



Fees In Advance 2019

Early Payment Incentive Scheme

Gippsland Grammar offers incentives for fees paid in advance referred to as the Early Payment Incentive Scheme (EPIS). This scheme offers a discount of your fees for a dollar value equal to a nominated percentage of your total balance where the balance is \$1,000 or more.

A discount will be applied against fees for amounts paid in advance during the course of a term. The discount rate is as follows:

3.5%pa on the full amount where the balance is \$1,000 or more

These rates are subject to change with one term's notice.

The discount will be applied on the full account balance. No discount will be applied when the total pre-paid account balance is less than \$1,000.

The discount is calculated each Term, with daily pro rata payments based on 365 days and the number of days in the term. For 2019, the number of days per term for the pro-rata calculations are as follows:

	First Day of Term	First Day next Term	Discount Payable on Days
Term 1	31-Jan-19	23-Apr-19	82
Term 2	23-Apr-19	16-Jul-19	84
Term 3	16-Jul-19	07-Oct-19	83
Term 4	07-Oct-19	31-Jan-20	116
Total			365

The calculation:

$$\text{Discount \$} = \text{PrePaid Balance} \times \frac{\text{Number of Days}}{365} \times 3.5\%$$

EG:

$$\$10,000 \times \frac{1}{365} \times 3.5\% = \$0.96 \text{ per day} \approx \$350\text{pa}$$

FAQs

- 1. Does this mean that if I pay my term's fees on or before the first day of the term, that I will be eligible for discount for these fees?**

You will be eligible for the discount whenever your account balance is \$1,000 or more regardless of when you pay. The longer your account balance is pre-paid for more than \$1,000 the more discount you will be eligible for.

- 2. How much do I have to pay? The School previously calculated this for me.**

The amount you pay can be **any** amount provided you are in credit by \$1,000 or more. Each term the School will calculate the daily running balance and apply the discount based on this.

The amount you can pay is not restricted to the old one-year's fees in advance, you may pay **any amount**. The School reserves the right to restrict sums to an amount equal to the gross amount of fees payable for the life of the student(s) at the School.

- 3. If we leave the School do we get the money back?**

Yes. As was the case previously, payments made in advance of fees are refundable, less any pro-rata adjustment for the discount that would have been credited at the end of the respective term.

- 4. When do I receive the discount amount and how is it paid?**

The discount is calculated using the daily balance throughout the term and then applied at the end of each term.

- 5. Given that we may be paying several years in advance, how is our money secured?**

A parent who has paid fees in advance would rank as an unsecured creditor. The amount of money paid in advance is separately identified in the Annual Accounts as a Current Liability and is fully audited each year by the School's external auditor.

- 6. Do I pay tax on the credit accrued under this scheme?**

Parents are advised to seek their own taxation advice. Since this discount is a reduction of fees, and not paid to parents, it would not normally be subject to personal taxation.

- 7. Who can I contact if I have any questions?**

You may contact the Finance Team by calling the Garnsey Campus (03) 5143 6388

CASE STUDIES

EXAMPLE 1

Mr and Mrs Citizen have one student at the School in Year 6 and wish to make a lump sum payment of \$10,000 towards future School Fees. The Term School Fees for year 6 are \$2,533.

They make a lump sum contribution of \$10,000 **in addition to paying the Term Fees** and therefore have an account balance of \$10,000 in advance on the first day of Term 1 (after Term 1 2019 fees have been charged).

Mr and Mrs Citizen continue to pay their term fees before the first day of each term (the due date).

	First Day of Term	First Day Next Term	No of Days	Starting Credit Balance	Top Ups	Fees Charged	Balance 1 st Day of Term	Discount Rate	Discount for Term*
Term 1	31-Jan-19	23-Apr-19	82	\$10,000.00	\$2,533.00	\$2,533.00	\$10,000.00	3.5%	\$78.63
Term 2	23-Apr-19	16-Jul-19	84	\$10,000.00	\$2,454.37	\$2,533.00	\$10,000.00	3.5%	\$80.55
Term 3	16-Jul-19	07-Oct-19	83	\$10,000.00	\$2,452.45	\$2,533.00	\$10,000.00	3.5%	\$79.59
Term 4	07-Oct-19	31-Jan-20	116	\$10,000.00	\$2,453.41	\$2,533.00	\$10,000.00	3.5%	\$111.23
TOTAL									\$350.00

**applied at the end of the term*

The annual discount received by Mr and Mrs Citizen is \$350.00

EXAMPLE 2

Mr Smith has two students in the School in Year 9 and Year 11. He has received an endowment and wishes to make a lump sum payment towards his School fees. His term school fees are \$3,835.65 (9% sibling discount continues to apply) and \$4,110 respectively. Mr Smith's account balance is \$0 prior to the commencement of 2019. Mr Smith makes no further payments throughout the year.

	First Day of Term	First Day Next Term	No of Days	Starting Credit Balance	Discount Applied	Fees Charged	Balance 1 st Day of Term	Discount Rate	Discount for Term*
Term 1	31-Jan-19	23-Apr-19	82	\$100,000.00	N/A	\$7,945.65	\$92,054.35	3.5%	\$723.82
Term 2	23-Apr-19	16-Jul-19	84	\$92,054.35	\$723.82	\$7,945.65	\$84,832.52	3.5%	\$683.31
Term 3	16-Jul-19	07-Oct-19	83	\$84,108.70	\$683.31	\$7,945.65	\$77,570.18	3.5%	\$617.37
Term 4	07-Oct-19	31-Jan-20	116	\$76,163.05	\$617.37	\$7,945.65	\$70,241.90	3.5%	\$781.32
TOTAL									\$2,805.82

**applied at the end of the term*

The annual discount received by Mr Smith is \$2,805.82

The figures quoted in the above examples are estimates only, based on the projected balances in the accounts at the beginning of each term. The actual amount will vary depending on each individual balance at the beginning of the term after allowing for the crediting of previous discount and charging of any ancillaries and incidental expenses.