test' fees and/or offer assistance packages

More and more schools are beginning to experiment with the idea of applying means testing to the setting of school fees. In such cases it is quite common to set fees at a percentage of family income (with lower and higher levels benchmarked). Some other schools offer generous levels of assistance to children from families who may not otherwise be able to afford the fees. Means testing and needs based assistance packages are more prevalent in the religious school sector (especially in Jewish and Catholic schools). It may be a good idea to contact local schools that fit into this category to see whether any of them have assistance packages. If your child qualifies you should obviously also seriously look into merit-based scholarship programs offered by the schools that you are interested in.

8. Make the most of sibling discounts

If you have more than one child to put through school sibling discounts could make a very significant difference to your personal bottom line. While some schools do not offer any discounts whatsoever others may offer discounts of up to 50% or even more for second and third children attending the same school. It would therefore be worth your while to seriously investigate the different policies of private schools in your area as far as this type of discount is concerned.

9. Pay your fees in the most cost-effective way

Many schools offer discounts to parents who pay school fees for the year up front. If you can do this without creating cash flow problems this can be a good strategy to

reduce fees. ASG School Plans (<http://www.asg.com.au/school-plan>) operate a system whereby they will pay annual fees upfront (enabling parents to benefit from discounts). Parents can then pay back the money via monthly instalments. Another often overlooked strategy is to not simply transfer school fees directly from your bank account but to pay with a credit card linked to a rewards program (this should obviously only be done if funds can be paid back into the credit card immediately otherwise interest charges would be prohibitive). The resulting 'rewards' can in many cases be used to get store gift cards which can be used for everyday shopping, thus plugging a hole in another part of your budget.

10. Claim a 'last minute' place

This may seem like a bit of a nerve racking option but significant savings can be gained by taking up a vacancy that a school is still trying to fill at the beginning of the school year. The 'School Places' website (<https://www.schoolplaces.com.au/>) specialise in linking up parents with such vacancies and they report that in some cases parents can save up to 50% on advertised rates.

Some of the most expensive private schools for girls in Sydney

The lists that follow are drawn from the 'Better Education' ranking system website: www.bettereducation.com.au.

1. Ashcam School, Edgecliff

Founded in 1856 Ashcam consistently performs at or near the top of academic rankings for NSW schools. 2014 tuition fees came in between \$25,000 and \$33,000. Distinguished former students include Belinda Hutchinson (Chancellor of Sydney University) and Margaret Gye OBE (Chairperson of the Red Cross).

Website <http://www.ascham.nsw.edu.au>

2. Abbotsleigh, Wahroonga

Founded in 1885 Abbotsleigh boasts a 'Distinguished Achievers' rate of 48% as far as HSC results are concerned. The tuition fees as of 2015 are \$28,640 per year for a student in years 11-12. Notable former students include Agnes Elizabeth Lloyd Bennett (Pioneering medical practitioner and scientist) and Meredith Burgmann (Former President NSW Legislative Council).

Website: www.abbotsleigh.nsw.edu.au

3. Meriden, Strathfield

Founded in 1897 Meriden prides itself in small class sizes and a wide range of co-curricular activities. Tuition fees for year 12 students is \$27,315 per year. Notable former students include Elaine Cassidy (former mayor of Sydney) and Jennifer Blackman (former judge of the NSW District Court).

Website: <http://www.meriden.nsw.edu.au>

4. SCEGGS, Darlinghurst

Founded in 1895 as the Sydney Church of England Girls Grammar School, SCEGGS is regularly ranked among the top performing schools in NSW. The tuition fee for a student in years 11-12 is \$33,627 per year.

Notable former students include Dr Joan Freeman (Nuclear Physicist) and Kay

Patterson (Federal Senator and former Health Minister).

Website: <http://www.sceggs.nsw.edu.au>

5. Pymble Ladies College

Founded in 1916 and located on a 20 hectare campus in the North Shore, Pymble College rates very highly in surveys of student and parent satisfaction. The tuition fee per year for a student in years 11-12 is \$28,970. Notable former students include Elizabeth Evatt (Federal Court Judge) and Angela Cummine (2007 Rhodes Scholar).

Website: www.pymblelc.nsw.edu.au

6. Queenwood School for Girls, Mosman

Founded in 1925 Queenwood School is spread over four well equipped campuses in Mosman. The tuition fees for a year 12 student is \$26,292 per year. Notable former students include the writer Shirley Hazzard and the Olympic skier Zali Steggall.

Website:
<http://www.queenwood.nsw.edu.au>

7. Roseville College

Founded in 1908 Roseville College is steadily climbing up the academic rankings and prides itself in striving for 'whole personal development' for girls. Tuition fees for a student in years 11-12 are \$24,675 per year. Notable former students include Emma Sholl (Principal Flute with the Sydney Symphonic Orchestra) and Chloe Maxwell (Television Personality).

Website: <http://www.roseville.nsw.edu.au/>

8. Loreto, Kirribilli

Loreto is an elite Catholic girls-school that is part of the worldwide 'Loreto Sisters' network. Tuition fees for students in year 10-12 are \$17,955 per year. Notable former students include Clover Moore (Current Lord Mayor of Sydney) and the columnist Miranda Devine.

Website: <http://www.loreto.nsw.edu.au>

9. Ravenswood School for Girls, Gordon

Founded in 1901 Ravenswood has a successful track record both in terms of

academic results and excellence in co-curricular activities. Tuition fees for students in year 12 are \$28,602 per year. Notable former students include the publisher Juanita Nielsen and the actress Tammin Sursok.

Website: www.ravenswood.nsw.edu.au

10. Kambala School, Rose Bay

Founded in 1887 and situated on a campus overlooking Sydney Harbour, Kambala is highly rated and the leadership of the school ascribes this to 'traditional, proven educational practices and responsiveness to the need to incorporate worthwhile innovations'. Fees for year 12 students are \$31,885 per year. Notable former students include the actress Claudia Black and the medical pioneer Jessie Strahorn Aspinall

Some of the most expensive private schools for boys in Sydney

1. Sydney Grammar School, Darlinghurst

Founded in 1857 Sydney Grammar School boasts a sterling reputation as one of the premier private schools in Australia. The vast majority of boys who complete Year 12 go on to university study. Notable former students include Sir Edmund Barton (first Prime Minister of Australia) and the poet Banjo Patterson. Tuition fees for a student in years 11-12 are \$31,419 per year.

Website: <http://www.sydgram.nsw.edu.au>

2. St Aloysius' College, Milsons Point

Founded in 1879 as a Jesuit School, St Aloysius strives for academic excellence as is evidenced in the entry examination system it operates. Tuition fees for a student in year 12 are \$15,952 per year. Notable former students include the journalist Julian Morrow and former Federal Treasurer Joe Hockey.

Website: www.stalloysius.nsw.edu.au

3. The King's School, Parramatta

Founded in 1831 The King's School is Australia's oldest independent school and

has a distinguished history of producing high-performing former students. Tuition fees for a student in year 12 are \$31,581 per year. Notable former students include Mike Baird (Premier of NSW) and Maha Vajiralongkorn (Crown Prince of Thailand).

Website: <http://www.kings.edu.au>

4. Sydney Church of England Grammar School (Shore), North Sydney

Founded in 1889 'Shore' is one of the best regarded private schools in Sydney and it excels both academically and on the sporting field. Tuition fees for a student in years 11-12 are \$27,300 per year. Notable former students include Errol Flynn (Hollywood actor) and Sir Frank Packer (founder of the Packer media empire).

Website: <http://www.shore.nsw.edu.au/>

5. Knox Grammar School, Wahroonga

Founded in 1924 and located in Sydney's outer North Shore Knox prides itself in being a growing and diverse school with a distinguished reputation. Tuition fees for a student in years 11-12 are \$28,440 per year. Notable former students include the writer Peter Fitzsimons and the actor Hugh Jackman.

Website: <http://www.knox.nsw.edu.au>

6. The Scots College, Bellevue Hill

Founded in 1893 Scots College aims to cultivate boys with 'brave hearts and bold minds'. Tuition fees for a student in year 12 are \$33,098 per year. Notable former students include Peter MacCallum (former Premier of Western Australia) and Graeme Milbourne Clark (Cochlear Implant Pioneer).

Website: <http://www.tsc.nsw.edu.au>

7. Cranbrook School, Bellevue Hill

Founded in 1918 Cranbrook has a strong history of sporting and academic success. Tuition fees for a student in years 11-12 are \$32,788 per year. Notable former students include David Cygnell (CEO of Channel Nine) and Jim Maxwell (ABC Cricket Commentator).

Website: <http://www.cranbrook.nsw.edu.au>

8. Parramatta Marist High School, Westmead

Founded in 1820 Parramatta Marist offers the rare combination of a sterling academic reputation and a very affordable price-tag. Tuition fees are \$4,357 per annum for a senior student. Notable former students include the actor Paul Hogan and Sir John Clancy former judge and Chancellor of the University of New South Wales.

Website:

<http://www.parramarist.nsw.edu.au>

9. Saint Ignatius' College, Riverview

Founded in 1880 St Ignatius is a Jesuit school that boasts a list of former students that reads like a 'Who's Who' of Australian public life. Tuition fees for a student in year 12 are \$24,600 per year. Notable former students include former Prime Minister Tony Abbott and Barnaby Joyce, Federal Agriculture Minister.

Website: <http://www.riverview.nsw.edu.au>

10. St Joseph's College, Hunters Hill

Founded in 1881 'Joeys' is a Marist Brothers institution that has made a deep impact in both academia and on the sporting field (particularly rugby union). Tuition fees for a student in years 7-12 are \$27,780 per annum. Notable former students include Murray Gleeson (Chief Justice of Australia) and Wallaby star Kurtley Beale.

Website: <http://www.joeys.org>

Conclusion

We hope that you enjoyed reading this guide. Hopefully it set you thinking about your savings priorities and the way in which this can contribute to the future of your children. Please rest assured that we always stand ready to help if you would like to discuss this or any other financial matter.

It would be impossible, however, to present a complete guide to all financial planning needs in a document as brief as this. We urge you to continue your explorations by making use of some of the other resources and eBooks from www.wealthadviser.com.au.

Please do not hesitate to contact us if we can be of further assistance.

Take the next step

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Next you will find details on how to book an appointment with an adviser.

We look forward to meeting you soon.

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Please nominate your preferred day, date and time to meet with us. One of our client services representatives will call you to confirm your appointment.

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Preferred appointment day and time

Day

Date

Time am/pm

Contact details

If you would like us to contact you via email to confirm your appointment or to answer any questions you have, please provide a valid email address for our records.

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Reader Notes



Reader Notes



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