



## School fees planning – things to consider

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If you would like your children to be privately educated, unless you are extremely wealthy, this is likely to be something which requires careful planning. In this factsheet we set out some of the prime considerations:

### Cost Factors

- **The number of children you have** - Assuming you want to treat all of your children equally you will want to make sure you have adequate resources to fund all of your children to the same extent.
- **The fees of the schools you would like to consider** - Fees can vary considerably from school to school. Also don't forget the effect of likely future fee increases as school fees have historically increased at a higher rate than inflation for many schools.
- **When to start private education** - Are you thinking of private education from age 5 or from age 11 only? This will affect the length of time you have available to save and/or invest and also the total funds required.
- **Additional costs** - In addition to the fees there are also likely to be further annual costs which can be substantial. These could include uniform, books and equipment, pocket money if at boarding school, school trips and clubs.

### Potential Sources of Funding

Whilst it may be possible to obtain a bursary to help fund some or all of any fees this cannot be relied upon. Therefore potential sources of funding are generally:

- **Capital** - Do you have existing cash deposits or investments that you can afford to earmark for school fees planning?
- **Income** - Can you fund some or all of the fees from your net income? You may need to budget to save on a regular basis to set funds aside for the fees or reduce debt to free up income to use when required.
- **Family and/or trusts** - Can family members or a family trust provide support for the fees? Any gifts from family members are likely to have inheritance tax implications which need to be considered.

## Planning Considerations

- **Investment Risk** – Any invested funds intended to be used for school fees will need to take a suitable risk approach. The investments chosen will take account of the amount of investment risk you feel comfortable with and the time horizon available before the funds are needed.
- **Tax Considerations** – Consider how you can make best use of any available tax reliefs and allowances and use suitable tax efficient products to assist your planning where possible.
- **Timescale** – As school fees are often paid for a long period you are likely to need to adopt a mixture of strategies with funds intended to become available at different points.
- **Trusts** – Trusts can be tax efficient in school fees planning as they can enable the use of the child's personal tax allowance. We recommend taking specialist tax and financial planning advice before establishing a trust.

If you are thinking of investing in a private education for your children or grandchildren this is something that needs careful consideration from an early stage. If, having done some basic research, you think this might be a realistic option, we recommend taking financial advice as soon as possible to develop and implement a suitable strategy.

### Find out more

T: 01903 534 587  
E: [info@carpenterboxfa.com](mailto:info@carpenterboxfa.com)  
[www.carpenterboxfa.com](http://www.carpenterboxfa.com)



**CARPENTER BOX**  
FINANCIAL ADVISERS

### Key contacts



**Roy Thompson**  
Partner and Head of Financial Services  
E: [roy.thompson@carpenterboxfa.com](mailto:roy.thompson@carpenterboxfa.com)



**Tom Reed**  
Head of Gatwick – Financial Advisers  
E: [tom.reed@carpenterboxfa.com](mailto:tom.reed@carpenterboxfa.com)



**Ross Baumann**  
Senior Financial Planning Manager  
E: [ross.baumann@carpenterboxfa.com](mailto:ross.baumann@carpenterboxfa.com)