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A Review of Commercial Tuition Payment Plans

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A REVIEW OF COMMERCIAL TUITION PAYMENT PLANS

by

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CHAPTER I

STATEMENT OF THE PROBLEM AND DEFINITION OF TERMS

Introduction:

In October of 1962, Changing Times, The Kiplinger Magazine,[1] as a service to families, published a survey of commercial educational loan programs. Table I, page 2, from that study gives immediate evidence that there has been a very rapid growth of commercial loans for education. Several reasons may be cited for this phenomenal growth of commercial loans. Of primary influence in the development of commercial loans for education was the sharp rise in educational costs over the past six years. A review of studies made by the United States Office of Education showed that average turition and fees in private colleges and universities within the continental limits of the United States increased thirty-five per cent between 1957 and 1962.

A second influence in the development of commercial loan programs, as cited in the Kiplinger report, was the National Defense Student Loan Program begun in 1957. Many bankers' associations have encouraged private lending in

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[1]The Kiplinger Washington Editors, Commercial Loans for College, 1962.

TABLE I

STARTING DATES OF EDUCATIONAL LOAN PLANS

	Number of Plans Started	Plans Known to Be in Operation
July 1961 or later....	11	101
1961..................	20	90
1960..................	24	70
1959..................	34	46
1958..................	[illegible]	12
1957..................		5
1955..................		
1947..................	[illegible]	
Not stated.........	14	
Total..........	115	

2 Ibid., p. 1

order to limit the future growth of governmental activity in this area.

Growing interest of colleges in commercial financing of education was a third factor mentioned in the Kiplinger report which contributed to the growth of commercial loan programs for education.

With each tuition increase college officials were becoming more acutely aware of the need for and the public relations value of an alternate plan of tuition payment. Yet wise controllers have depended on advance payments of fees in order to earn several thousands of dollars additional income for the college each year through short term investment of this unearned income. Thus, financial and administrative officers of the college were growing into a condition of "readiness" to accept third party agents' plans which would give them the advantage of offering parents of students periodic payments, and at the same time provide the college with the entire semester's fees at the beginning of each term.

II. The Problem:

The problem of this thesis was first, to determine to what extent commercial educational loan companies have approached college and university administrators; second, to determine what standards, if any, were in use by the administrators in evaluating the plans; and third, to investigate selected commercial loan programs for education and to analyze them from the standpoint of cost, insurance coverage, repayment terms, and credit and collection policies. This study was made in an effort to provide an objective review of four nationally competitive plans for use of college and university business officers as a guide in evaluating plans presented for their consideration.

III. Importance of the Problem

Commercial credit companies were beginning to recognize the potentials of financing college education at the same time that colleges were growing in this recognition of need for deferred payment plans. In a questionnaire completed by sixty-six college business officers, which will be used later in this study, one hundred per cent indicated that these companies have sought from the educational institutions mailing lists of enrolled students, and college-endorsement of the company's plan.

The February 1963 issue of College and University Business editorialized on this problem, saying,

> In an educational loan relationship between student and lender the college or university may be the innocent third party injured in a contract forfeiture. When the expense of a college education necessitates a loan, it behooves the college administrator to see that the parent or student is properly advised on the educational loan contract.
>
> The ill-will engendered by an educational loan contract forfeiture may be directed at the educational institution involved irrespective of whether the loan was negotiated with institutional participation. For this reason, institutional administrators must be concerned and conversant with the contract provisions of commercial loan plans.[3]

IV. Definition of Terms

The terms educational loan program, tuition payment plan, and deferred payment plan were used interchangeably in referring to commercial plans for spreading education costs over a limited time span. Such plans are offered by educational institutions as an alternative to one-lump payment of fees at the beginning of each term.

Some educational loan programs provide that the parent contract with the educational institution which in turn assigns the contract to the loan company, on a full recourse basis. This condition holds the institution liable for the outstanding

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[3]Editorial in *College and University Business*, 34:45, February, 1963.

amount of the loan in case of default by the contracting parent. A _no recourse_ clause, however, frees the educational institution of any obligation to the loan company on assigning a contract.

Educational institutions which enter into an agreement with a company to make a loan plan available to parents of students, and to make the initial contractual arrangements are referred to as _associated colleges_.

A _term life insurance policy_ provides coverage of a stipulated period of time but does not provide dividends or endowment at maturity of the policy. If the policy is not renewed no financial return is realized.

The _cash value_ of the contract is the principal amount loaned; the advance made to the educational institution for tuition and fees. To this amount is added the interest or service charge.

Simple annual interest is the amount paid (stated as a percentage) for use of money for one year.

Discount rate is the percentage deduction from the total amount to be repaid to the loaning agency. The difference is the principal amount borrowed.

CHAPTER II

REVIEW OF RELATED RESEARCH AND LITERATURE

A careful review was made of _Dissertation Abstracts_,[1] published by University Microfilms, Inc., and _Phi Delta Kappan_.[2] Because the use of commercial financing for payment for college education is of recent significance, it did not seem advantageous to go back further than 1951 in this search. Though material was sought under many subject headings (college and university finance; consumer credit; credit; education--general and administration; economics--general, commerce and business; finance; interest and usury; installment plans; schools and school finance), no research reports or analyses were found having either a direct or related bearing on this study.

The Readers' Guide and _The International Index_[4] were

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[1] _Dissertation Abstracts_, Michigan: University Microfilms, Inc., 1951-63.

[2] Phi Delta Kappan, Indiana: _Phi Delta Kappan_, Inc., 1951-63.

[3] _Readers' Guide to Periodical Literature_, New York: H.W. Wilson Company, v. 17-24.

[4] _International Index_, New York: H.W. Wilson Company, v. 12.

consulted under these same subject headings and for the same time period. Here the search was more rewarding. Beginning about 1958 with the enactment of the National Defense Student Loan Program, articles on financing education began to appear. These and reports from the United States Office of Education were reviewed.

. On Commercial Loans for Education

In July, 1958, Changing Times, The Kiplinger Magazine, in an article headed "Borrow for College, Pay Later," stated that 50 per cent of top quarter high school graduates of 1958 lacked funds for college. The writer predicted that there would be a "swing from apathy to enthusiasm toward loans in the next few years."[5]

Social Service Review quoted Seymour Harris, Chairman of Economics at Harvard University, as favoring long term borrowing to pay for education. He based this opinion that education is a good credit risk on the assumption that the college-educated person will earn approximately two hundred and fifty thousand dollars more during his working years than his high school graduate contemporary.

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[5]"Borrow for College, Pay Later," Changing Times, the Kiplinger Magazine, Washington: 12:30-1, July, 1958.

This same article referred to a New York Times observation that the reason for lack of enthusiasm of financial institutions in financing education stemmed partly from lack of experience in the field.[6]

In March of 1959, U. S. News and World Report referred to the college trend in recent years of easing "the burden on families by permitting them to pay their childrens' college bills in installments instead of in a large lump sum each semester."[7]

In August of 1959, U. S. News and World Report commented at length on the growth in use of credit to pay education bills:

> Installment financing of a college education is catching on with a bang.
>
> . . . .
>
> This shift to credit plans is growing fast. It is of importance to parents as well as to youths. Its impact on colleges is expected to be great - adding to enrollments and probably leading to an increase in tuition charges.
>
> . . . .
>
> In 1953, according to U. S. Office of Education, only 1.5 per cent of the money spent for higher education came from loans.
>
> . . . . .

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[6] "College on Credit?", Social Service Review, 32:419-20 December, 1958.

[7] "How to Help Pay for College," U. S. News & World Report, 46:82-2, March 16, 1959.

The amount of money loaned to students has tripled in the last four years - up from 40 million dollars in 1955-56 to an expected 120 million dollars in the coming school year 1959-60 .

. . . .

Biggest boost to college lending has come from the Federal Government through the National Defense Education Act of 1958.

. . . .

More than 1,370 colleges now are set up to make loans under the federal program. This compares with only 767 colleges having loan plans four years ago.

. . . .

The boom in college lending began even before the federal program started. ...the volume of student loans has been mushrooming for several years.

Banks have done much to swell the lending boom.

. . . .

Hundreds of colleges and universities have associated themselves with an instalment payment program...

In some States, bank loans are encouraged by agencies chartered by the State government.

. . . .

Many of these loan plans have existed for many years. What's new is the eagerness now being shown by students to take advantage of them. Talk to college officials, and they'll tell you that a few years ago they could hardly persuade students to borrow.

In recent years, however, there has been a growing rush for the college-loan offices.[8]

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[8]"New Ways to Finance a College Education," U.S. News & World Report, 47:52-4, August 17, 1959.

In February, 1960, U. S. News & World Report interviewed John F. Morse, Head of the Federal Loan Program. He said, "one of the really fascinating things to me is the staggering increase in the use of loan funds that has occured within the last twelve months [1959]."[9]

In its 1959 article, the Saturday Evening Post encouraged education time payment plans which begin almost immediately and are repaid before graduation. It cited the criticism in "The American Banker" that loans which cause students to forget their financial obligation until after graduation are bad consumer practice. The article stated that the then prevailing types of credit for education were not adequate and encouraged the growing number of installment plan financiers by saying that "credit in amounts sufficient to bolster the educational economy must be sought on terms which compete in the market place."[10]

In his expose of the hidden dangers in the marketplace terms of commercial credit, Hillel Black commended such education installment plans as the Post was encouraging:

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[9] "How You Now Can Finance a College Education," U. S. News and World Report, 48:78-83, February 1, 1960.

[10] "College Could Prosper From Wider Use of 'Pay as You Learn' Plans," Saturday Evening Post, 231:10, February 6, 1959.

> Certainly the most important contribution consumer credit can make is to help qualified youngsters obtain a college education which they might not otherwise be able to afford....
>
> To meet this need some of the more responsible lending institutions have originated plans whereby families can borrow as much as $10,000 for each youngster's education. The interest rates generally are lower than those charged for personal loans.
>
> ...There is no question that a growing segment of the consumer credit industry is attempting to fulfill a pressing, indeed dire need at a minimal cost. In 1959, an estimated $100 million was borrowed by parents to pay for their youngsters' college educations. Although this is only one-fifth of the one cent of every dollar of consumer credit extended, the amount of money available for educational loans is growing rapidly."[11]

The 1962 Kiplinger Magazine survey, "Commercial Loans for College,"[12] centered primarily around bank loan programs, with 841 participating. The study reported on the classifications of loans, the growth in educational loan plans, the bank facilities, the means used to bring programs to public attention, and the size of the plans. It was reported that in 1959 the responding banks had had 2,965 loan applications and granted 2,388 loans totaling seven million dollars.

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[11] Black, Hillel, Buy Now, Pay Later, (New York: Giant Cardinal Edition, August, 1962), pp. 210-211.

[12] The Kiplinger Washington Editors, loc. cit.

In 1961 these same banks had 6,274 applications and granted 5,590 loans totaling over twenty million dollars.

Borrower eligibility was reviewed and insurance coverage investigated. It was found that qualifications for insurance were stated in such general terms as "applicant must be in good health." Almost all plans insure the borrower's life, though only a few insure the student.

Virtually all the banks quoted the same criteria for measuring credit of applicants of educational loans as for other forms of installment lending. Fifteen of the banks were found to have more stringent criteria.

It was stated that fifty of the sixty-six reporting banks loan two thousand dollars or more for one year's education; six of these said they would loan up to five thousand dollars in a year while more than half have loan limits of twenty-five hundred dollars a year.

There was an indication that with few exceptions banks apply the same repayment schedules to educational loans as to other consumer lending. Five plans required no repayment until after graduation. Most banks, however, reported that they reduced their credit risk considerably by advancing funds only one semester at a time and establishing "immediate" repayment schedules.

The Changing Times' survey included investigation of interest rates and service charges. Their comments on this subject have been quoted below in the section covering true annual interest.

Two bank plans offered only through colleges were reviewed. It was observed that "aside from the limitation on where the student may attend school, the operating techniques of [Assured Education Plan] are identical to those of the 115 bank plans previously discussed."[13]

The second bank plan available through schools and colleges only was the Potomac National Bank Plan, Educational Loans. This plan is contracted with the educational institution and assigned to the company on a recourse basis.

Finally, the Kiplinger Report summarized briefly the commercial plans such as those studied in this paper, and noncommercial plans such as N.D.E.A. loans and loan-guarantee programs operating in a number of eastern states.

The opening and closing paragraphs of the "Conclusions" of the Survey supported strongly the growing conviction of the need for new ways of financing education and added the opinion that commercial loans and installment plans will continue

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[13] Commercial Loans for College, Op. cit. p. 11.

to grow to meet this need:

> For many families--particularly those that cannot prove financial 'need'--loans provide the most workable solution to the problem of financing school or college costs. The plans reported in response to the _Changing Times_ questionnaire were developed specifically to lend money for educational expenses and for this reason they offer several advantages over other methods of obtaining funds for this purpose.
>
> . . . .
>
> Though opinions vary as to the future of commercial loans for education, most bankers feel that these plans are a worthwhile public service and have taken this factor into consideration in determining their rates and charges. They expect less profit from educational loans than from other types of instalment lending but nevertheless consider it the responsibility of commercial banks to provide reasonable financing programs to help parents meet the increased costs of education.[14]

Rexford G. Moon's position and experience as Director of College Scholarship Service provide him with a continuing awareness of the need for funds for educating the youth of our country. In closing his _Saturday Review_ article of June, 1963, he wrote:

> This educational credit boom has made higher education accessible to a number of students who would have missed out under any other scheme. It is being recognized increasingly that credit in general in our

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[14]_Ibid_., pp. 30-31.

> economy is serving as our most significant democratizing force. Since higher education also serves this purpose well, credit and higher education, the one making the other possible, may be considered indeed compatible.[15]

II. On Consumer Credit and True Annual Interest

Robert P. Abate, an officer of the American National Bank & Trust Company of America, reported in The Journal of the Association of College Admissions Counselors that he believes loan sharks are taking advantage of parents by charging outrageous rates of interest. He recommended that the best way to pay for college is through a savings program started while the child is in grade school. For those who must borrow he recommended a careful review of the various kinds of plans available from lending institutions. Mr. Abate found in a recent review of a number of plans that interest rates varied from 6.35 per cent to 18 per cent. He was shocked to discover that most people did not know the "simple annual interest rate" for the money they borrowed.

Mr. Abate pointed out that repayment of one thousand and sixty dollars over twelve months for the use of one

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[15] Moon, Rexford, G., "More Students are Studying Now, Paying Later," Saturday Review, June 15, 1963, p. 83.

thousand dollars is not 6 per cent interest, but 12 per cent. This is because the borrower does not have the use of the one thousand dollars for a full year. Each monthly payment reduced the original amount of the loan.[16]

Hillel Black's recent book, Buy Now Pay Later, has been hailed as a well written explanation of the dangers and deceptions that have grown up in the consumer credit explosion. The purpose of the book was to point out to American consumers the dangers and high costs of easy credit, the unethical practices of many debt merchants, and the deceptiveness of interest rates. Commenting on the rapid growth in borrowing, he wrote:

> The enormous force of this explosion can be measured by these figures. All consumer debt, that is debt owed by individuals as distinguished from business or the government, totaled a staggering $231 billion as we entered 1962. This is more than a 200 percent increase over the past ten years. In the same period consumer's disposable income increased only 76 percent.... Consumer credit--the key to the rise in private debt--has increased over 550 percent since 1940. In the last ten years it has more than doubled. By 1970 experts predict consumer credit will reach $107 billion, or nearly double again.[17]

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[16]Abate, Robert P., "College on Credit, Be Careful," The Journal of the Association of College Admissions Counselors, Winter, 1963.

[17]Black, Hillel, op. cit., pp. 4-5

The increasing volume of loans for college education is responsible for a part of the 200 per cent increase in consumer debt over the past ten years.

Referring to the question of understanding the cost of credit, Mr. Black continued:

> Not only the average citizen, but even the most sophisticated consumer is completely incapable of calculating the cost of credit. The myriad charges, many of them hidden, the infinite ways in which finance rates are presented, the continual emphasis on the amount of the monthly payments, all of these things are lulling us with a false sense of economy and, more important, are turning us into a nation of consumer idiots....And the reason we don't know how much we are paying for debt is that those who sell it refuse to divulge what it costs in terms that we can truly comprehend. For the debt merchants--and I am including many of our most august banks, department stores, sales finance companies and small-loan firms--this means profits made at the expense of an ignorant and uninformed citizenry. It is deception on a grand scale and it has no place in our free enterprise system.[18]

Are these "consumer idiots", the "ignorant and uninformed citizenry" the uneducated, low or middle income groups of our society? Mr. Black answered this by reference to a nationwide survey made in 1959 by The Survey Research

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[18] Ibid., p. 216.

Center of the University of Michigan. Professor George Katona, author of the survey, observed:

> On practically any item of knowledge or information we have studied, we find that high-income people, people with college education, and people with personal experience in the matter studied are better informed than other people. But this finding is not sustained on the item of cost of installment credit. We find that 31 percent of the people with more than $10,000 income, likewise 31 percent of people with a college education, and likewise 31 percent of people who make monthly payments of over $100 place the cost of installment credit at 6 percent or under.[19]

Mr. Black's recommendation for remedying the confusion about interest rates was that they be converted to true or simple annual interest:

> The only way the consumer can truly compare the cost of credit is through simple annual interest, just mentioned. Before explaining what this means, it is worth noting that this method is used in all fields but consumer credit. All business firms use it when they have to borrow money.... For the consumer, an understanding of simple annual interest and how it works is a must. It is the only yardstick he can use to compare the cost of credit.
>
> By definition, true or simple annual interest is the amount paid for the use of money for one year. It is always stated as a percentage. The essential point to under-

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[19] *Ibid.*, p. 75.

> stand is this: simple annual interest on money to be repaid over a year's time is generally double the rate the debt merchant quotes to the consumer.
>
> . . . .
>
> In the wonderland of credit, however, the consumer is almost never told the cost of debt in terms of true annual interest. Thus, it is virtually impossible for him to know whether he is paying exorbitant sums for the use of credit. For example, the price of credit frequently varied among merchants who sell identical merchandise. But the way these finance plans are presented it is often difficult for people to tell which plan is more costly."[20]

Mr. Black's recommendation of the use of simple annual interest for consumer credit was not new to the American consumer. His book was published shortly after the Senate Banking Subcommittee rejected a bill presented by its Chairman, Democratic Senator Paul Douglas from Illinois. He described his bill as a "truth-in-lending" bill aimed at enlightening consumers who are "deceived or misled about the high interest of bank or finance-company loans, time purchases...or retailers' charge accounts."[21]

Senator Douglas wrote the introduction to Mr. Black's book <u>Buy Now, Pay Later</u>. In doing so he took the opportunity to defend his bill, S2755:

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[20] <u>Ibid</u>., pp. 86-89.

[21] "Borrowing Money in the Dark," <u>Newsweek</u>, April 4, 1960, p.77.

> The bill requires two simple pieces of information from those who are in the business of lending credit: first, the total dollar amounts of the cost of the money, and, second, the expression of this amount as a true annual interest rate.
>
> The bill does not control credit. All it asks is that the consumer be told the truth. The reduction of consumer credit financing charges to a common standard or yardstick will enable every borrower to shop around for credit as he now shops for the best trade-in for his old car or the lowest price for a new one. It would also help him to decide whether it would not be wiser for him to draw down on his savings account, on which he is receiving three or four percent interest, rather than to finance a new purchase through the consumer credit which might well cost him 12, 18, 24, or 36 percent interest or more.
>
> A number of objections were raised about the bill. It was said that such truthful information would merely 'confuse' the consumer. We were told that 'states rights' would be offended. But even the opponents found it very difficult indeed to bring forward valid objections, for they could hardly oppose in any serious way merely giving the consumer the truth, which was all this bill called for.[22]

Shortly after the introduction of the bill, Newsweek reviewed it, saying that it would "require loan companies, auto financiers and other purveyors of installment loans to compute

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[22]Black, Hillel, op. cit., pp. xiv-xv.

interest rates on the unpaid balance rather than on the principal...it would also require lenders to compute service charges, insurance costs and other 'extras' as part of the interest figure."[23]

Consumer Reports also considered true annual interest at this time, saying:

> The calculation of the interest rate is governed by the time selected for deriving the evaluation and by the assumptions made about the time intervals during the repayment....formulae for calculating true annual interest are mathematical measurements which have not been standardized.
>
> . . . .
>
> A universal standard for the expression of credit charges is the prime objective. Without it, ...the price for consumer credit , concealed by misleading statements of cost, varies from a low of 8 to 10 per cent in true-annual-interest terms up to highs above 129.5%...[24]

On the following page are two tables which Consumer Reports identified as credit advice given recently to the people of California by that state's Consumer Counsel.

The New York Times reported that "President Kennedy urges legislation requiring lender to state precise interest

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[23] "Borrowing Money in the Dark," loc. cit.

[24] "Following Up the Tangle of True Annual Interest," Consumer Reports, 25:438-39, August, 1960.

TABLE II

HERE'S WHAT YOU PAY FOR CREDIT....

If it is added to the purchase price and the total is repaid in twelve equal monthly payments -

When They Say	You Pay
4 % per year	7.8%
6 % per year	10.9%
8 % per year	14.5%
10 % per year	18.0%
1 % per month	21.5%

If it is charged "only on the unpaid balance" -

When They Say	You Pay
3/4 of 1% per month	9%
5/6 of 1% per month	10%
1% per month	12%
1¼% per month	15%
1½% per month	18%
2½% per month	30%

25 "Following Up the Tangle of True Annual Interest, *loc. cit.*

and other charges.[26] This was seen as an open endorsement of Senator Douglas' bill. The bill was strongly and effectively opposed, however, primarily by the National Retail Merchants Association. They presented problems for computing simple annual interest with as many as three different answers ranging from 94 per cent to 130 per cent arrived at by experts. Even Federal Reserve Board Chairman, William McC. Martin, who endorsed the principle of the bill, was forced to admit that many difficulties would occur in this process and perhaps confuse the consumer still more. The Senate Committee rejected the bill.

The Kiplinger magazine study reviewed earlier said that

> Approximately three-fourths of the banks specified their interest rates but the amounts and the methods of applying them varied to such an extent that this information was of little value in comparing actual costs. Charges ranging from 5 to 12.9 percent were reported and were variously described as 'add-on', 'discount', or 'simple' interest. The questionnaire had asked for the simple annual interest rate as a percentage of the funds actually in use, but there was disagreement even among the respondents that complied with this request. The same rate applied to different plans yields varying results, according to the intervals at which disbursements are made.[27]

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26 *The New York Times*, 6:1-1

27 "Commercial Loans for College," *op. cit.*, pp. 9-10.

CHAPTER III

METHOD AND SCOPE OF RESEARCH

The hypothesis was formed that the rapid growth in short-term tuition loan programs and the increasing pressures from salesmen to accept their particular plan have caught college administrators unprepared. It was presumed that, for the most part, these administrators have not developed standards for evaluation and comparison of new plans and have not measured the plan presently in use against newer ones. It was thought that a review of some of the plans being offered nationally would be of help.

The questionnaire shown in Appendix A, page 81-82 was sent to business officers of thirty institutions of higher education. Though the questionnaire was designed primarily to obtain information regarding use of commercial plans, questions were asked in II-2 regarding college-sponsored plans. This was done with the thought that privately administered plans might be included in the study. The response to this section was so limited, however, that even the enlarged mailing did not provide sufficient information for a consistent comparison. With this exception, the responses from the first mailing were significant enough to justify further circularization without any major change in the questionnaire.

The second mailing was sent to an additional fifty private institutions of higher education in the continental United States and Puerto Rico. This brought the total number circularized to eighty. A list of these is provided in Appendix A, page 83f. A definite geographic distribution was sought; some states, however, were omitted because no private institutions of higher education were listed in the 1960 Directory of American Colleges and Universities.

Of the total eighty institutions questioned, a gratifying 88.7 per cent responded in sufficient time to be considered in this review. The geographic distribution of institutions responding is shown on the map in Appendix A, page 86. As can be seen from this map, there was heavy concentration in the eastern and midwestern states because there are fewer private colleges in western United States.

The review of deferred tuition payment plans was limited from the outset to commercial plans which provide for payment throughout the years of education and one or two years beyond graduation. Personal bank loans for a short or long term, the NDEA loan program and colleges' private loan programs were excluded. While these offer very desirable means of financing education, the present study was directed more specifically to short-term commercial plans designed solely for financing education. Thse are the plans which have grown so rapidly in recent years and are presedntly competing for college endorsement and promotion.

Literature concerning various plans offered by commercial organizations was obtained by response from the colleges interviewed (see questionnaire, II-2-b[3]) and by direct request to various companies. No attempt was made to obtain descriptive literature from all banks offering plans or from agencies with a limited geographic service. Emphasis was placed, rather, on review of plans offered on a national scale. Appendix A, Page 87, lists the plans reviewed initially. The four finally selected for further study were chosen because:

1. They were the plans most used by the responding institutions.
2. They gave evidence of highly competitive sales efforts.
3. They have no geographic limitation within the United States.
4. They represented well the various types of tuition payment plans in use today.
5. Company representatives were most helpful in supplying needed materials, time and interviews.

The promotional literature, application forms, contracts and studies furnished by the various companies were studied and compared. These appear in Appendix B. Some material was supplied for a short period of study but was designated as "confidential" and could not be reproduced here. Statements made by one company representative regarding a competitor's plan were checked for accuracy. Continuing interviews with these representatives by mail, phone and personal visits were used to answer questions and clarify details. These conferences frequently sparked new ideas and provided new avenues for investigation.

Considerable time and effort were spent in making certain that all strictly promotional factors were excluded from the review of each plan. Each representative was invited to read the chapter covering his company's plan to be certain that it was objective and accurate, and that no personal preference of the reviewer was reflected in it.

The assistance of a bank loan officer was sought in preparing comparative information regarding savings account earnings and in converting service charges of the various plans to simple annual interest. An insurance counselor was consulted for information regarding cost of term life insurance.

CHAPTER IV

REVIEW OF TUITION PAYMENT PLANS

. The Tuition Plan, Inc.

The Tuition Plan, Inc. is defined in its promotional literature as "a convenient way of financing tuition and other academic fees....an optional method of meeting school costs out of regular income....without depriving the school or college of the use of these funds."[1]

The company was founded in New York City in 1938 by Mr. Rudolph Neuberger as a means for parents to make periodic payment of academic fees within a one year span. The initial acceptance was from preparatory schools in New England. Following World War II, growing college enrollments as well as increased promotion of the plan resulted in acceptance of it by liberal arts colleges. By 1950 there were over two hundred private schools and colleges participating. The plan remained a one year contract, with eight payments on a full recourse basis; i.e. if the parent did not make payment in full

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[1]"The Tuition Plan," (New York City, New York: The Tuition Plan, Inc., 12-020A), p. 1.

to the Tuition Plan, the school had to repurchase the account by refunding to the company the amount due.

In June of 1955 C.I.T., from whom the company had been borrowing its money, purchased The Tuition Plan, Inc. Within a year the program had been amended and enlarged. Multiple year contracts were introduced and all contracts were written on a "no recourse" basis. This change in particular made the plan more acceptable to colleges. Life insurance for the parent was added for all multiple-year contracts. The insurance was underwritten by Minnesota Mutual Life Insurance Company of St. Paul, Minnesota, and continues in their hands.

Field representatives were established and the first one was placed in the Boston, Massachusetts, area late in 1955; later, representatives were placed in Philadelphia, New York and Chicago. Growth in activity in 1955-56 led to the need of mechanized accounting processes, and in 1957 all accounts were transferred to punched card data. Field representatives were being added continually until at present there are fourteen located in key cities throughout the United States.

Representatives have been recruited from various professions in order to provide a staff that would be creative in the development of all areas of the service. The company indicated that it presently has three men "in the field" from education and others with backgrounds in sales, finance and insurance.

Growth of acceptance of The Tuition Plan by colleges in the north-central and midwestern states led to the opening in July of 1961 of a divisional office in Chicago to serve these areas, as well as the entire area west of the Mississippi.

Increase in educational costs, the desire to improve its service and increasing competition from younger but growing companies has led The Tuition Plan to continue broadening and improving its program. In the fall of 1961 a sixty-payment plan was introduced providing the parent with the opportunity to extend payments beyond college graduation. In April of 1963 a bulletin was released announcing that contracts would be paid to the school for the entire academic year rather than half at each semester, thus enabling the college to invest its income for a longer period of time. An alternate plan would continue the semester payments to the school but would guarantee 3.75 per cent income from the company's "investment", with funds available "on demand". Appendix B, page 89.

Workshops have been held for participating colleges annually since the early 1950's. The number of workshops has grown steadily, and eighteen were scheduled throughout the United States for the spring of 1963.

At the beginning of its twenty-fifth year of service, the company had over six hundred private schools, colleges and universities offering the plan, their aim continuing to be "to provide a monthly payment program that will be of benefit to all parties concerned."[2]

A review of brochures, application forms, contracts and related materials was made to determine the policies and procedures of this company.

The term "associated" in the definition is an important qualification. The college must enter into a formal agreement (Appendix B, page 90f)with the company in order that parents of students enrolled therein may use it. The company deals directly with the college in the initial transaction,for "...the parent knows this plan is dependable because the college has endorsed and offered it."[3] It is advantageous, too, for the college to be able to offer a plan for periodic payments in lieu of full payment at the beginning of each term.

The college and the parent contract for instalment payments of tuition and other fees, plus a percentage service

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[2]"Historical Growth of The Tuition Plan, Inc.," from 1938 to 1963 (New York City, New York: 1963), p. 3.

[3]"Basic Philosophy", (New York City, New York: The Tuition Plan, Inc.), F.

charge. The college in turn assigns the contract to The Tuition Plan, Inc. on a "without recourse basis". However, in case of default, "...The Tuition Plan will not be required to make further payments to the ...college under the defaulted contract until it is again considered to be in order and acceptable."[4] If students who are minors are permitted to sign contracts, then the college must guarantee payment.

Since the college is initially involved, no contract is cancelled or any legal action taken without consultation with its officers. Ten days are allowed in which the college may indicate approval of suggested legal action or suggest an alternate collection method. Frequently the college cooperates in collection efforts by notifying the student that credits will be withheld and no further registration permitted until the account is again current. When approval has been given by the college for legal action, The Tuition Plan proceeds through a bonded collection service such as the "Professional Adjustment Bureau" of Passaic, New Jersey.

The contract provides that the parent pay monthly instalments directly to the office of the assignee. Upon default, the parent becomes immediately liable for payment

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[4]"The Tuition Plan," loc. cit.

in full of the amount due under the agreement, plus an additional one-half instalment and reasonable attorney's fees and collection costs.

Insurance on the life of the parent signing the contract is provided for in the two, three and four year contracts. It is sufficient to discharge the balance of the contract outstanding in the event of the parent's death. In case of default, the insurance is cancelled when a payment is beyond sixty days past due. In order to establish insurability, the parent is simply asked to answer the four questions appearing on the application form (Appendix B, page 92-95). All answers must be negative. In the case of non-insurability, the applicant has the option of using a one-year contract, which does not provide insurance but can be renewed each year.

The parent may cancel the agreement at any time by so advising the college in writing and paying all money due, plus one-half of one instalment as a cancellation charge, on all but one year contracts. If the college cancels the agreement, there is no charge.

There are no charges involved other than the percentage service charge and the possibility of a cancellation fee. The company points out that this is a conditional sales contract; therefore "...the transaction doesn't bear interest and so there are no late penalties, no extension or re-write fees."[5]

Rates are established as a percentage of the cash value of the contract, as follows: 1-year--4 per cent; 2-year--5 per cent; 3-and 4-year--6 per cent. This rate includes the cost for insurance coverage.

A parent wishing to contract for instalment payments completes the application blank attached to the brochure (Appendix B, page 93f). The application is returned to the college business office and a contract (Appendix B, page 96-97) is prepared there. No credit check is made. The parent signs the contract and returns it to the college business officer who also signs it and then, on the reverse side, assigns it to The Tuition Plan, Inc. The first two copies are sent to the company office which in turn forwards the "duplicate original" to the parent. The college retains the third copy for its files. The company pays the tuition and fees contracted for to the college at the beginning of the academic term. The parent makes monthly payments directly to the company, as scheduled on the contract.

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[5]"Basic Philosophy", loc. cit.

Colleges using the plan offered the following commendations and criticisms:

Though for legal protection the contract states that all money due is immediately payable upon default, experience has proven that the company is very reasonable when payments are past due so long as there is indication of good faith in meeting the obligation.

No credit check is made; no physical examination is required to prove insurability.

No suit or other collection procedure is initiated without previous consultation with the college.

The one-year plan without insurance coverage provides, at lower cost, a term payment plan for parents who are not insurable.

The [illegible] association with the college is sometimes confusing [illegible] When a parent contracts with a company independ[illegible] the college, he has no difficulty understanding that [illegible] contract provides for payment to the school of $1,000 [illegible] school's fees total $1,100, he owes the school an additional 100. Though the last paragraph of The Tuition Plan agreement carefully explains this possibility, the parent is often confused by an unpaid balance, since he so closely associates the instalment plan with the college business office.

II. The Insured Tuition Payment Plan

The Insured Tuition Payment Plan is a prepayment plan offered by the Richard C. Knight Insurance Agency, Inc. of Boston, Massachusetts. Mr. Knight had two children in private schools and recognized in the early 1950's the parental need for an orderly plan for meeting educational expenses. He believed that the existing educational endowment policies and loan plans did not provide all of the elements desired. Mr. Knight therefore established the criteria he considered important in an educational payment program and developed them into "The Insured Tuition Payment Plan". It was ready for presentation in May of 1953. Because of the late beginning date, few schools could be contacted and enrolled this first year. According to the company representatives, the procedures established in this first year have been only slightly changed to the present date.

The volume of business increased consistently for the company throughout the '50's: "In 1954, the volume of new business was more than twice that of 1953. In 1955, it was nearly three times the number in 1954, and in 1956, it was nearly double the number received in 1955."[6]

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[6] Knight, David H., "What is the History of the Insured Tuition Payment Plan?" (Boston, Massachusetts: 1963), p.4.

The company history indicates that the growth and development of other tuition payment plans in the late 1950's had some effect on the business growth of The Insured Tuition Payment Plan, but substantial increase continued nevertheless.

The plan, which began with an Advisory Council of three men who assisted in the preliminary work, had grown by 1959 to the point that incorporation seemed advisable. The corporate name became "Richard C. Knight Insurance Agency, Inc." in order to meet insurance requirements.

In 1960 parents were offered the opportunity to establish a loan to meet the needs of the first year of education and then transfer to the regular Insured Tuition Payment Plan. This "Supplemental Loan Program" was designed to interest parents whose children were accepted for college late in the year, or perhaps did not hear of the complete plan early enough to make adequate advance payments.

Another recent plan of the company, called the Insured Tuition Payment Plan Corporation Program, enables employees of a corporation to finance education at "preferred rates" through salary deduction. This plan was first considered in 1954 at the request of a corporation.

As with other plans, Insured Tuition Payment Plan contacts parents primarily through communication from the college, or by direct mailing with lists provided by the college. It does not, however, require college participation or endorsement of the plan in order for the parents to use the plan. At present there are over one hundred and eighty schools and colleges presenting the Insured Tuition Payment Plan to the parents of their students.

An enrollment fee of twenty-five dollars is charged the parent at time of application. The application form (Appendix B, page 98f) requests business address, occupation and duties, and details regarding residence over a five year period. In its statement of history, policies and procedures for use in this paper, the company stated, "we will not ask the Bank [State Street Bank and Trust Company] to advance credit without a reasonable credit check."[7] The application also asks age and five questions regarding the physical condition to determine insurability of the applicant.

If the application is accepted, an agreement (Appendix B, page 102f) is signed by the parent, and he makes monthly prepayments to the individual trust established at the State Street Bank. The size of each payment is determined by the number of months between the first payment and the date the

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[7] Ibid., p. 7

semester fees are payable to the college. Cost of this plan includes a monthly fifty cent fee and insurance premium. The cost of the insurance depends upon the age of the applicant and the number of years of education to be covered in the use of the plan. The company statement regarding insurance was "we will not...use a group insurance policy when an individual policy is better for the parent."[8]

Life and permanent disability insurance is provided for the parent. In the event of his death or total disability, the remaining educational costs contracted for are paid from the trust, with no further prepayments required. Total disability coverage is effective after a six-month waiting period, during which the monthly payments into the trust fund must continue. At the end of this period if total disability has been proven, the payments made during the six months are refunded and future monthly payments are made by the insurance company.

Because the Insured Tuition Payment Plan, as an "insured budgeting service" requires payments be made into the fund well in advance of tuition payment dates, it was not feasible to equate or compare its charges with those of other

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[8] Ibid.

plans. The parent's payments to the company usually begin at the time of the student's acceptance by the college. In some cases, the plan may be started even earlier. The monthly payments are prorated in order to provide the full tuition to the college at the opening of the first term. Insurance for the entire contract is effective with the first payment to the bank. No interest or income credit accrues to the parent during this period in which the company's agent, State Street Bank and Trust Company of Boston, has the use of his funds. Thus the full tuition for one semester has been prepaid.

The Changing Times' survey published by The Kiplinger Washington Editors reports the charges of a four thousand dollar Insured Tuition Plan Program as follows: "The total cost of budgeting educational expenses of $4,000, $1,000 a year for four years, amounts to $241." [9] Table III shows detail of cost as supplied by the company. The smaller cost of $202.60 for forty-eight months is due to a change in insurance rates.

The later the parent commences payment, the larger the down payment or deposit must be since the academic term's fees

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[9]The Kiplinger Washington Editors, op. cit., p. 14.

TABLE III

INSURED TUITION PAYMENT PLAN STATEMENT OF COSTS

	40-month	48-month	60-month
Registration Fee	25.00	25.00	25.00
Bank Service Charge (50¢ per month)	20.00	24.00	30.00
Insurance Premium (80¢ per month per $1,000 of original contract--ages 40-60)	128.00	153.60	192.00
TOTAL COST	$178.00	$202.60	$247.00

must be on deposit in full prior to the time that transfer is made to the institution.

Table IV was made to compare the use of the Knight Plan on a forty-eight month basis with the use of a bank savings account and an individual term insurance policy. The individual term insurance rate was determined as the minimum premium on a ten year family security plan for a parent fifty years old, the policy covering life or permanent disability. The cost estimate may be over-simplified. A representative of a large national life insurance company deemed it accurate enough, however, to be considered a fair comparison.

From this review it seemed evident that a parent might benefit financially by using a savings account and carrying individual insurance for the term of his child's education. If the parent dies while using the Insured Tuition Payment Plan, only the remaining costs of education are guaranteed. Yet the annual premium is based on the total four thousand dollars. With an individual policy on this same basis, the insurance would pay the total four thousand dollars at any point in the five-year period. This could conceivably provide for future education of a second child.

Article fourteen of the company's agreement form reads,

TABLE IV

COMPARISON OF I.T.P. COST WITH SAVINGS ACCOUNT EARNINGS AND INDIVIDUAL TERM INSURANCE COSTS

	Accrued Savings Deposits 1st year	Accrued Interest Earned 1st year	Accrued Savings Deposits 2nd year	Accrued Interest Earned 2nd year	Accrued Savings Deposits 3rd year	Accrued Interest Earned 3rd year	Accrued Savings Deposits 4th year	Accrued Interest Earned 4th year
By Jan. 10	83.34		583.42	11.78	583.50	24.72	583.58	38.11
Feb.	166.68		166.76		166.84		166.92	
Mar.	250.02		250.10		250.18		250.26	
By Apr. 10	333.36	.73	333.44	13.34	333.52	26.39	333.60	39.90
May	416.70		416.78		416.86		416.94	
June	500.04		500.12		500.20		500.28	
By July 10	583.38	3.65	583.46	16.37	583.54	29.53	583.62	43.16
Aug.	666.72		666.80		666.88		666.96	
Sept.	750.06		750.14		750.22		750.30	
By Oct. 10	333.40	8.79	333.48	21.61	333.56	34.87	333.64	48.64
Nov.	416.74		416.82		416.90		416.98	
Dec.	500.08		500.16		500.24		500.32	
(Jan.-5th year)								51.98

I.T.P. 48-months		Savings Account and Individual Term Insurance	
Registration Bank Service Charge	$ 49.00	Insurance (age 50, minimum premium cost)	$200.00
Insurance (80¢ per mo. per $1,000 of original contract amount)	153.60	Less Savings Account Earnings	- 51.98
Total Cost	$202.60	Net Cost	$148.02

> The suspension of the obligation of the plan and the bank to make insurance premium payments when the applicant's account is in default shall continue until such times as all overdue payments (with interest at six per cent per annum) have been paid and application for reinstatement of insurance has been accepted by the insurance company.[10]

A telephone interview[11] with R. C. Knight confirmed the understanding of this statement: that the parent, making advance payments to the bank toward a future tuition obligation, must pay 6 per cent interest per annum on delinquent payments, principal and insurance premium. State Street Bank and Trust Company does not advance to the school any amount beyond that pre-deposited by the parent. R.C. Knight indicated that this interest charge has rarely been imposed. The company is considering dropping this clause from future contracts.

Competitive literature stated that this plan would not adjust a contract and the accompanying insurance coverage when a tuition increase occured. R.C. Knight was questioned on this point. He replied that if the contract has been obtained through a sponsoring college, and if the college informs Insured Tuition Payment Plan and announces this increase in its

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[10] "Insured Tuition Payment Plan Agreement", (Boston Massachusetts: Richard C. Knight Insurance Agency, Inc.) Article 14

[11] Knight, Richard C., telephone conversation, January 2, 1964.

bulletin, the contract will be adjusted. There is a service charge of twelve dollars and fifty cents for rewriting the agreement.

The company has recently begun to offer a long term loan plan and a payroll deduction plan. Material received was insufficient to review these plans as a part of this study. It was noted, however, that the payroll deduction plan requires the approval and cooperation of the employer. It is, therefore, offered to prospective customers through large corporations primarily.

Future plans of the company for the "Insured Tuition Payment Plan Corporation Program" will go

> beyond the Insured Tuition Payment Plan pre-program in offering programs especially attractive to the parents of very young children, and it incorporates the long-term loan plans for the parents of older children who desire such a service.[12]

III. Education Funds, Inc.

Research in the field of education financing was begun by Household Finance Corporation in 1959. The company had for some time considered the creation of a subsidiary

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[12] Knight, R.C., loc. cit.

totally committed to financing education costs. The corporation's Treasurer, Earl D. Larsen, a strong advocate of the project, believed that the requirements for a moderately priced program had been greatly underestimated by private enterprise. He put great emphasis on the necessity of a comprehensive insurance package as a part of the plan to provide for uninterrupted education in the event of death or disability of the parent of the student.

A wholly-owned subsidiary of Household Finance was established under the corporate name of "Education Funds, Inc.", and in May of 1960 a direct mail program to parents throughout the United States was announced. Television, radio and newspaper announcements advertised the program throughout the summer and a substantial pilot program was established. Various time-payment schedules were offered. Though the preference was for plans offering twelve payments per year, the company found that charges had to be scaled down to meet average commercial banks' educational financing programs in order to make a major market penetration. This was done in 1961, and at the same time the seventy-two month program was dropped.

Rapid growth was reported for 1961 and with concentrated sales efforts, Education Funds, Inc. soon became a major competitor of Insured Education Plan, The Tuition Plan, Inc. and Insured Tuition Payment Plan.

Within the company itself it was noted that the total of one year contracts dropped to 44 per cent while the multiple year contracts rose to a total of 56 per cent of the entire volume. Of the 56 per cent, 54 per cent of the multiple year contracts were written for forty-eight months. This definitely established a trend toward long-term payments. Therefore, Education Funds, Inc. abandoned their lower cost, forty payment program in favor of the twelve or multiple year sequences which were released in 1962.

The company's progress and development has been rapid and

> its total investment at this time [May, 1963] comprises of approximately 30 per cent of all the education financing money now outstanding. If it continues to grow at its present rate, it will pass the $100 million investment mark by 1965.[13]

Education Funds, Inc. requests the college to offer its program to parents by including a brochure (Appendix B, page 104) with letters of acceptance and/or by providing the company with a mailing list of parents of enrolled students. If the parent is interested in using this plan, he returns

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[13] "History of EFI", (Providence, Rhode Island: Education Funds, Inc., 1963), p. 3.

the application directly or through the college to the company office, and a contract is then negotiated without further reference to the college. Since the college does not participate in the contractual agreement, there is no question of recourse. Education Funds, Inc. "accepts contracts from all parents or students without investigation of either parent or student." While the application inquires about the business association, position and length of employment of the parent, Education Funds, Inc. officials state that "...none of EFI's college relations-parent applications are investigated." The information is used only for "...compilation of background statistics on socio-economic groups, amounts borrowed by families in ratio to costs, etc."[14]

In 1962, Education Funds, Inc. began making payments to the college on a single disbursement basis. That is, the entire year's funds are advanced to the college at the beginning of the academic year. Prior to this time, the plan of one disbursement for each semester followed by other companies in the field was used. Repayment of the loan by the parent is made on a predetermined schedule directly to

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[14]Statement by H. S. Logan, Vice President of Education Funds, Inc., in letter dated February 27, 1963., p. 4.

Education Funds, Inc. office. In article five of the contract (Appendix b, page 107) parent and student agree "that if they fail to make any installment payment on the date due, EFI may cancel this agreement...and all insurance benefits described herein shall thereupon immediately terminate." Collection policies of this company, according to their officials, are as follows:

> EFI will not bring suit against a parent until first consulting the college. We do not permit any collection activity beyond our own collection department in our Home Office here in Providence, except for the use of an attorney when agreed upon and required.[15]

The agreement provides life and permanent disability insurance for the parent contracting; the insurance also covers the unpaid balance of advances made to the college in the event of the student's death. No physical examination is required. The parent is asked to answer three questions on the application regarding his insurability. If all questions are answered in the negative, he is considered insurable under Education Funds, Inc. If the parent is non-insurable, he may still use the plan but at the same dollar amount. There is no reduction in cost when the parent is not covered by this insurance, however. A written statement of Education

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[15] *Ibid.*, p. 3.

Funds, Inc. policies claims that "insurance coverage does not lapse until an account is 90 days past due."[16] The contract, which is the binding agreement, states that insurance is cancelled immediately upon default.

There is no special fee in the event of cancellation of the contract. The earned charges referred to in the agreement, article five, are explained as being those which are paid along with the monthly payment on the loan. Company representatives state that there are no "late penalties" or "rewrite fees."

Education Funds Inc. offers the college a choice of either single disbursement or semester disbursement plans. The beginning date of payments by the parent to the company varies according to the disbursement plan the college adopts. Contracts are written for any amount from five hundred to thirty-five hundred dollars a year. In nearly all of the single disbursement plans, payments are begun two or three months before an advance is made to the college. During this period of time the parent is paying money on a loan he has not yet made. A schedule of the beginning payment dates and the cost estimates of each are given below:

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[16] Education Funds, Inc., "Policy on Contracts"

Single			Semester	
No. of Payments	Starting Date	Approx. Cost as % of $1,000	Starting Date	Approx. Cost as % of $1,000
8	9/1	4	10/1	3.3
12	7/1	5	9/1	5
24	7/1	5.6	9/1	5.6
36	7/1	6	9/1	6
40	9/1	5	10/1	5
48	6/1	5.8	8/1	5.8
60	6/1	10.9	6/1	10.9

IV. Assured Education Plan

The Girard Trust Corn Exchange Bank of Philadelphia was established in 1837. It has been financing education expenses since 1948. Growth in the volume of business was very slow during the first ten years of the operation of the Assured Education Plan. In 1958 the plan was revised and promotion stepped up. The result was an increase in loans from three hundred and eighty thousand dollars in 1957 to three million dollars in 1958. In 1959 the terms were extended from forty-four months to five years. In 1960 the plan was again revised, terms were extended to seven years, and insurance was changed to a level premium life and disability insurance policy in which the bank acts only as collection agency:

the insurance cost was thus reduced from six dollars to four dollars per one hundred dollar add on rate.

As of February, 1963, it was estimated that the 1962-63 dollar volume of loans discounted would reach the twelve million dollar mark. At this time the bank was doing business with ten universities, twenty-two colleges, two junior colleges, two technical schools and forty-five private secondary schools, all within a two hundred mile radius of the city of Philadelphia.

In August of 1963 the Assured Education Plan rights were purchased from the Girard Bank by the American National Bank and Trust Company. This Chicago bank now offers the same plan under the title "Ensured Education Plan".

Colleges or universities wishing to provide parents with the opportunity of using the Assured Education Plan are given leaflets (Appendix B, page 108) announcing the plan. The school mails the leaflet to the parent who completes a reply card and returns it. A school official is responsible for reviewing the information on the card for completeness and legibility. The card is then forwarded to the bank which makes the necessary calculations and prepares the agreement.

The card (Appendix B, page 109) provides for the parent's commitment to his plan for meeting academic charges; if he chooses Assured Education Plan rather than payment in full directly to the college, he next selects the deferred schedule he wishes to follow. The complete name and address of the parent providing the chief source of income must be given. Seven questions are asked regarding health for insurance purposes. No questions are asked regarding credit status. Credit information is required only if the contract is to extend longer than one year after completion of college education. On the lower half of the form the school is provided with space for estimating each year's expenses for the years the contract is to cover.

When the agreement (Appendix B, page 111) has been prepared by the bank, the original is sent to the parent and the duplicate to the school. When the parent has signed the original, he forwards it to the school. The school endorses it on front and back and forwards it to the bank. Upon receipt of the completed agreement, the bank sends a check covering both semesters of the academic year to the school. The assignment of the contract to the bank is on a no recourse basis, provided it is signed by a parent or guardian living within the United States. Regardless of when the contract is completed, monthly payments do not vary in amount. The agreement may be canceled at the end of an academic period without a penalty charge of any kind.

The plan includes life insurance and total and permanent disability insurance. The insurance charge is sixty-two cents a month for each one thousand dollars of academic charges. The parent or guardian is covered by life insurance to age sixty-five and by disability insurance to age sixty-one provided he is gainfully employed at the time disability commences and such disability has existed continuously for six months or more. The unpaid balance of all education agreements of the insured up to ten thousand dollars would be paid, thus providing for uninterrupted education of the student. Insurance coverage extends for a sixty-day grace period beyond default of payment.

The credit charge rate for this plan is 4 per cent for repayment within the four-year period. The five-year plan costs 6.5 per cent, the six-year plan costs 9 per cent, and the seven-year plan costs 11.5 per cent. To this cost must be added the life insurance premium of sixty-two cents per month per one thousand dollars. Some sample rates are given in Appendix B, page 113f.

Summary of Policies, Procedures and Insurance Features

A summary of policies and procedures of the companies reviewed appears in Figure 1. Though each of these was reviewed earlier in this chapter, this chart was prepared as a means of making a quick comparison.

Insurance was indicated as a desirable feature in tuition payment plans by more than 75 per cent of the respondents to the questionnaire. Some business officers reported that parents have asked to use the insurance coverage though they were not interested in making deferred payments on tuition.

Figure 2 presents a graphic review of answers from business officers regarding their impression of parents' interest in insurance. Over 75 per cent indicated that parents desire life and total disability insurance for the parent signing the contract; only 25 per cent indicated interest in life insurance on the student.

Figure 3 was prepared to present in summary form the policies and rates governing insurance offered by companies studied. Only Education Funds, Inc. stated that their insurance rate is based on the outstanding amount of the contract. This seemed an important factor to consider because it is only in the first month of the first year that four thousand dollars insurance coverage is needed.

	TUITION PLAN	EDUCATION FUNDS, INC.	INSURED TUITION PLAN	ASSURED EDUCATION PLAN
INSURANCE	1. No insurance on 1 yr. contracts. 2. Parent life insurance only on 2, 3, & 4 yr. contracts. 3. If parent is not eligible for life insurance, he is only eligible for a 1 yr. contract. 4. ...use 1 yr. contract, no insurance cost included.	1. Life insurance on parent. 2. Life insurance on student. 3. Total and permanent disability on parent. 4. Trust administration in event of parent's death or disability. 5. Parent may have contract even if not insurable. 6. ...no change in fee.	1. Life insurance on parent. 2. Total and permanent disability on parent. 3. Trust administration in event of parent's death or disability 4. Pay same fee.	1. Life insurance on parent. 2. Total and permanent disability on parent. 3. Trust administration in event of parent's death or disability. 4. Insurance cost deducted.
CREDIT INVESTIGATION	No investigation.	No investigation.	No credit extended - advance payment plan.	None, unless payments extend 1 yr. after graduation.
FEES	No enrollment or service fees. ½ of 1 instalment cancellation fee on multiple if cancelled at request or convenience of parent.	No fees	$25 enrollment fee. 50¢ per month service charge.	No fees.
DEFAULT	Immediately liable for payment in full, additional ½ of 1 instalment, reasonable attorney's fees and collection costs. Insurance cancelled when payment is more than 60 days past due.	Agreement cancelled when instalment payment is 1 day past due; insurance cancelled immediately.	Insurance cancelled immediately. 6% interest for delinquent payments.	60-day grace period on insurance.
NUMBER ANNUAL DISBURSEMENTS	1 or 2 - school's choice.	1 or 2 - school's choice.	August and June.	At time contract is completed.
DATE FIRST PAYMENT DUE	June - 60 payment. October - others	July 1 - single disb. September 1 - double disb.	February (advance payment plan)	At time contract is completed.
LOAN LIMIT	No specific limits.	$3,500 per yr. $14,000 for 4 yrs.		$2,500 per yr. or $10,000 for 4 yrs.

FIGURE 1

COMPARISON OF COMPANY POLICIES PERTINENT TO THIS STUDY

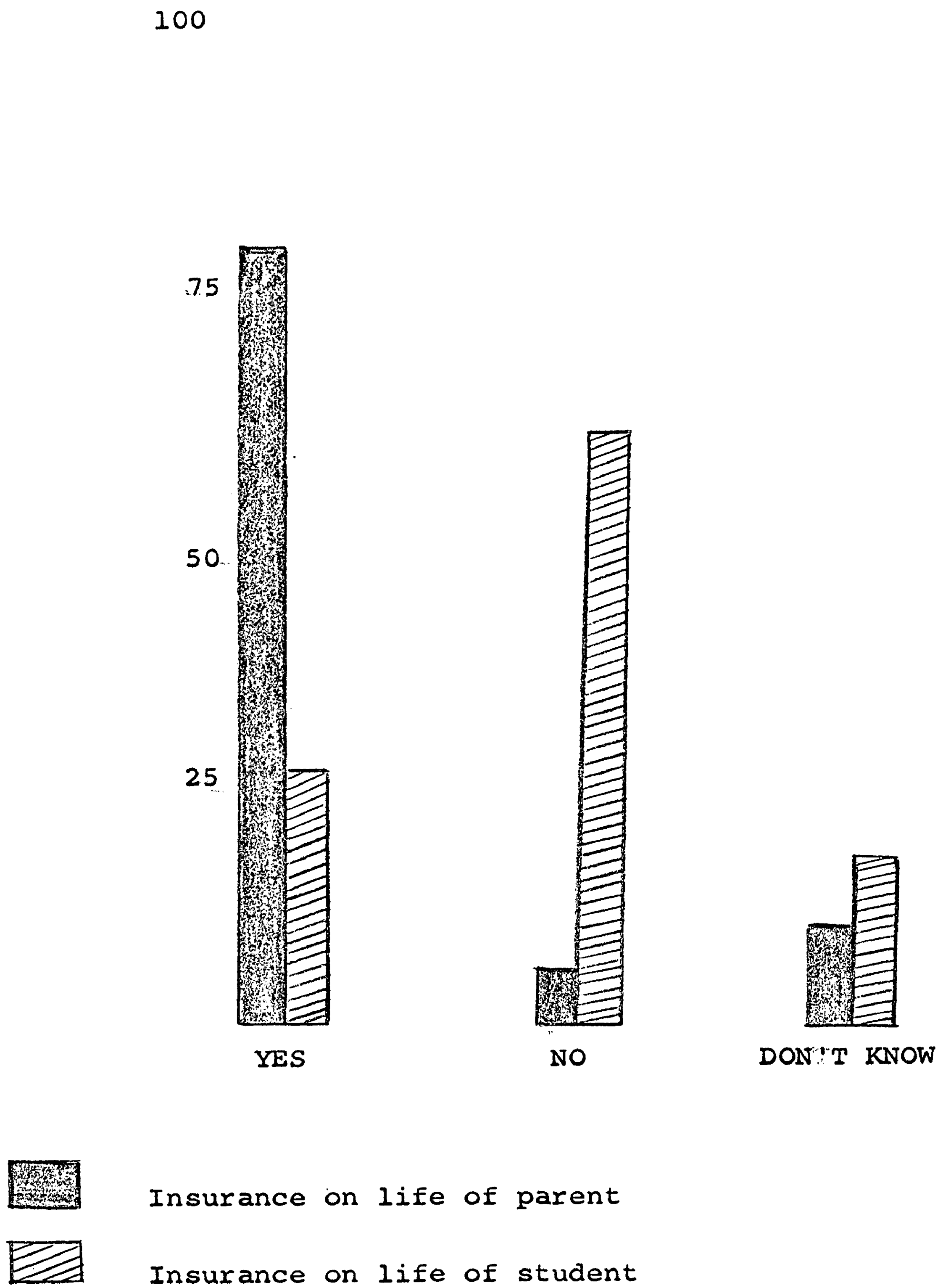

FIGURE 2

COLLEGE BUSINESS OFFICERS' APPRAISAL OF
PARENTS' INSURANCE PREFERENCE
AS PART OF TUITION PAYMENT PLANS

	TUITION PLAN	EDUCATION FUNDS, INC.	INSURED TUITION PLAN	ASSURED EDUCATION PLAN
Life and Total Disability on Parent	Yes	Yes (disability insurance not available to New York state residents)	Yes	Yes
Life Insurance on Student	No	Yes	No	No
Cancellation	When payments are 60 days past due.	Immediately on default of payment.	Immediately on default of payment; interest at 6% on default for reinstatement.	When payments are 60 days past due.
Cost	Not received.	\$1.00 per mo. per \$1,000 of outstanding balance of contract	80¢ per \$1,000 of original total plan, per month. Age 40-60 on contracts for 60 mo. or less	62¢ per month per \$1,000 of original total plan.
Determination of Insurability	No physical; limits health questions to 4.	No physical; limits health questions to 2.	No physical; 6 questions regarding health.	No physical; 7 health questions.

FIGURE 3

INSURANCE POLICIES AND RATES

CHAPTER V

COST ANALYSIS

The review and comparison of rates charged by plans considered in this paper necessarily excluded The Insured Tuition Payment Plan, as it is a prepayment plan and there are no interest charges as such. However, reference made in Chapter IV to the estimated cost of using this plan should not be overlooked. The parent, in addition to paying a twenty-five dollar enrollment fee and a fifty cent per month service charge, is giving the bank his money to use without interest. It could well be earning interest for the parent in a savings account.

Comparison of Total Dollar Cost

Table V presents a comparison of the annual payments of principal interest and insurance premium to each of the remaining three companies studied. The study was based on the assumption that one thousand dollars was borrowed annually, the maximum being four thousand dollars for four years of college education. Tuition Plan, Inc. literature listed eight, ten, twenty, thirty, forty and sixty-month payments.

TABLE V

TABLE OF PRINCIPAL AND INTEREST PAYMENT TOTAL FOR ALL SCHEDULES OF THREE COMPANIES STUDIED
Per $1,000 per year - including insurance cost

PLAN	8 mo.	10 mo.	12 mo.	20 mo.	24 mo.	30 mo.	36 mo.	40 mo.	48 mo.	60 mo.
Tuition Plan, Inc.	1040.00	1045.00	--	2100.00		3180.00	-	4240.00		4339.80
Education Funds, Inc.	1033.12	1035.40	1050.48	2077.20	2123.68	3108.90	3190.32	4202.40	4232.64	4438.80
Assured Education Plan			1047.48		2109.84		3186.98		4279.20	4408.80

Since Assured Education Plan repayments are scheduled in twelve-year multiples, no comparison on this basis could be made between these two plans. Education Funds, Inc., however, listed both repayment schedules and therefore could be compared with each of the other two companies.

Education Funds, Inc.'s eight-month repayment plan includes life insurance for both parent and student; Tuition Plan's eight-month contract excludes insurance, yet costs six dollars and eighty-eight cents more in total dollars than Education Funds, Inc. Generally, Education Funds, Inc.'s costs were found to be lower than Tuition Plan's costs with the exception of the sixty-payment plan:

Payment Schedule	Dollar Variation from Tuition Plan
10 month	- $ 9.60
30 month	- 22.80
40 month	- 71.10
60 month	+ 50.00

Assured Education Plan proved less expensive in total dollar cost than Education Funds, Inc. on the twelve-twenty-four-thirty-six month payment schedules but higher for the forty-eight-month plan:

Payment Schedule	Dollar Variation from Education Funds, Inc.
12 month	- $ 3.00
24 month	- 13.84
36 month	- 3.34
48 month	+ 46.56

On the sixty-payment schedule Assured Education Plan was twenty dollars higher than Tuition Plan; Education Funds, Inc. was fifty dollars higher than Assured Education Plan.

In general, there seemed to be definite consistency in the dollar variations when comparing the plans on this basis. No one plan seemed to be consistently lower in cost than the other two. In the majority of cases, however, Assured Education Plan was lower than Education Funds, Inc., and Education Funds, Inc. in turn was less expensive than Tuition Plan. Tuition Plan, Inc. offered considerable advantage dollar-wise over the other two in the sixty-payment plan.

It should be remembered that the dollar cost of any plan would be influenced by the number of months over which payments are to be spread, the date the parents' first payment is due, and the amount and date of advances to the college. (e.g. Five hundred dollars in both September and February, or one thousand dollars in September only). Considering these factors, the importance of the amount of company money is use in any given period of time seemed relevant in analyzing costs.

II. Comparison Based on Simple Annual Interest

Following the recommendations made by Hillel Black (Chapter II), the sixty-payment plans of all three companies were converted to simple annual interest. As mentioned in Chapter III, the assistance of a competent bank loan officer was obtained to insure the accuracy of the procedure followed. The Tables in Appendix C were prepared as the basis for the conversion. The results were as follows:

	Cost as per cent of $4,000	Cost stated as simple annual interest
Tuition Plan, Inc.	9.95%	12.7%
Education Funds, Inc.	10.9 %	14.0%
Assured Education Plan	10.2 %	10.4%

Though the percentage rates in terms of the total four thousand dollar contract may seem high, it should be remembered that the service charge includes the premium for term life insurance. For example, Assured Education indicated in their publicity material that the insurance rate is sixty-two cents per month per one thousand dollars of the original amount. Deducting this from their total service charge would reduce the premium from 10.2 per cent to 6.5 per cent.

In this conversion to simple annual interest the percentage did not increase to any great degree. Assured Education Plan went up only .2 per cent, Education Funds, Inc. 3.1 per cent, and Tuition Plan 2.8 per cent. It was noted that on the basis of simple annual interest, Assured Education Plan has a slightly better rate than Tuition Plan though thirty dollars more would actually be expended. Reference to the table in the Appendix showed that the Tuition Plan requires payments three months in advance of the first year of education thus reducing the average amount borrowed in any given month. The same explanation applied in comparing Assured Education Plan with Education Funds, Inc.

Considering the inclusion of insurance premium in the costs plus the fact that borrowing is extended several months beyond the completion of education without credit check, the rates seemed not unreasonable.

A similar study was made for the thirty and thirty-six month payment plans, assuming one thousand dollars was borrowed annually for three years. The tables prepared for determining simple annual interest on these plans are presented in Appendix C. Results were as follows:

	Cost as per cent of $3,000		Cost stated as simple annual interest	
	30 mo.	36 mo.	30 mo.	36 mo.
Tuition Plan	6%		13%	
Education Funds, Inc.		6.3%		15.2%
Assured Education Plan		6.2%		12.4%

Mr. Black's observation that the interest rate doubles when converted to true annual interest held in this study. Assured Education Plan's rate doubled exactly; Tuition Plan's thirty-month schedule and Education Funds, Inc.'s thirty-six month schedule more than doubled.

No analysis was made of the eight-ten-twelve-twenty-four month plans. Though borrowing becomes more costly as the time period expands, it was assumed that the general pattern of comparison of cost as a percentage of contract value with cost stated as simple annual interest would be about the same.

CHAPTER VI

SUMMARY AND CONCLUSIONS

The geographic circularization of the questionnaire shown in appendix A verified the assumption that the need for periodic tuition payment plans is felt in all parts of the country. There was 100% agreement among the seventy-one respondents that such plans are needed.

It was also proven through the geographic distribution that the national companies offering tuition payment plans have not neglected any part of the country in their sales efforts. Sxity-four or 90% of the respondents indicated in Question I-2 that they have been approached by these companies.

Ninety-six percent of those responding said that they offer some type of periodic payment plan; yet only 47% of this group listed any standards for evaluation. Standards given were rather limited and vague. This response and the evidence of continuing effort of salesmen confirmed the need for a review of commercial plans and the establishment of some standards of evaluation.

Five college business officers said that they have depended on the recommendations of other institutions. This answer seemed to show too great a reliance on the judgment of other college administrators, who in turn, as the questionnaire brought out, have not studied and evaluated the plans, either.

Some colleges indicated that they have their own plan and so do not find it necessary to review commercial plans. Yet study of the commercial plans could serve as a good means of improving their own.

Though no one institution provided a complete and clear statement of standards of evaluation, a number listed cost, insurance, credit policies and extent of institutional participation as important. These factors were considered in establishing the following guides in evaluating the plans reviewed in this study:

1. The contract for periodic tuition payments may be either between parent and company, or between parent and college with assignment to the lending organization on a <u>no recourse</u> basis.

2. Credit investigation is not undesirable, but should be minimal in order that the plan might be available to all. Both college officers and lending companies agree that experience in education financing has proven that uncollectible accounts are

a small percentage of the total.

3. All terms of the agreement outlined in promotional materials should be clearly stated in the contract.

4. Insurance on the life of the contracting parent, while not essential to an installment plan, is considered by the parent as one of the most desirable features of the plan. Therefore, it should be considered as an important element. The premium rates should be available independently of the interest rate of service charge.

5. Cost should be stated in terms of true annual interest.

6. Collection policies should be clearly understood by the officers of the educational institution, and the company should be willing to keep the officers informed of any legal action taken.

7. Clerical and administrative work should be performed by the company.

***

None of the companies whose plans were reviewed met all the standards outlined.

1. All offered contracts directly between parent and company, or if assigned by college, it was on a <u>no recourse</u> basis.

2. Credit investigations were found to be minimal in all

plans. Education Funds, Inc. asked several questions on the application regarding employment but company representatives claimed investigation is not normally made. Assured Education Plan investigates credit rating only on long term plans which extend beyond graduation.

3. Terms outlined in the contract did not coincide with statements made in literature and by company representatives in two of the plans. Insured Tuition Plan representatives said that insurance is <u>not</u> cancelled immediately upon default of payment, and that no penalty charge is made for reinstating the plan. These two policies are contained in the contract, however. Education Funds, Inc. representatives stated that the contract statement with regard to cancellation of the contract on default of payment is not enforced in actual practices.

4. All four plans offered insurance on the life of the contracting parent. The insurance feature was found to be the center of Insured Tuition Payment Plan. For this reason their cancellation of insurance at the time of default, when it may be most needed, seemed a harsh policy. Tuition Plan, Inc. was the only one of the four companies which would not state insurance rates separately from other charges. No physical examination is required for insurability, but an age limit from 65-70 is enforced in all plans except Insured Tuition Payment Plan. They establish

premiums in relation to age groups, or on an individual basis where desirable. Education Funds, Inc. offers an additional insurance coverage on the life of the student.

5. None of the companies state charges in terms of true annual interest. Therefore, cost comparison was particularly difficult. The conversion shown in Chapter V is a very simplified one, with all service charges included in the computation. No doubt each company would come up with other rates and very good arguments to refute the ones given here. But the basis is consistent and therefore, the comparison seems to have greater validity than those made in promotional literature.

Generally, Assured Education Plan was lowest in cost in terms of true annual interest computation. Tuition Plan, Inc. and Education Funds, Inc. varied according to the length of the contract and the number of repayments. Insured Tuition Plan as a prepayment plan seemed less advantageous than the independent planning and saving suggested as a comparison. The parent pays for the external discipline of company billing and collection while his money earns interest for the company.

6. Collection policies seemed reasonable and reassuring. Representatives indicated that they keep the institutions informed when there are difficult collection problems and try to act in

the best interest of the college as well as the company. The companies, in turn, find this helpful because they often receive assistance from the institution in the collection procedure. Companies receiving contracts on assignment from the college take no legal action without approval from the college.

7. Contracts on an assignment basis generally involve more clerical work for the college than the direct contract between parents and company. Experience has proven, however, that this clerical work can be reduced to a minimum through proper planning with the company offices.

It has been argued that college participation in educational loan plans is not desirable because of difficulties arising over collections. Participation to some extent cannot be avoided, however, if the college wishes to present parents with a deferred payment plan. It is involved at least to the extent of enclosing brochures in admissions or billing mailings, and/or providing the companies with parent address lists. Therefore, participation through assignment may be more desirable as a means of maintaining a feeling of responsibility toward the parent on the part of the institution.

For a large percentage of college students commercial loan plans may be the only solution to financing their education. The plans reviewed have been designed on a competitive basis to meet this need. They contain much flexibility, providing for loans in almost any amount. A wide variety of repayment plans is offered, and companies have been found reasonable and liberal in their collection policies and procedures. In all four plans studied the amount to be borrowed can be adjusted, and only one company has a rewrite fee. Loans can be cancelled at any time, and with one exception, there is no cancellation fee.

The procedure for obtaining any one of these loans is simple. The absence of any credit check and the inclusion of insurance without the need for physical examination, make them particularly advantageous to many. No collateral is needed for security.

As was anticipated, no one plan reviewed in this paper stood forth as superior in every way to the others. Yet the research process itself served to strengthen the conviction that business officers in colleges must study each plan carefully, weighing it against an objective and predetermined set of standards before making a recommendation to the other officers of the college. This requires careful reading of publicity and even some examination and cross-examination of salesmen regarding what is said in the brochures <u>and</u> what is omitted. Nor should the brochure and cost comparison charts be the limit of the review. The contractual agreement should be carefully studied, and the college responsibility in assigned contracts clearly understood. Only then can the college administrative officers consider that they have made a wise selection and are offering parents of their students a payment plan that is primarily of advantage to the parents. Advantages coming to the college should be of secondary importance.

Discovery and acceptance of the recommendation made by Mr. Abate seemed to be one of the most valuable results of the research process. He suggested in "College on Credit-Be Careful" that officers of the educational institution meet with financial heads of the local community to develop and refine an educational loan program which would be offered through a local bank. In this way, the educators would have a complete understanding of, and total confidence in the plan they offer to parents.

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BIBLIOGRAPHY

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APPENDIX A

QUESTIONNAIRE SENT TO EIGHTY EDUCATIONAL INSTITUTIONS

ˀ As tuition rates increase, do you believe it advisable for institutions of higher education to offer some form of delayed payment plan? Yes_____. No_____.

. Have you been approached by an organization wishing you to endorse their plan, or at least recommend it to parents of your students? Yes_____. No_____.

Have you released mailing lists to any of these firms in order that they might circularize parents of your students? Yes_____. No_____.

What standards have you used in evaluating these plans?

____

. Are you asked by parents for advice on the relative merits of the various plans? Yes_____. No_____.

. Do you find that parents are interested in insurance on the life of parent, as part of the contract?
Yes_____. No_____.

..insurance on the life of the student?
Yes_____. No_____

II. Do you offer some plan of periodic tuition payment?
Yes_____. No_____.

If YES, is it sponsored by the college?
Yes_____. No_____

or through a third party agent?
Yes_____. No_____

College sponsored plan:

(1) Range of principal limits - from $_____ to $_____
(2) Interest rate _____%.
(3) Repayment terms_______________________________
(4) Date first payment is due_____________.
    Date final payment is due_____________.
(5) Students participating as % of total enrollment___%.

APPENDIX A

(6) Loss experience as % of total $ value of contracts or notes______%.

Third-party Agent's Plan:

(1) Do you recommend plan through notice in your bulletin or by an official college letter?

(2) Or do you simply provide the agent with a mailing list? Yes_____. No_____.

(3) Please enclose descriptive literature on the plan, if such is available.

(4) If literature is not available, please give name and address of the company whose plan you use.__________________________________.

III. Comments____

____

(Signed)____

Title College

COLLEGES AND UNIVERSITIES CIRCULARIZED

. Agnes Scott College
Decatur, Georgia

. Bardard College
Morningside Heights, N. Y

Bates College
Lewistown, Maine

. Baylor University
Waco, Texan

. Belmont Abbey College
Belmont, North Carolina

. Beloit College
Beloit, Wisconsin

Bennington College
Bennington, Vermont

. Bethany College
Bethany, West Virginia

. University of Bridgeport
Bridgeport, Connecticut

10. Brown University
Providence, Rhode Island

11. Bryne Mawr College
Bryne Mawr, Pennsylvania

12. Carroll College
Helena, Montana

13. University of Chattanooga
Chattanooga, Tennessee

14. Christian Brothers College
Memphis, Tennessee

15. Clarke College
Dubuque, Iowa

16. Colby College
Waterville, Maine

. Connecticut College
New London, Connecticut

18. Converse College
Spartanburg, South Carolina

19. Dartmouth College
Hanover, New Hampshire

20. University of Denver
Denver, Colorado

21. Dunbarton College
Washington, D.C.

22. Duschene College
Omaha, Nebraska

23. Earlham College
Richmond, Indiana

24. Georgian Court College
Lakewood, New Jersey

25. Goucher College
Baltimore, Maryland

26. Grinnell College
Grinnell, Iowa

. Harding College
Searcy, Arkansas

28. Hastings College
Hastings, Nebraska

29. Hendrix College
Conway, Arkansas

31. Hollings College
Roanoke, Virginia

32. Huntingdon College
Montgomery, Alabama

33. College of Idaho
Caldwell, Idaho

34. Jamestown College
Jamestown, North Dakota

35. Kalamazoo College
Kalamazoo, Michigan

36. Kentucky Wesleyan
Ownesboro, Kentucky

37. Kenyon College
Gambier, Ohio

38. Knox College
Galesburg, Illinios

39. Lawrence College
Appleton, Wisconsin

40. Loretto Heights
Loretto Heights, Colorado

41. Manhattenville College
Purchase, New York

42. Mary Baldwin College
Staunton, Virginia

43. Middlebury College
Middlebury, Vermont

44. Mills College
Oakland, California

45. Newcomb College
New Orleans, Louisiana

46. University of Notre Dame
Notre Dame, Indiana

47. Oberline College
Oberline, Ohio

48. Parsons College
Fairfield, Iowa

49. Phillips University
University Station, Oklahoma

50. Queens College
Charlotte, North Carolina

51. Randolph-Macon College
Lynchburg, Virginia

52. Reed College
Portland, Oregon

53. Rhode Island School of Design
Providence, Rhode Island

54. Rollins College
Winter Park, Florida

55. Rosary College
River Forest, Illinois

56. St. Benedict's College
Atchison, Kansas

57. St. Edward's University
Austin, Texas

58. St. Joseph's College
Rensselear, Indiana

59. St. Michael's College
Winooski, Vermont

60. St. Norbert College
West De Pere, Wisconsin

61. St. Theresa College
Winona, Minnesota

62. Sarah Lawrence College
Bronxville, New York

63. Seattle University
Seattle, Washington

64. College of the Sacred Heart
Santurce, Puerto Rico

65. Spring Hill College
Mobile, Alabama

66. Stephens College
Columbia, Missouri

67. Smith College
North Hampton, Massachusetts

68. Tougaloo So. Christian College
Tougaloo, Mississippi

69. Trinity College
Burlington, Vermont

70. Trinity College
Washington, D.C.

. Trinity University
San Antonio, Texas

72. Vassar College
Poughkeepsie, New York

. Wabash College
Crawfordsville, Indiana

74. West Virginia Wesleyan College
Buckhannon, West Virginia

75. Westminister College
Salt Lake City, Utah

76. Wesleyan College
Macon, Georgia

. Williams College
Williamstown, Massachusetts

78. Yankton College
Yankton, South Dakota

79. Whitworth College
Spokane, Washington

80. Dominican College of San Rafael
San Rafael, California

GEOGRAPHIC DISTRIBUTION OF COLLEGES CIRCULARIZED

COMMERCIAL LOAN PLANS REVIEWED INITIALLY

. Assured Education Plan, Philadelphia, Penssylvania

Education Funds Inc., Providence, Rhode Island

Educational Loans -- Potomac National Bank, Maryland

. Ensured Education Plan -- American National Bank, Chicago

Indiana National Bank Plan, Indianapolis

Insured Tuition Payment Plan, Boston, Massachusetts

Manufacturers Hanover Trust Company, New York

. Marine Trust Company of Western New York

. The Tuition Plan, Inc., New York

10. U.S.A. (United Student Aid) Funds

APPENDIX B

THE TUITION PLAN, INC. © 400 N. MICHIGAN AVENUE
CHICAGO 11, ILLINOIS

THE TUITION PLAN'S

Optional

TUITION INVESTMENT PROGRAM

For Associated Colleges and Universities

Purpose

To provide a choice of three methods of receiving fee payments from The Tuition Plan, depending on the policy of the school.

Three Payment Options Available

A. Traditional Payment:	Each semester's fees paid at the start of each semester.
B. 100% Payment:	Full year's fees paid by October 1
C. Investment Program:	Same as "B" - except first semester portion sent to school - second semester portion invested with The Tuition Plan for 120 days at 3%.

Advantages of Investment Option

. Provides Associate with automatic risk-free, short-term investment of second semester fees.

2. Carries guaranteed 3% return on second semester fees invested for the 120 days of the Fall term.

3. Second semester fees and accrued interest forwarded at customary time.

4. Second semester fees may be called for at any time during the 120-day investment period if need develops in school operation. No reduction of 3% rate. Same rate will be paid for number of days funds were invested with us.

THE TUITION PLAN, INC.

Gentlemen:

In consideration of your agreement to purchase contracts between the undersigned (hereinafter called the "School") and its Students or the Parents or Guardians (both hereinafter called the "Parent") of its Students, providing for deferred payments of tuition and other school fees, the School hereby makes application for enrollment as an Associate of The Tuition Plan upon the following terms and conditions:

1. The School shall not be obligated to use The Tuition Plan at any time.

2. Contracts offered to you for purchase shall be upon your forms, to be supplied by you without cost to the School.

3. The School agrees that the contract price (to be designated in the contract as "Deferred Payment Basis") shall be equal to or a portion of the customary tuition and other school fees as defined in the catalog of the School (herein called "Cash Basis") plus a sum as follows:

   (a) For a contract covering one semester or one academic year, 4% of the Cash Basis.

   (b) For a contract covering one and one-half or two academic years, 5% of the Cash Basis.

   (c) For a contract covering two and one-half to four academic years, 6% of the Cash Basis.

4. Contracts for more than one year must be with a Parent and not with a Student. You agree that for contracts of more than one year in connection with which the Parent answers all medical questions in the negative and is under 60 years of age, you will arrange insurance on the life of the Parent, so that in the event of the death of the Parent during the term of the contract, you will continue to make payments to us as herein provided without requiring any further payments from the Student or the estate or personal representative of the Parent. You further agree that in the event of cancellation of any such contract by us or by the Student after the death of a Parent, you will make to the estate of the Parent the payments required to be made under the contract.

   This paragraph shall not apply to any contract on which a payment is past due 60 days or more, nor to any contract which the School has repurchased.

5. You shall purchase acceptable contracts and pay therefor a purchase price equal to the Cash Basis, as follows:

   (a) If the contract is for more than one academic year, one-half the annual amount of the Cash Basis shall be payable at time of purchase and payments covering successive academic periods shall be payable during each respective year on or about February 1st, as mutually agreed upon, and October 1st.

   (b) If the contract is for one usual academic year, one-half shall be paid at time of purchase and the remaining one-half on or about February 1st, as mutually agreed upon.

   (c) If the contract is for one semester only, the purchase price shall be paid upon purchase.

   (d) The School agrees that upon notification by you to it on or before the due date of any payment under this paragraph, that the Parent is past due in the payment to you of any instalment on a contract assigned to you by the School, or in the event of cancellation of the contract, you will not be liable for further payment to the School on such contract until the contract is again in good standing and acceptable to you.

AGREEMENT WITH COLLEGE

6. (a) The School warrants to you that the contracts assigned to you will be genuine and will express the understandings of the parties; and that the Parent has and shall have no defense to the payment of the amount due and to become due, except to the extent that he shall be released upon cancellation as set forth in the contracts.

   (b) The School's assignment to you of contracts signed by a Parent residing in the United States, its possessions or Canada shall be without recourse as to the Parent's financial ability to pay.

   (c) The assignment of contracts signed by a Student shall be with recourse. The School guarantees payment, upon demand after default, by the Student of the unpaid balance of each such contract purchased by you from it; and shall honor such guarantee by repurchasing the contract for the repurchase price set forth below. Liability of the School shall not be affected by any extension or variation of the terms of the contract with the Student.

   (d) You agree that you will not institute suit or take other legal process to collect any amount due on a contract assigned to you by the School until you have first notified the School of your intention to do so, and the School has elected not to repurchase the contract for the repurchase price set forth below. If the School does not notify you of its intention to repurchase within 10 days after notice of your intention, you shall deem this to be an election not to repurchase.

   (e) The repurchase price shall be the amount paid by you to the School for the school period with respect to which the default occurred, less the net amount of payments (gross amount less applicable service charge) received by you on the subject contract with respect to such school period.

   (f) Upon repurchase by the School of a contract, you shall reassign the contract to the School without recourse and notify the Student or Parent thereof.

7. The School agrees that it alone shall be responsible for determining any refund of tuition and other school charges in the event of cancellation after any charges for Services have been incurred for an academic period, and will establish such refund in accordance with its standard practices.

8. The School agrees that this Agreement shall not become effective until accepted by you at your office.

Your acceptance at the place provided upon the enclosed counterpart hereof, which is to be returned to the School, will constitute this the Agreement between us and our enrollment as an Associate of The Tuition Plan.

Very truly yours,

____
School

By____________________
(Authorized Officer) (Title)

Accepted at____________________

Date ____________________

THE TUITION PLAN, INC.

By ____________________
President

THE TUITION PLAN

The Tuition Plan is the convenient way to meet tuition and other academic fees out of your regular income. Instead of large single cash payments, parents and guardians may use the monthly payment method.

The Tuition Plan, organized in 1938, has been accepted widely in the field of education and is made available to parents in hundreds of colleges, universities and schools throughout the country. We are glad to recommend this service to the many parents who prefer to put tuition payments on a "pay-as-you-go" basis.

Male parents or legal guardians of incoming freshmen may select one of two plans to include the entire four years' educational cost in one agreement, automatically covered by Parent Life Insurance. This insurance benefit provides for payment of all remaining costs covered by the contract, in the event of the parent's death. A plan covering one year's expenses only—without life insurance—also is available.

The Tuition Plan may cover tuition and major fees listed in the catalog. This includes such items as room, board and other approved expenses incurred at school.

AGREEMENTS COVERING FOUR YEARS' EXPENSES (LIFE INSURANCE INCLUDED)

Both the 60-payment and 40-payment plans enable the parent to make one low-cost arrangement to cover the full time the student expects to be with us, with the entire expense of a four-year education protected automatically by Parent Life Insurance. Expenses beyond the first year are estimated and you may have the agreement increased or decreased at the proper time to reflect changes in tuition, room, board and other major fees.

60-PAYMENT PLAN

The 60-payment plan is designed to provide the lowest possible monthly instalment for parents who wish to start paying for college costs after the student has been officially accepted. Under this long-term plan, the first payment is due on June 1st prior to the student's entrance into freshman year. Parents may begin this 60-payment plan as late as September 1st by paying the instalments already due. This plan is available to those parents who must meet annual school costs of $1,000 or more in connection with the student's education.

60-PAYMENT PLAN EXAMPLES—COST AND MONTHLY INSTALMENT

Tuition Cash Price per year	$1000	$1300	$1600	$1900	$2200
Amt. of Payment *	$73.30	$95.29	$117.28	$139.27	$161.26

*Includes total Time Price cost to parents for insured monthly payments.

40-PAYMENT PLAN

This plan provides for 40 consecutive monthly instalments to cover the full four years' costs and includes the benefit of Parent Life Insurance. Payments start the first month of the school year. Parents who are more concerned with completing the payment of educational expenses by graduation, rather than with the size of the instalment, will find this 40-payment plan most helpful.

40-PAYMENT PLAN EXAMPLES—COST AND MONTHLY INSTALMENT

Tuition Cash Price per year	$1000	$1300	$1600	$1900	$2200
Amt. of Payment *	$106.00	$137.80	$169.60	$201.40	$233.20

*Includes total Time Price cost to parents for insured monthly payments.

BROCHURE AND APPLICATION
FOR FRESHMEN ONLY

AGREEMENT COVERING ONE YEAR'S EXPENSES

When you enter into an agreement with us covering just one academic year's expenses, your tuition payments are made in eight consecutive monthly instalments—the approximate period of the school year. Payments start the first month of the school year.

This plan for budgeting one year's fees does not include life insurance and may be terminated by the parent for any reason, without a cancellation fee, at the end of the first semester if the parent wishes. In this event, the parent pays to The Tuition Plan only the Time Price of the school's tuition and fees for the period involved.

8-PAYMENT PLAN EXAMPLES—COST AND MONTHLY INSTALMENT

Tuition Cash Price per year	$1000	$1300	$1600	$1900	$2200
Amt. of Payment *	$130.00	$169.00	$208.00	$247.00	$286.00

*Includes total Time Price cost to parents for monthly payments.

SUMMARY OF PLANS

For ready comparison of the monthly payment plans described above, following is an example of the instalments under each program for educational costs of $1000 per year:

8-Payment Plan — $130.00 per month

40-Payment Plan — $106.00 per month

60-Payment Plan — $ 73.30 per month

Note: Above payments include total cost of each plan to parent.

PARENT LIFE INSURANCE

All parents issued one of the four-year plans are covered automatically by Parent Life Insurance, at no additional expense. If the parent who signs the agreement should die, the insurance provides for payment of the remaining costs covered by the agreement. This provides the funds for uninterrupted education for the student. The insurance carrier is The Minnesota Mutual Life Insurance Company of St. Paul, Minnesota.

PARENT'S CANCELLATION PRIVILEGES

The parent can cancel either of the four-year plans without a cancellation fee at the end of any school period prior to graduation in the event of suspension, expulsion or death of the student, or if the student is not permitted to enroll again because of academic reasons. If, for the convenience of the student or family, the student does not return to school after completion of a school period, the parent pays only the payments applicable through the latest academic period for which the student has incurred school charges and one-half of one instalment.

HOW TO START USING THE TUITION PLAN

It is easy to obtain the benefits of The Tuition Plan. You merely enter into an agreement with us in which you agree to pay the tuition and other fees at the Time Price in monthly instalments as stated in this pamphlet. You then receive a book of monthly statements from The Tuition Plan and send your monthly payments directly to them. Checks and money orders should be made payable to The Tuition Plan, Inc.

If you wish monthly payments:

1. Fill out and sign the attached application card.
2. Return this card to us promptly.
3. An agreement form will be sent to you for signature.

(Application Form)

Please send me a Tuition Plan agreement to cover the fees of:

(Print name of incoming Freshman student)

I am interested in the

4 Year Plan—60 Payments ( )

4 Year Plan—40 Payments ( )

1 Year Plan— 8 Payments ( )

The following questions to be answered if interest is in four-year plan.

Are you 60 years of age or older?

Yes ( ) No ( )

Have you been turned down within the last 10 years for Life Insurance by any Company?

Yes ( ) No ( )

Have you been treated within the past year by a doctor for any of the following: Cancer (other than cancer of the skin), high blood pressure, heart trouble, diabetes or chronic nephritis (Bright's disease)?

Yes ( ) No ( )

Are you presently retired from or restricted in full-time active employment by reason of your health?

Yes ( ) No ( )

I represent that the answers to the foregoing questions are complete and true.

Signature of Parent

Name of Parent (PRINT)

Street & No.

City Zone State

Name of Business Firm

Street & No.

City Zone State

DETACH ALONG THIS LINE

THE TUITION PLAN

The Tuition Plan is the convenient way to meet tuition and other academic fees out of your regular income. Instead of large single cash payments, parents and guardians may use the monthly payment method.

The Tuition Plan, organized in 1938, has been accepted widely in the field of education and is made available to parents in hundreds of colleges, universities and schools throughout the country. We are glad to recommend this service to the many parents who prefer to put tuition payments on a "pay-as-you-go" basis.

Under this deferred payment system, the cost of 2, 3 or 4 years' education may be covered under one agreement with Parent Life Insurance automatically included. This insurance benefit provides for payment of all remaining costs covered by the agreement, in the event of the parent's death. A plan covering one year's expenses only—without life insurance—also is available.

The Tuition Plan may cover tuition and major fees listed in the catalog. This includes such items as room, board and other approved expenses incurred at school.

AGREEMENTS COVERING 2, 3 OR 4 YEARS' EXPENSES

(LIFE INSURANCE INCLUDED)

These fully insured agreements are designed to provide the parent with a single convenient arrangement covering the number of years the student expects to be with us. Expenses beyond the first year are estimated and you may have your agreement increased or decreased at the proper time to reflect changes in tuition, room, board and other fees. The following examples show the cost and monthly instalment under each agreement.

40-PAYMENT PLAN

This plan is available to parents of students who expect to be in school 4 years. Under this plan, the first payment is due the first month of the school year.

40-PAYMENT PLAN EXAMPLES—COST AND MONTHLY INSTALMENT

Tuition Cash Price per year	$800	$1000	$1200	$1500	$2000
Amt. of Payment*	$84.80	$106.00	$127.20	$159.00	$212.00

*Includes total Time Price cost of 4-years' fees, based on add-on service charge of 6% (1.8% for each twelve payments).

30-PAYMENT PLAN

This plan is available to parents of students who expect to be in school 3 years. Under this plan, the first payment is due the first month of the school year.

30-PAYMENT PLAN EXAMPLES—COST AND MONTHLY INSTALMENT

Tuition Cash Price per year	$800	$1000	$1200	$1500	$2000
Amt. of Payment*	$84.80	$106.00	$127.20	$159.00	$212.00

*Includes total Time Price cost of 3-years' fees, based on add-on service charge of 6% (2.4% for each twelve payments).

20-PAYMENT PLAN

This plan is available to parents of students who expect to be in school 2 years. Under this plan, the first payment is due the first month of the school year.

BROCHURE AND APPLICATION FOR ALL APPLICANTS

20-PAYMENT PLAN EXAMPLES—COST AND MONTHLY INSTALMENT

Tuition Cash Price per year	$800	$1000	$1200	$1500	$2000
Amt. of Payment*	$84.00	$105.00	$126.00	$157.50	$210.00

*Includes total Time Price cost of 2-years' fees, based on add-on service charge of 5% (3.0% for each twelve payments).

AGREEMENT COVERING ONE YEAR'S EXPENSES

When you enter into an agreement with us covering just one academic year's expenses, your tuition payments are made in eight consecutive monthly instalments—the approximate period of the school year. Payments start the first month of the school year.

This plan for budgeting one year's fees does not include life insurance and may be terminated by the parent for any reason, without a cancellation fee, at the end of the first semester if the parent wishes. In this event, the parent pays to The Tuition Plan only the Time Price of the school's tuition and fees for the period involved.

8-PAYMENT PLAN EXAMPLES—COST AND MONTHLY INSTALMENT

Tuition Cash Price per year	$800	$1000	$1200	$1500	$2000
Amt. of Payment*	$104.00	$130.00	$156.00	$195.00	$260.00

*Includes total Time Price cost to parents for monthly payments based on 4% add-on service charge for the term of the agreement.

PARENT LIFE INSURANCE

All parents issued one of the 2, 3 or 4 year plans are covered automatically by Parent Life Insurance, at no additional expense. If the parent who signs the agreement should die, the insurance provides for payment of the remaining costs covered by the agreement. This provides the funds for uninterrupted education for the student. The insurance carrier is The Minnesota Mutual Life Insurance Company of St. Paul, Minnesota.

PARENT'S CANCELLATION PRIVILEGES

The parent can cancel a 2, 3 or 4 year plan without a cancellation fee at the end of any school period prior to graduation in the event of suspension, expulsion or death of the student, or if the student is not permitted to enroll again because of academic reasons. If, for the convenience of the student or family, the student does not return to school after completion of a school period, the parent pays only the payments applicable through the latest academic period for which the student has incurred school charges and one-half of one instalment.

HOW TO START USING THE TUITION PLAN

It is easy to obtain the benefits of The Tuition Plan. You merely enter into an agreement with us in which you agree to pay the tuition and other fees at the Time Price in monthly instalments as stated in this pamphlet. You then receive a book of monthly statements from The Tuition Plan and send your monthly payments directly to them. Checks and money orders should be made payable to The Tuition Plan, Inc.

If you wish monthly payments:

1. Fill out and sign the attached application card.
2. Return this card to us promptly.
3. An agreement form will be sent to you for signature.

(APPLICATION FORM)

Please send me a Tuition Plan Agreement to cover the fees of

____
Print Name of Student

I am interested in the
4 Year Plan ( )   2 Year Plan ( )
3 Year Plan ( )   1 Year Plan ( )

The following questions to be answered if interest is in the 4, 3 or 2 Year Plan.

Are you 60 years of age or older?
Yes ( ) No ( )

Have you been turned down within the last 10 years for Life Insurance by any Company?
Yes ( ) No ( )

Have you been treated within the past year by a doctor for any of the following:

Cancer (other than cancer of the skin), high blood pressure, heart trouble, diabetes or chronic nephritis (Bright's disease)?
Yes ( ) No ( )

Are you presently retired from or restricted in full-time active employment by reason of your health? Yes ( ) No ( )

I represent that the answers to the foregoing questions are complete and true.

____
Print Name of Parent

____
Signature of Parent

____
Street & No.

____
City   Zone   State

Detach along this line

ORIGINAL

TUITION PLAN AGREEMENT

(For One Year Agreements Only)

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City & State of School ______________________ Date ______________________

School Name ______________________ Student Name ______________________

A. Total Tuition Fees And Other School Fees For Student On Cash Basis* (See Below): $ ____________

B. Number of Equal Successive Monthly Instalments: ____________

C. First Payment Due On: ____________

D. Amount Of Each Instalment: $ ____________

E. Total Tuition Fees & Other School Fees For Student On Deferred Basis Under Which Parent Elects To Pay In Lieu of Cash: $ ____________

Scholastic Year ______________________

Parent or Guardian ______________________

Home Address No. & Street ______________________

City, Zone, State ______________________

Name of Business Firm ______________________

Business Address ______________________

City, State ______________________

FOR VALUE RECEIVED, the Parent or Guardian ("Parent") promises to pay the sum described above on Line E to the order of The Tuition Plan, Inc. at its office at 400 North Michigan Avenue, Chicago 11, Illinois at the times and in the instalments above set forth. In the event of default in the payment of any said instalments, all unpaid instalments shall become due and payable forthwith at the option of the holder of this agreement, without notice, and reasonable attorney's fees and collection costs will be added to the amount then due.

*It is ...ognized that there may accrue other School charges or increases which are not presently known and which are not included in the amount to be paid under this agreement. In the event such additional charges do arise in excess of the amount shown above on Line A, the School will bill the Student or the Parent therefor as a separate transaction.

IN TESTIMONY WHEREOF, the parties hereto have caused these presents to be executed on the day and year first above written.

Mr.
Mrs.
Miss ______________________
(Parent or Guardian)
(First Name, Middle Initial, Last Name)

ACCEPTED BY THE SCHOOL AND
ASSIGNED TO THE TUITION PLAN
PAY TO THE ORDER OF THE TUITION PLAN, INC. : ______________________
(School)

By ______________________
(Authorized Officer and Title)

PLEASE DO NOT WRITE BELOW THIS LINE

OFF.	SCHOOL	TRANSACTION NO.		PLAN	STATE	CODE	AMT. H/W	DATE	AMOUNT	DATE	AMOUNT
DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT		

12-268

GINAL

TUITION PLAN AGREEMENT

(For 2, 3 or 4 Year Agreements Only)

& State of School ____________ Date ____________

l Name ____________ Student Name ____________

otal Tuition Fees And Other
chool Fees For Student On
ash Basis* (See Below): $________

Scholastic Years ____________

Parent or Guardian ____________

umber Of Equal Successive
Monthly Instalments: ________

Home Address No. & Street ____________

rst Payment Due On: ________

City, Zone State ____________

mount Of Each Instalment $________

Name of Business Firm ____________

otal Tuition Fees & Other School
ees For Student On Deferred
asis Under Which Parent Elects
o Pay In Lieu of Cash: $________

Business Address ____________

City, State ____________

The Parent agrees to pay the amount on Line E at the time and in the instalments set forth above to the order of The Tuition Plan, Inc. ffice at 400 North Michigan Avenue, Chicago 11, Illinois. Upon default by the Parent there shall become immediately due and payable, at ion of the School or its assignee, all payments which the Parent would be obligated to make had the agreement been cancelled by the Parent ime of such default, and reasonable attorney's fees and collection costs will be added to the balance then due.

The School may cancel this agreement at any time. Upon cancellation by the School the Parent shall be relieved of liability for all money academic periods beyond those for which charges have been incurred by the Student. Death, suspension, expulsion, or refusal to enroll the for academic or other reasons shall be deemed cancellation by the School and no cancellation fee shall be applicable.

The Parent, similarly, while living, may cancel this agreement at any time by so advising the School in writing and paying all money due his agreement for all academic periods for which the Student has incurred charges, together with an additional half instalment as a cancella-. Failure of a Student to enroll for any academic period will be considered the equivalent of notice of cancellation by the Parent. The s estate or personal representative shall not have the right to cancel this agreement after the death of the Parent, but the holder will procure ce on the life of the Parent in an amount sufficient to discharge the then unpaid balance of the amount shown in Line E at the time of the s death: Such insurance shall be effective from the date this agreement is accepted by the School or from the 30th day before the due date irst instalment, whichever is later, and shall continue so long as this agreement is uncancelled and no instalment is more than sixty days e.

Upon cancellation of this agreement, any refund of charges for any portion of the academic period for which charges were incurred will be ned in accordance with the School's established practices and will be applied against any remaining liability on this agreement.

ecognized that the amount in Line A does not necessarily represent the full amount of charges which the School may be required to make, School may adjust its actual charges at any time. Upon performance by the Parent of his obligations hereunder, the School will credit the of the amount set forth in Line A applicable to actual current charges for each academic period and will bill the Parent, separately and apart s agreement, for the excess, if any, in accordance with the School's usual practice. If and to the extent that the portion of the amount in corresponding to the portion paid of the amount in Line E is more than is required to pay all actual charges, the School will refund to the Parent plus so paid, after deducting any other amounts due to the School from the Parent or the Student under this agreement or otherwise.

NESS WHEREOF, the parties have executed this agreement as of the date first above mentioned.

Mr.
Mrs.
Miss ____________
(Parent or Guardian)
(First Name, Middle Initial, Last Name)

ACCEPTED AND THE FOREGOING AGREEMENT IS HEREBY ASSIGNED PURSUANT TO THE TERMS AND CONDITIONS OF THE ASSIGNMENT ON THE REVERSE SIDE: ____________
(School)

By ____________
(Authorized Officer and Title)

PLEASE DO NOT WRITE BELOW THIS LINE

	SCHOOL	TRANSACTION NO.		PLAN	STATE	CODE	AMT. H/W	DATE	AMOUNT	DATE	AMOUNT
	AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT	DATE	AMOUNT		

Education today is a major investment, entailing the expenditures of $10,000, $12,000, or even more per child for preparatory school, college and graduate school. This costly undertaking comes at a time in the life of a parent when insurance protection is most valuable.

Mortality tables show that, of 1,000 people 45 years old, 115 will die in the next ten years. Almost as many will become disabled.

The Insured Tuition Payment Plan assures both wage earner and student that no burden will be thrown upon the widow, and that the educational program will be completed.

HERE'S HOW THE INSURED TUITION PAYMENT PLAN BENEFITS YOU

Just as soon as a college education has been decided upon, you plan your entire educational program and begin to pay for it monthly, out of earnings. Your payments are made to an individual trust account established for you by the Insured Tuition Payment Plan at the State Street Bank and Trust Company, Boston, Trustee of the Funds. From this account, payment is made to the college and to the insurance company. From the date of your first monthly payment to the plan, you are insured for an amount that is always adequate to pay the balance of your entire educational program. You are thus relieved of the ever-present parental worry concerning death or disability.

The Insured Tuition Payment Plan is a service organization operating under a trust with the State Street Bank and Trust Company of Boston, Massachusetts. The plan was worked out with the assistance of parents, educators, bankers and trustees, Choate, Hall and Stewart, attorneys; and Ernst and Ernst, auditors. It is the original plan that brings you low-cost life and disability insurance protection plus a monthly budget provision that extend to the final month of your educational expenses.

How Does the Insured Tuition Payment Pl...

Once your Insured Tuition Payment Plan is put into effect, you send your monthly payment which covers both educational expenses and insurance to the State Street Bank and Trust Company, Trustee of the Funds, Boston, Massachusetts. The Insured Tuition Payment Plan pays the school or college in full and on time. Your child's educational program is thus maintained and insured.

The only way your plan's valuable insurance protection can be lost is by your failure to make your monthly payments to the plan in full and on time.

Here are the actual insurance benefits to you:

IF YOU SHOULD DIE, the insurance provides that:

(a) all your payments to the plan stop as of the first day of the month in which death occurred, and

(b) the insurance company immediately deposits in your trust account at the bank the money that will be needed to pay the planned expenses over the balance of the planned educational period, and

(c) the Insured Tuition Payment Plan makes payments to the school or college just as though you were alive to make them yourself.

2. IF YOU SHOULD BECOME TOTALLY AND PERMANENTLY DISABLED, so that you cannot continue to earn as the result of an accident or sickness (including mental incapacity) arising while insured and will presumably continue to be so disabled during your lifetime, the insurance provides that:

(a) you continue your payments to the plan for six months, and

(b) you then discontinue monthly payments to the plan and the insurance company makes them for you and reimburses you for payments you made while disabled. The insurance company makes your payments for as long as the total disability continues; and

c) the Insured Tuition Payment Plan makes your payments to the school or college just as if you had been able to earn and make the monthly payments yourself.

3. Your Insured Tuition Payment Plan is based on the amount of school expenses to be met in carrying out your educational plans for your child. If, at a later date, the costs have to be changed or adjusted, or if the tuition costs are higher or lower than anticipated, your program under the Insured Tuition Payment Plan continues as established and you pay the small difference between the amount of the charges against the student's account and the amount of our payment directly to the school or college. If the student lives at home and pays tuition only, or is the recipient of a scholarship grant, your payments to the plan and the plan's payment to the school or college are adjusted accordingly.

DO YOU NEED THE INSURED TUITION PAYMENT PLAN?

YES, YOU NEED IT IF . . . you can afford to pay semester charges out of salary. Death or disability will end the income from which you pay bills. The Insured Tuition Payment Plan assures you that, in such a case, the balance of the educational expense will be paid.

YES, YOU NEED IT IF . . . you pay part of the semester charges from savings and the remainder from salary. The insurance guarantees payment completion of all planned educational expenses. It is not wise to insure part of your program only. (This would make it vulnerable in case of your death or disability.)

YES, YOU NEED IT IF . . . you completed your life insurance program when all costs were far less than today. Is it not wise to apply the proceeds of policies now earmarked for education toward increasing the funds to be used by your wife and family for living expenses? You can then guarantee your son's or daughter's education through our low-cost life and disability program.

HOW DO YOU APPLY FOR AN INSURED TUITION PAYMENT PLAN?

1. Fill out an application blank and send it with the Initial Fee of $25.00 to the Insured Tuition Payment Plan, 38 Newbury Street, Boston 16, Massachusetts. This fee is returned if it is not possible to obtain insurance for you.

2. You are sent an agreement and a schedule of payments. Your signature on the agreement and payment of ... due, according to your schedule, ... program and the insurance into ... immediately upon approval by our ... writers.

APPLICATION

(Please Print Answers To All Questions)

NAME OF PARENT TO BE INSURED — MALE ☐ OR FEMALE ☐

2. .... RESIDENCE ADDRESS

....

3. .... BUSINESS ADDRESS

....

SEND MAIL TO: RESIDENCE ☐ OR BUSINESS ☐

4. OCCUPATION AND DUTIES ....

....

5. DATE OF BIRTH ....

6. PLACE OF BIRTH ....

7. HEIGHT ............FT.............INS. WEIGHT............LBS.

8. Have you ever been refused, rated or postponed for life or health and accident insurance? If *Yes*, give complete details at right. — YES ☐ OR NO ☐

9. Have you consulted, or been examined or treated by, any physician in the past five years? If *Yes*, give complete details of all such consultations, examinations, or treatments at right, including reason and dates. — YES ☐ OR NO ☐

10. Have you any disease or impairment not reported in your answers to the above questions? If *Yes*, give complete details at right. — YES ☐ OR NO ☐

11. Are you now able to perform, and are you now regularly performing, all duties of your occupation or profession? If *No*, give complete details at right. — YES ☐ OR NO ☐

12. Are you now in good health? If *No*, give complete details at right. — YES ☐ OR NO ☐

NAME OF STUDENT — MALE ☐ OR FEMALE ☐

DATE OF BIRTH ....

Student Will Attend:

HIRAM COLLEGE

Hiram, Ohio

Annual amount to be paid by this Plan:	Number of years annual amount is to be paid:		TOTAL:
$1975	1	=	$1975
$2050		=	$6150
			$8125

INITIAL AMOUNT OF INSURANCE $8125

BENEFICIARY — State Street Bank and Trust Company, Trustee, Boston, Massachusetts, under agreement of trust dated May 5, 1955.

I hereby request an Insured Tuition Payment Plan Policy. In doing so, I represent that the above answers and statements are complete and true and agree that they may be relied upon in issuing such a policy which will become effective only when I have both received it and paid the first premium while I am in good health.

....day of......... ....19......

....
(Signature of Parent to be Insured)

RICHARD C. KNIGHT

Insurance Agency, Inc.

INSURED TUITION PAYMENT PLAN

33 Newbury Street, Boston 16, Massachusetts

ITPP-63

(Please complete reverse side)

INSTRUCTIONS FOR COMPLETING APPLICATION

(a) List below residence addresses for the past 5 years if different from that shown in number 2 of Application.

(Please print)

....
(ADDRESS)

from..... .to

....
(ADDRESS)

from......

(b) 1. Be certain all questions are answered

2. Make check or money order in amount of $25 payable to:
State Street Bank and Trust Company, Trustee

3. Send this form and check or money order to:

RICHARD C. KNIGHT
Insurance Agency, Inc.
INSURED TUITION PAYMENT PLAN
38 Newbury Street
Boston 16, Massachusetts

INSURED TUITION PAYMENT PLAN AGREEMENT

This Agreement is made by and between the undersigned applicant and Richard C. Knight Insurance Agency, Inc., doing usiness as Insured Tuition Payment Plan at 38 Newbury Street, Boston, Massachusetts (herein called the "Plan"). The parties nutually agree as follows:

Operation of the Plan

1. The applicant's application for an Insured Tuition Payment Plan Policy and an Illustration of the applicant's Insured Tuition ayment Plan are attached hereto and made a part hereof.

2. The applicant will make the monthly payments shown in the Illustration by cash, check or money order to State Street Bank nd Trust Company, Boston, Massachusetts (herein called the "Bank") at such times and in such manner that the full amount of each ayment will reach the Bank on or before the first day of the month in which it is due.

3. The Plan will instruct the Bank to set up and maintain in its Trust Department an individual account hereunder in which ill be shown all payments received by the Bank, the tuition and insurance payments made by it and the amounts credited to tuition.

4. For the applicant's convenience, the Plan will instruct the Bank to mail to the applicant, on or before the fifteenth day of ach month, a notice showing the amount due on the first of the following month and the account number, and in order to assure rompt and accurate identification of each payment, the applicant will return with his remittance the portion of the notice marked Please return with your remittance."

5. Advance payments consisting of even multiples of the monthly payments may be made to the Bank at any time, in which vent no further payments need be made until the period covered by such anticipated payments has expired. In the settlement f claims for death or disability, payments which have been made in advance of the due date shall be appropriately credited to e account of the applicant.

6. The Plan will instruct the Bank to pay the amounts shown, on the dates shown in the illustration, to the school or college amed in the Illustration or to such other school or college as the applicant may direct in writing at least thirty days prior to the ate when the next scheduled payment by the Plan is due. Payments in other amounts and on other dates may be arranged by greement with the school or college and the Plan.

7. As shown in the Illustration, the Plan will retain from each of the applicant's monthly payments a fee of fifty cents for anking service.

8. The applicant will promptly notify the Plan in writing of any change in his address or in the name and address of the ducational institution which the student is attending.

Insurance Payments and Benefits

9. The Plan will instruct the Bank to pay to the insurance company, on or before the 15th of each month, the amount of the onthly premium due under the Insured Tuition Payment Plan insurance policy issued pursuant hereto.

10. Any payment by the insurance company on a claim under such policy will be made to the Bank and will be appropriately edited to the account of the applicant.

Limitation of Plan's Obligations

11. The obligation of the Plan and the Bank to make payments to the school or college shall at all times be limited to the nount credited to tuition in the applicant's account.

12. If the applicant fails to make any payment in full by the close of business on the tenth day of the month in which it is due, e account shall then be deemed to be in default. Payment shall be deemed to have been made only when collected funds shall e at the Bank.

13. The obligation of the Plan and the Bank to pay insurance premiums as provided above in paragraph 9 shall be suspended during default.

14. The suspension of the obligation of the Plan and the Bank to make insurance premium payments when the applicant's account is in default shall continue until such times as all overdue payments (with interest at six per cent per annum) have been paid and application for reinstatement of insurance has been accepted by the insurance company.

15. If the Bank or the Plan is served with legal process, or notice thereof, pursuant to a claim asserted against the applicant or his estate, and the said process restricts the transfer or disbursement of the funds credited to the applicant's account, the Bank and the Plan shall, so long as such process is outstanding, be relieved of any obligation to make the payments provided for in this Agreement.

Termination or Transfer

16. The applicant may terminate this Agreement at any time by written notice to the Plan. The Agreement will terminate in any event upon the making of the final school payment provided for above in paragraph 6 or upon the termination of the insurance policy issued pursuant hereto and the payment by the Bank in accordance herewith of all funds in the tuition account.

17. In the event of the transfer of the student to another school or college, or of the termination of this Agreement by written notice from the applicant, any amount credited to tuition in the applicant's account with the Bank shall be made available to the school or college named in accordance with paragraph 6 above to satisfy any outstanding balance due on the student's account with the school or college. Any balance thereafter remaining in the applicant's account shall be paid in accordance with written instructions from the applicant.

General Provisions

18. The Bank shall be entitled to rely upon written instructions from the Plan as to all payments made by it from the applicant's account.

19. With respect to any matter (including termination of this Agreement) as to which the applicant if living would be entitled to notify or instruct the Plan, the Plan shall, after the death or during legal incapacity of the applicant, be entitled to rely fully upon notice or instructions given in writing to the Plan by the applicant's spouse or other person named below so long as said spouse or other person is living, and then by the student, if at least twenty-one years of age, otherwise by the student's legal representative.

RICHARD C. KNIGHT INSURANCE AGENCY, INC.

INSURED TUITION PAYMENT PLAN

____

Signature of Applicant

____

Date

(Please Print or Type)

____

Name of Applicant's Spouse or other person designated in accordance with paragraph 19 above.

____

Relationship to Applicant

Education Funds Inc. of Providence, Rhode Island is a national organization which provides programs for parents to defray the cost of schooling out of income in convenient low cost monthly payments. Through the many schools, colleges, and universities participating in the EFI Program, thousands of parents have been able to arrange a sound financing plan which meets their budgeting requirements and in addition provides insurance coverage on both the parent and the student. For these reasons this service is being made available to those parents who wish to meet education expenses on a monthly basis.

MONTHLY PAYMENT PROGRAM

An EFI Program may include any and all fees (board, room, tuition, etc.) charged by the school. Contracts for 1, 2, 3, or 4 years of education expenses are available. See table on reverse side. All contracts include the following benefits:

1. Convenient low cost monthly payments.
2. Life insurance on the parent.
3. Life insurance on the student.
4. Total and permanent disability coverage on the parent.*
5. Trust administration in event of the parent's death or disability through the Rhode Island Hospital Trust Co. Founded in 1867.

ONE YEAR PLANS

A contract covering one year's expenses is payable in 12 or 8 monthly installments. Payments begin on July 1 or September 1 respectively. See table on reverse side for examples of monthly payments.

MULTIPLE YEAR PLANS

Under the multiple year plans, a parent may select a plan to cover 2, 3, or 4 consecutive years of education expenses. The 2nd, 3rd, and 4th years' expenses are estimated and can be increased or decreased as necessary. The following multiple year plans are available.

1. 24 Payment Plan — covers 2 years of expenses repayable in 24 monthly payments. Program starts July 1 See table for examples.
2. 36 Payment Plan — covers 3 years of expenses repayable in 36 monthly payments. Initial payment due on July 1. See table for examples.
3. 40 Payment Plan — covers 4 years of expenses repayable in 40 consecutive monthly payments. Initial payment due on September 1. This plan is the lowest in cost as the contract is completed before graduation. See table for examples.
4. 48 Payment Plan — spreads 4 years' costs over a 48 month period. Initial payment due on June 1. See table for examples.

INSURANCE GUARANTEES THE FUNDS FOR COMPLETION OF EDUCATION

In event of the death or total and permanent disability of a qualified parent the trust administration guarantees the uninterrupted continuation of payments to the school for the balance of the contract. Example: If a parent were to die in the first year of a 4 year contract, no further payments would be required. The trust fund would continue to pay the undisbursed funds to the school, which in this case would assure completion of the student's education. If a student dies, the insurance pays off the unpaid balance of the funds administered to the school to date.

CANCELLATION OF CONTRACT

A contract may be cancelled at any time by the parent without a penalty charge.

HOW TO ENROLL IN THE PROGRAM

Enrollment in the program is simple. Just fill out the questionaire, tear off and mail at once. Do not forget to answer the insurance questions. When EFI receives your signed contract, we are notified immediately and disbursements will be made directly to the school.

**Disability Insurance not available to residents of New York State.*

EDUCATION FUNDS INC. BROCHURE

APPLICATIO

request a contract to cover the fees for

....
Name of Student

for years of schooling. Date of Birth ....

Parent's Name (Print)

Last First Initial

Date of Birth Phone No.

Street Address

City Zone State

Business Association

Street City

Position How Long

INSURANCE QUESTIONS

Are you 60 years of age or older? Yes ☐ No ☐

2. Are you and the student in good health and free from any deformity or defect to the best of your knowledge and belief? Yes ☐ No ☐

3. Have you ever been refused life or health and accident insurance within the past five years? Yes ☐ No ☐

Signature of the Parent

R-REV. 11-6

MONTHLY PAYMENT PLAN EXAMPLES

Amount of Advance per Semester	1 YEAR PLANS Total Advance	8 Pay'ts Start 9/1*	12 Pay'ts Start 7/1*	2 YEAR PLAN Total Advance	24 Pay'ts Start 7/1*	3 YEAR PLAN Total Advance	36 Pay'ts Start 7/1*	4 YEAR PLANS Total Advance	40 Pay'ts Start 9/1*	43 Pay'ts Start 6/1*
250	500	65.66	44.26	1000	44.53	1500	44.60	2000	53.02	44.59
300	600	78.59	52.92	1200	53.24	1800	53.57	2400	63.43	53.31
350	700	91.52	61.57	1400	61.95	2100	62.34	2800	73.84	62.03
400	800	104.45	70.23	1600	70.65	2400	71.10	3200	84.25	70.75
450	900	117.38	78.88	1800	79.36	2700	79.36	3600	94.65	79.47
500	1000	130.31	87.54	2000	88.07	3000	88.62	4000	105.06	88.18
550	1100	143.24	96.19	2200	96.77	3300	97.39	4400	115.46	96.90
600	1200	156.17	104.84	2400	105.48	3600	106.15	4800	125.87	105.62
650	1300	169.10	113.50	2600	114.19	3900	114.91	5200	136.27	114.34
700	1400	182.03	122.15	2800	122.89	4200	123.67	5600	146.68	123.06
750	1500	194.96	130.80	3000	131.60	4500	132.44	6000	157.08	131.78
800	1600	207.89	139.46	3200	140.31	4800	141.20	6400	167.49	140.49
850	1700	220.82	148.11	3400	149.01	5100	149.96	6800	177.90	149.21
900	1800	233.75	156.76	3600	157.72	5400	158.72	7200	188.30	157.93
950	1900	246.68	165.42	3800	165.43	5700	167.49	7600	198.71	166.65
1000	2000	259.61	174.07	4000	175.13	6000	176.25	8000	209.11	175.37
1050	2100	272.54	182.72	4200	183.84	6300	185.01	8400	219.52	184.09
1100	2200	285.47	191.38	4400	192.55	6600	193.77	8800	229.92	192.80
1150	2300	298.40	200.03	4600	201.25	6900	202.54	9200	240.33	201.52
1200	2400	311.33	208.68	4800	209.96	7200	211.30	9600	250.74	210.24
1250	2500	324.26	217.34	5000	218.67	7500	220.06	10000	261.14	218.96
1400	2800	363.05	243.30	5600	244.79	8400	246.35	11200	292.36	245.12
1500	3000	388.93	260.61	6000	262.20	9000	263.87	12000	313.17	262.55
1750	3500	453.58	303.87	7000	305.73	10500	307.68	14000	365.20	306.14

The above monthly payments cover the entire cost of the program you select. There are no additional charges. A contract can be written for any amount between $500.00 and $3,500.00 per year.

*A parent may enter the EFI Program at a later date by making all previously due payments.

S-REV. 11-63

EDUCATION FUNDS INC. APPLICATION
AND PAYMENT SCHEDULE
FOR SINGLE DISBURSEMENT PLANS

Education Funds Inc. of Providence, Rhode Island is a national organization which provides programs for parents to defray the cost of schooling out of income in convenient low cost monthly payments. Through the many schools, colleges, and universities participating in the EFI Program, thousands of parents have been able to arrange a sound financing plan which meets their budgeting requirements and in addition provides insurance coverage on both the parent and the student. For these reasons this service is being made available to those parents who wish to meet education expenses on a monthly basis.

MONTHLY PAYMENT PROGRAM

An EFI Program may include any and all fees (board, room, tuition, etc.) charged by the school. Contracts for 1, 2, 3, or 4 years of education expenses are available. See table on reverse side. All contracts include the following benefits:

1. Convenient low cost monthly payments.
2. Life insurance on the parent.
3. Life insurance on the student.
4. Total and permanent disability coverage on the parent.*
5. Trust administration in event of the parent's death or disability through the Rhode Island Hospital Trust Co. Founded in 1867.

ONE YEAR PLANS

A contract covering one year's expenses is payable in 12 or 8 monthly installments. Payments begin on September 1 or October 1 respectively. See table on reverse side for examples of monthly payments.

MULTIPLE YEAR PLANS

Under the multiple year plans, a parent may select a plan to cover 2, 3, or 4 consecutive years of education expenses. The 2nd, 3rd, and 4th years' expenses are estimated and can be increased or decreased as necessary. The following multiple year plans are available.

**Disability Insurance not available to residents of New York State.*

1. 24 Payment Plan — covers 2 years of expenses repayable in 24 monthly payments. Program starts September 1. See table for examples.
2. 36 Payment Plan — covers 3 years of expenses repayable in 36 monthly payments. Initial payment due on September 1. See table for examples.
3. 40 Payment Plan — covers 4 years of expenses repayable in 40 consecutive monthly payments. Initial payment due on October 1. This plan is the lowest in cost as the contract is completed before graduation. See table for examples.
4. 48 Payment Plan — spreads 4 years' costs over a 48 month period. Initial payment due on August 1. See table for examples.

INSURANCE GUARANTEES THE FUNDS FOR COMPLETION OF EDUCATION

In event of the death or total and permanent disability of a qualified parent the trust administration guarantees the uninterrupted continuation of payments to the school for the balance of the contract. Example: If a parent were to die in the first year of a 4 year contract, no further payments would be required. The trust fund would continue to pay the undisbursed funds to the school, which in this case would assure completion of the student's education. If a student dies, the insurance pays off the unpaid balance of the funds administered to the school to date.

CANCELLATION OF CONTRACT

A contract may be cancelled at any time by the parent without a penalty charge.

HOW TO ENROLL IN THE PROGRAM

Enrollment in the program is simple. Just fill out the questionnaire tear off and mail at once. Do not forget to answer the insurance questions. When EFI receives your signed contract, we are notified immediately and disbursements will be made directly to the school.

MONTHLY PAYMENT PLAN EXAMPLES

Amount of Advance per Semester	1 YEAR PLANS Total Advance	8 Pay'ts Start 10/1*	12 Pay'ts Start 9/1*	2 YEAR PLAN Total Advance	24 Pay'ts Start 9/1*	3 YEAR PLAN Total Advance	36 Pay'ts Start 9/1*	4 YEAR PLANS Total Advance	40 Pay'ts Start 10/1*	48 Pay'ts Start 8/1*
250	500	65.07	44.26	1000	44.53	1500	44.80	2000	53.02	44.59
300	600	77.88	52.92	1200	53.24	1800	53.57	2400	63.43	53.31
350	700	90.70	61.57	1400	61.95	2100	62.34	2800	73.84	62.03
400	800	103.51	70.23	1600	70.65	2400	71.10	3200	84.25	70.75
450	900	116.33	78.88	1800	79.36	2700	79.86	3600	94.65	79.47
500	1000	129.14	87.54	2000	88.07	3000	88.62	4000	105.06	88.18
550	1100	141.95	96.19	2200	96.77	3300	97.39	4400	115.46	96.90
600	1200	154.76	104.84	2400	105.48	3600	106.15	4800	125.87	105.62
650	1300	167.58	113.50	2600	114.19	3900	114.91	5200	136.27	114.34
700	1400	180.38	122.15	2800	122.89	4200	123.67	5600	146.68	123.06
750	1500	193.20	130.80	3000	131.60	4500	132.44	6000	157.08	131.78
800	1600	206.02	139.46	3200	140.31	4800	141.20	6400	167.49	140.49
850	1700	218.83	148.11	3400	149.01	5100	149.96	6800	177.90	149.21
900	1800	231.65	156.76	3600	157.72	5400	158.72	7200	188.30	157.93
950	1900	244.45	165.42	3800	166.43	5700	167.49	7600	198.71	166.65
1000	2000	257.28	174.07	4000	175.13	6000	176.25	8000	209.11	175.37
1050	2100	270.09	182.72	4200	183.84	6300	185.01	8400	219.52	184.09
1100	2200	282.90	191.38	4400	192.55	6600	193.77	8800	229.92	192.80
1150	2300	295.71	200.03	4600	201.25	6900	202.54	9200	240.33	201.52
1200	2400	308.52	208.68	4800	209.96	7200	211.30	9600	250.74	210.24
1250	2500	321.33	217.34	5000	218.67	7500	220.06	10000	261.14	218.96
1400	2800	359.76	243.30	5600	244.79	8400	246.35	11200	292.36	245.12
1500	3000	385.43	260.61	6000	262.20	9000	263.87	12000	313.17	262.55
1750	3500	449.50	303.87	7000	305.73	10500	307.68	14000	365.20	306.14

The above monthly payments cover the entire cost of the program you select. There are no additional charges. A contract can be written for any amount between $500.00 and $3,500.00 per year.

EDUCATION FUNDS INC. BROCHURE
AND PAYMENT SCHEDULE FOR SEMESTER DISBURSEMENTS

:DUCATION FUNDS INC.
10 DORRANCE STREET
Providence, R. I.

AGREEMENT

107

This Agreement made and entered into at Providence, Rhode Island, by and between Education Funds Inc. (hereinafter called EFI"), party of the first part, and .... (hereinafter called Parent") and .. .. (hereinafter called "Student"), parties of the second part,

WITNESSETH:

The parties hereto agree as follows:

1. Subject to the terms hereof, EFI hereby agrees to lend to parent and student for the use and benefit of the student the Prin-ipal Amount of $...................... such Principal Amount to be paid directly to .... ı such amounts and at such times as are required by said institution. Parent and student hereby authorize EFI, as their agent, to ıake such remittances and to comply in all other respects with the rules and regulations of said institution relative to the payment of ıition and other fees, including refund thereof in the event of withdrawal or dismissal of student.

2. Parent and student jointly and severally agree to pay to EFI the total Principal Amount, plus earned charges, at the office f EFI, 10 Dorrance Street, Providence 3, Rhode Island, in .... monthly installments of $...................... each beginning on ıe FIRST day of ...., 19..........., and continuing on the same day of each succeeding month until fully paid. he obligation of the parent and student to make the above payments shall be binding upon their respective personal representatives.

3. EFI agrees at its own expense to procure and to maintain (subject to age limitations in the insurance policy) during the life f this Agreement (except as hereinafter modified) group creditor life insurance providing decreasing balance term coverage upon the ves of parent and student as follows:

a. in the case of parent, the Principal Amount hereof, plus earned charges, less the sum of all installments paid thereon prior to parent's death;

b. in the case of student, the sum of all advances made by Creditor on Principal Amount hereof, plus earned charges, less the sum of all installments paid thereon prior to student's death.

ı the event of the total and permanent disability of the parent (as defined in the insurance policy) during the life of this Agreement ıd while insured, the coverage described in subparagraph (a) hereof shall also apply.

4. Upon the death of the student or the death or the total and permanent disability of the parent during the life of this Agree-ent and while insured, EFI agrees to use the proceeds of such insurance to discharge the obligations of parent and student under aragraph 2 hereof. Upon the death or the total and permanent disability of the parent during the life of this Agreement and while sured, EFI agrees to use the proceeds of such insurance to pay the Principal Amount, less advances previously made, to the Rhode land Hospital Trust Company, 15 Westminster Street, Providence, Rhode Island, as trustee, to be held and disbursed by it under d pursuant to the provisions of that certain Trust Agreement between the trust company and parent executed concurrently here-ith. Upon compliance with this paragraph by EFI, this Agreement shall automatically terminate and EFI shall have no further bility whatever under such Agreement.

5. Parent and student agree that if they fail to make any installment payment on the date due, EFI may cancel this Agreement d shall thereafter have no obligation whatever under said Agreement and all the insurance benefits described herein shall thereupon mediately terminate, but such cancellation by EFI shall not affect the liability of parent and student to repay all amounts there-fore advanced by EFI plus earned charges.

6. Parent may by written notice to EFI cancel this Agreement at any time, but such cancellation shall not affect the liability of rent and student to repay all amounts previously advanced by EFI, plus earned charges.

7. This Agreement, signed by parent and student, is submitted to EFI at its office in Providence, Rhode Island, with the derstanding that EFI is not bound hereunder until it has accepted such Agreement, in the space provided below by facsimile gnature stamp of its President. A duplicate copy of this Agreement, so accepted, will thereupon be mailed to parent. The insur-ce provided for in this Agreement will become effective on the date of the first scheduled payment, as provided in paragraph two, the date of the first advance to the school by EFI, whichever occurs first.

8. The construction, validity and effect hereof shall be governed by the laws of Rhode Island.

9. If parent is a resident of the state of New York, paragraphs 3 and 4 hereof are hereby amended so as to delete insurance verage for the total and permanent disability of the parent.

cepted, .. 19...

....
Parent

lucation Funds Inc.

Permanently residing at: ....

....

....
President

....
Student

ONE YEAR PLAN

To finance a single year's College costs, it is necessary to sign an agreement *prior to the beginning of the academic year*. The agreement must cover the full year's charges.

Costs are low.

If you choose to repay in 8 months, the credit service charge is only 2⅔% of the total amount. It is 3⅓% if you would like 10 months for repayment; it is 4% if you prefer 12 monthly payments. Insurance is additional—62¢ a month for each $1000.

Example—

If you finance $1000 under the one year plan your monthly payments —*including insurance*—will be:

For 8 months	$128.96 a month
For 10 months	103.95 a month
For 12 months	87.29 a month

When the amount financed is greater than, or less than, $1000, the monthly payments are proportionately higher or lower.

MULTIPLE YEAR PLANS

If you wish to assure the student's entire College education, you may make arrangements for 2, 3, 4 or 5 years of schooling by signing one agreement for consecutive monthly payments extending for as long as 3 years beyond graduation. The credit service charge is 4% per annum computed upon the amount of the College charges each year.

Charges of the College beyond the first year of the contract are estimated, and at the beginning of each academic year, the terms of the contract can be revised to cover changes in tuition or other costs.

Number of years of schooling	Number of months to pay
Freshman through Senior years	48-60-72 or 84 months
Sophomore through Senior years	36-48-60 or 72 months
Junior through Senior years	24-36-48 or 60 months
Senior year	12-24-36 or 48 months
Freshman (5 year course)	60-72 or 84 months

Examples:

If you finance $1000 of College charges per year, your monthly payments under the multiple-year plans—including insurance—will be:

Freshman —	4 years of education costs
48 months	$89.15 a month
60 months	73.48 a month
72 months	63.04 a month
84 months	55.58 a month
Sophomore —	3 years of education costs
36 months	$88.53 a month
48 months	68.53 a month
60 months	56.53 a month
72 months	48.53 a month
Junior —	2 years of education costs
24 months	$87.91 a month
36 months	60.69 a month
48 months	47.08 a month
60 months	38.91 a month
Senior —	1 year of education costs
24 months	$45.62 a month
36 months	31.74 a month
48 months	24.79 a month

When the amount financed is greater than, or less than, $1000, the monthly payments are proportionately higher or lower.

INSURANCE

Life insurance and total and permanent disability insurance are a part of this plan. The insurance charge is 62c per month per $1000 of academic charges. The parent or guardian who signs the agreement *and can qualify for insurance* is covered by life insurance to his 65th birthday. If disability commences while the parent or guardian is gainfully employed for wage or profit, he is covered by total and permanent disability insurance to his 61st birthday. In the event of death or medically established total and permanent disability which has existed continuously for a period of six months or more, the unpaid balance (up to $10,000 of all Education Agreements of the insured held by Girard Trust Corn Exchange Bank) would be paid. Funds are thus provided under this plan for the uninterrupted education of the student.

CANCELLATION

You may cancel any of these plans at the end of an academic period without a penalty charge of any kind. You make only the payments applicable through the latest academic period for which the student has incurred charges.

TO APPLY

If you would like to arrange payment of College charges on a monthly payment plan, please complete the enclosed card and return it *promptly* to the College.

An agreement prepared in accordance with your wishes will be mailed to you for signature.

ASSURED EDUCATION PLAN BROCHURE

This card should be completed on both sides and returned promptly to:

TREASURER
ROSEMONT COLLEGE
ROSEMONT, PENNSYLVANIA

I WOULD LIKE TO USE THE **ASSURED EDUCATION PLAN** FOR:

(NAME OF STUDENT) (AGE)

WHO IS ENROLLING AS A: ☐ Freshman ☐ Sophomore ☐ Junior ☐ Senior

PLEASE PRINT

Name of Parent providing chief source of income ______ (To be insured) Age ______

Business Affiliation ______ (Complete Firm Name) Tel. No. ______ Annual Income $ ______

Business Address ______ (No. & Street) (City) (State)

First name of other Parent ______ Telephone No. ______

Home Address ______ (No. & Street) (City) (State)

THE PLAN I WISH TO USE IS CHECKED BELOW:

1. ONE YEAR PLAN For ☐ 8 months ☐ 10 months ☐ 12 months

2. MULTIPLE YEAR PLAN For:

FRESHMAN	☐ 48 months	☐ 60 months	☐ 72 months	☐ 84 months
SOPHOMORE	☐ 36 months	☐ 48 months	☐ 60 months	☐ 72 months
JUNIOR	☐ 24 months	☐ 36 months	☐ 48 months	☐ 60 months
SENIOR		☐ 24 months	☐ 36 months	☐ 48 months
FRESHMAN (5 Year Course)		☐ 60 months	☐ 72 months	☐ 84 months

(Please complete insurance information on other side.)

ASSURED EDUCATION PLAN APPLICATION

INSURANCE INFORMATION

Have you ever been told by a physician that you had:		If you have answered YES to any questions to the Left; give dates, severity and outcome.
(A) Heart Disease?	Yes ☐ No ☐	
(B) High Blood Pressure?	Yes ☐ No ☐	
(C) Cancer, Malignant Tumor, Leukemia, Diabetes?.	Yes ☐ No ☐	
(D) Disease of the Liver, Brain, Kidney or Nervous System?.	Yes ☐ No ☐	

By reason of your health, are you presently retired or restricted in full time active employment? Yes ☐ No ☐

Have you ever been charged more than standard rates or declined for life insurance? Yes ☐ No ☐

If you have answered YES to the question directly above, have you since purchased life insurance at standard rates? . . . Yes ☐ No ☐

To the best of my knowledge, the statements above are true and complete and shall be the basis for issuance of insurance coverage.

Signature ______________________
Parent, Guardian or Sponsor to be insured. (Only the individual primarily responsible for the student's support should sign.).

CHARGES TO BE FINANCED (Agreement will be prepared in accordance with the figures provided below)

ONE YEAR PLAN

Annual Tuition and General Fees . . . . $______

Annual Room Rent and (or) Annual Board (only if billed by College) . . . . $______

Total Annual Charges (all or any portion of this total may be financed) . . . . $______

Less cash to be paid and (or) any anticipated scholarship or other credits . . . . $______

Net annual charges to be financed for the academic year 196__-6__ . . . . $______

MULTIPLE YEAR PLAN

Net annual charges as calculated above for this year . . . . $______

Estimated charges for additional years of education . . . . 2nd year $______

3rd year $______

4th year $______

5th year $______

TOTAL. . $______

BCC 2638 (Rev. 12/62)

EDUCATION AGREEMENT

THIS AGREEMENT is made this.......................... day of..., 19.........., between ....("Sponsor" which term shall include a parent, guardian, student or student's spouse), and...("Sponsor's Spouse"), who reside at ...., (who constitute the "Undersigned"),
(Number and Street) (City & Zone No.) (State)

and ....
("College", which term shall include a University) to provide for payment by Undersigned to College of fees and charges for tuition and services provided by College to...("Student").

1. College agrees that Undersigned may pay the following tuition, fees and charges in installments as provided herein:

Tuition, Fees and other Charges for academic years	19	$	
	19	$	
	19	$	
	19	$	
	19	$	
Total Tuition, Fees and Charges			$ ....
Credit Service Charge			$ ....
Total Amount			$ ....
Monthly Insurance Payment		$.........................	

2. Undersigned agree to pay the Total Amount and the Monthly Insurance Payment at the office of GIRARD TRUST CORN EXCHANGE BANK, 2nd and Chestnut Streets, Philadelphia, Pennsylvania, in ....installments of $......................... each and a final installment of $..............................commencing on...and continuing on the same day of each month thereafter.

3. Undersigned will pay to College each year all amounts due to the College for tuition, fees and charges each year in excess of the pro rata amount of such tuition, fees and charges covered by this Agreement, as and when billed by College. In the event that any tuition, fees and charges covered by this Agreement should be incurred in an amount less than set forth above, the Total Amount and Monthly Insurance Payment will be reduced accordingly; in such event, the provisions of this Agreement will continue without change except only that the installments due hereunder will each be reduced to such amount as the holder of this Agreement shall advise Undersigned in writing.

4. The holder of this Agreement will obtain at Undersigned's expense, insurance on the life of Sponsor and insurance against the total and permanent disability (to the extent provided herein) of Sponsor in an amount sufficient to discharge the obligations of Undersigned under this Agreement, provided such life insurance will terminate when Sponsor reaches age 68 and such total and permanent disability insurance will terminate when Sponsor reaches 61. The total and permanent disability insurance will cover a disability which: (i) commences while the insurance on Sponsor and this Agreement are in effect, (ii) commences while Sponsor is gainfully employed for wage or profit, (iii) is medically established to be total and permanent, and (iv) continues to exist for a period of at least six months so that Sponsor is unable to pursue any occupation for wage or profit. Such life insurance and total and permanent disability insurance shall not exceed $10,000 of the total of all Education Agreements of said insured held by Girard Trust Corn Exchange Bank, Philadelphia, Pa., at any time during which said bank is the holder of this Agreement. In the event of Sponsor's death or covered disability during the term of this Agreement the holder will receive and hold the proceeds of such insurance for application to amounts due and to become due hereunder. Such insurance will terminate if there is a default under this Agreement for two consecutive payment periods.

5. The holder of this Agreement or Undersigned (upon written notice to such holder) may terminate this Agreement at any time and it will terminate automatically in the event of death of the Student, failure of the Student to enroll for the consecutive academic periods covered by this Agreement or dismissal or suspension of the Student by the College for a continuous period of 60 days or more. Upon termination, Undersigned will make all payments for all academic periods for which the Student or Undersigned have incurred indebtedness to the College and Undersigned will thereafter be released from all other payments. In the event of termination or in the event of a failure to make any payment due hereunder, all amounts due hereunder will become immediately due and payable. In the event that the payments by Undersigned prior to termination (including any proceeds of insurance received by the holder of this Agreement) allocable to tuition, fees and charges are in excess of tuition, fees and charges incurred theretofore, the holder of this Agreement will refund such excess amount to Undersigned.

6. In the event of a default hereunder, Undersigned authorize and empower the Prothonotary or Clerk or any attorney of any court of record to appear for and to enter judgment against Undersigned for the amounts due hereunder, with or without declaration, with costs of suit, release of errors, without stay of execution and with 15% added for collection fees; and also waive the right of inquisition on any real estate levied on, voluntarily condemn the same and authorize the Prothonotary or Clerk to enter said voluntary condemnation upon the fi. fa.; said real estate may be sold on a fi. fa. and Undersigned waive and release all appraisement, stay or exemption laws of any state now in effect or hereafter adopted.

7. This Agreement will bind and be for the benefit of the parties hereto, their heirs, executors, administrators, successors, and assigns. No modification may be made except by a like-signed writing.

....
(College or University)

....
(Sponsor)

Only the Sponsor who signs on the above line will be covered by the insurance provided under Paragraph 4 above.

By........

....
(Sponsor's Spouse)

For value received, the undersigned hereby sells, transfers, assigns and sets over unto GIRARD TRUST CORN EXCHANGE BANK, its successors and assigns, without recourse, all its right, title and interest in and to the foregoing Education Agreement.

....
(College or University)

By........ ....
(Title)

Dated:....... ....19.........

One Year Plan

Education charges for Freshman, Sophomore, Junior, Senior or Graduate Students may be financed for 8, 10, or 12 months. No credit information is required.

Amount to be financed	8 Monthly Payments (Factor 2.67%)		10 Monthly Payments (Factor 3.33%)		12 Monthly Payments (Factor 4%)	
	Note	Payment	Note	Payment	Note	Payment
$2,500.	$2,566.75	$322.40	$2,583.25	$259.88	$2,600.	$218.22
2,000.	2,053.40	257.92	2,066.60	207.90	2,080.	174.58
1,500.	1,540.05	193.44	1,549.95	155.93	1,560.	130.93
1,000.	1,026.70	128.96	1,033.30	103.95	1,040.	87.29
900.	924.03	116.07	929.97	93.56	936.	78.56
800.	821.36	103.17	826.64	83.17	832.	69.84
700.	718.69	90.27	723.31	72.77	728.	61.10
600.	616.02	77.38	619.98	62.37	624.	52.37
500.	513.35	64.48	516.65	51.98	520.	43.65
400.	410.68	51.59	413.32	41.59	416.	34.92
300.	308.01	38.69	309.99	31.19	312.	26.19
200.	205.34	25.79	206.66	20.79	208.	17.46
100.	102.67	12.90	103.33	10.40	104.	8.73
50.	51.34	6.45	51.67	5.20	52.00	4.37
25.	25.67	3.23	25.83	2.61	26.00	2.19
20.	20.53	2.58	20.67	2.08	20.80	1.75
15.	15.40	1.94	15.55	1.57	15.60	1.31
10.	10.27	1.30	10.33	1.05	10.40	.88
9.	9.24	1.17	9.30	.94	9.36	.79
8.	8.21	1.03	8.27	.83	8.32	.70
7.	7.19	.90	7.23	.73	7.28	.61
6.	6.16	.77	6.20	.62	6.24	.52
5.	5.13	.65	5.17	.52	5.20	.44
4.	4.11	.52	4.13	.42	4.16	.35
3.	3.08	.39	3.10	.31	3.12	.26
2.	2.05	.26	2.07	.21	2.08	.18
1.	1.03	.13	1.03	.11	1.04	.09

Life and Total and Permanent Disability Insurance premium, at the rate of 62¢ per month per $1000, has been included in the above monthly payments.

Multiple Year Plans for Freshmen

(Covering 4 Years of Educational Costs)

Education charges for a student starting as a Freshman may be financed for 4, 5, 6 or 7 year terms. No credit information is required for 4 or 5 year terms. Such information is required for 6 or 7 year terms.

Amount to be financed	48 Monthly Payments (Factor 4%) Note	Payment	60 Monthly Payments (Factor 6.5%) Note	Payment	72 Monthly Payments (Factor 9%) Note	Payment	84 Monthly Payments (Factor 11.5%) Note	Payment
$10,000.	$10,400.	$222.87	$10,650.	$183.70	$10,900.	$157.59	$11,150.	$138.94
9,000.	9,360.	200.58	9,585.	165.33	9,810.	141.83	10,035.	125.05
8,000.	8,320.	178.30	8,520.	146.96	8,720.	126.08	8,920.	111.16
7,000.	7,280.	156.01	7,455.	128.59	7,630.	110.32	7,805.	97.26
6,000.	6,240.	133.72	6,390.	110.22	6,540.	94.56	6,690.	83.37
5,000.	5,200.	111.44	5,325.	91.85	5,450.	78.80	5,575.	69.47
4,000.	4,160.	89.15	4,260.	73.48	4,360.	63.04	4,460.	55.58
3,000.	3,120.	66.86	3,195.	55.11	3,270.	47.28	3,345.	41.69
2,000.	2,080.	44.58	2,130.	36.74	2,180.	31.52	2,230.	27.79
1,000.	1,040.	22.29	1,065.	18.37	1,090.	15.76	1,115.	13.90
900.	936.	20.06	958.50	16.54	981.	14.19	1,003.50	12.51
800.	832.	17.84	852.00	14.70	872.	12.62	892.00	11.12
700.	728.	15.60	745.50	12.86	763.	11.03	780.50	9.73
600.	624.	13.37	639.00	11.02	654.	9.46	669.00	8.34
500.	520.	11.15	532.50	9.19	545.	7.88	557.50	6.95
400.	416.	8.92	426.00	7.35	436.	6.31	446.00	5.56
300.	312.	6.69	319.50	5.52	327.	4.74	334.50	4.18
200.	208.	4.46	213.00	3.67	218.	3.15	223.00	2.78
100.	104.	2.23	106.50	1.84	109.	1.58	111.50	1.39
50.	52.00	1.12	53.25	.92	54.50	.79	55.80	.70
25.	26.00	.57	26.63	.47	27.25	.40	27.88	.36
20.	20.80	.45	21.30	.37	21.80	.32	22.30	.28
15.	15.60	.34	15.98	.28	16.35	.24	16.73	.21
10.	10.40	.23	10.65	.19	10.90	.17	11.15	.15
9.	9.36	.21	9.59	.17	9.81	.15	10.04	.13
8.	8.32	.18	8.52	.15	8.72	.13	8.92	.11
7.	7.28	.16	7.46	.13	7.63	.11	7.81	.10
6.	6.24	.13	6.39	.11	6.54	.10	6.69	.08
5.	5.20	.11	5.33	.09	5.45	.08	5.58	.07
4.	4.16	.09	4.26	.08	4.36	.07	4.46	.06
3.	3.12	.07	3.20	.06	3.27	.05	3.35	.04
2.	2.08	.05	2.13	.04	2.18	.04	2.23	.03
1.	1.04	.03	1.07	.02	1.09	.02	1.12	.02

Life and Total and Permanent Disability Insurance premium, at the rate of 62¢ per month per $1000, has been included in the above monthly payments.

APPENDIX C

TABLE VI

CONVERSION OF TUITION PLAN INC., 30 PAYMENT SCHEDULE TO SIMPLE ANNUAL INTEREST

MONTH	PRINCIPAL PAYMENT	BORROWED	NET PRINC. OUTSTANDING	ACCRUED INTEREST
Sept.		$1,000.	$1,000.	
Oct.	100.		900.	6.
Nov.	200.		800.	12.
Dec.	300.		700.	18.
Jan.	400.		600.	24.
Feb.	500.		500.	30.
March	600.		400.	36.
April	700.		300.	42.
May	800.		200.	48.
June	900.		100.	54.
July	1,000.		---	60.

Second and third year repeat first year's borrowing experience.

Assumed: that if $1,000. is loaned for 10 months at a cost of $60., to borrow $1,000. for 12 months would cost $72. On this basis, with an average $550. outstanding per month, true annual interest would be 13%.

TABLE VII

CONVERSION OF EDUCATION FUNDS INC., 36 PAYMENT SCHEDULE TO SIMPLE ANNUAL INTEREST

MONTH	PRINCIPAL PAYMENT	BORROWED	NET PRINC. OUTSTANDING	ACCRUED INTEREST
July	$ 83.33			$ 5.29
Aug.	166.66			10.58
Sept.	250.00	$1,000.00	$ 750.00	15.86
Oct.	333.33		666.67	21.15
Nov.	416.66		583.34	26.44
Dec.	500.00		500.00	31.72
Jan.	583.33		416.67	37.01
Feb.	666.66		333.34	42.30
March	750.00		250.00	47.58
April	833.33		166.67	52.87
May	916.66		83.34	58.16
June[1]	1,000.00		--- --	63.44

$190.32 for 36 months = 6.3% of $3,000.
Average borrowed per month: $416.67
Simple annual interest: 15.2%

[1]Second and third year repeat first year's borrowing experience.

TABLE VIII

CONVERSION OF ASSURED EDUCATION PLAN
36 PAYMENT SCHEDULE TO
SIMPLE ANNUAL INTEREST

MONTH	PRINCIPAL PAYMENT	BORROWED	NET PRINC. OUTSTANDING	ACCRUED INTEREST
Sept.	$ 83.33	$1,000.00	$916.67	$ 5.19
Oct.	166.66		835.34	10.39
Nov.	250.00		750.00	15.59
Dec.	333.33		666.67	20.78
Jan.	416.66		583.34	25.98
Feb.	500.00		500.00	31.18
March	583.33		416.67	36.37
April	666.66		333.34	41.57
May	750.00		250.00	46.77
June	833.33		166.67	51.96
July	916.66		83.34	57.16
Aug.[1]	1,000.00		-- --	62.36

$187.08 for 36 months = 6.2% of $3,000.
Average per month: $500+
Simple annual interest: 12.4%

[1]Second and third year repeat first year's borrowing experience.

TABLE IX

CONVERSION OF TUITION PLAN INC., 60 PAYMENT SCHEDULE TO SIMPLE ANNUAL INTEREST

MONTH	PRINCIPAL PAYMENT	BORROWED	NET PRINC. OUTSTANDING	ACCRUED INTEREST
June	$ 66.67			$ 6.63
July	133.34			13.26
Aug.	200.00			19.90
Sept.	266.67	$1,000.00	$ 733.33	26.53
Oct.	333.34		666.66	33.16
Nov.	400.00		600.00	39.80
Dec.	466.67		533.33	46.43
Jan.	533.34		466.66	53.06
Feb.	600.00		400.00	59.70
March	666.67		333.33	66.33
April	733.34		266.66	72.96
May	800.00		200.00	79.60
June	866.67		133.33	86.23
July	933.34		66.00	92.86
August	1,000.00		-------	99.50
Sept.	1,066.67	1,000.00	933.33	106.13
Oct.	1,133.34		866.66	112.76
Nov.	1,200.00		800.00	119.40
Dec.	1,266.67		733.33	126.03
Jan.	1,333.34		666.66	132.66
Feb.	1,400.00		600.00	139.30
March	1,466.67		533.33	145.93
April	1,533.34		466.66	152.56
May	1,600.00		400.00	159.20
June	1,666.67		333.33	165.83
July	1,733.34		266.66	172.46
Aug.	1,800.00		200.00	179.10
Sept.	1,866.07	1,000.00	1,133.33	185.73
Oct.	1,933.34		1,066.66	192.36

TABLE IX (CONT.)

MONTH	PRINCIPAL PAYMENT	BORROWED	NET. PRINC. OUTSTANDING	ACCRUED INTEREST
Nov.	$2,000.00		$1,000.00	$199.00
Dec.	2,066.67		933.33	205.63
Jan.	2,133.34		866.66	212.26
Feb.	2,200.00		800.00	218.90
March	2,266.67		733.33	225.53
April	2,333.34		666.66	232.16
May	2,400.00		600.00	238.80
June	2,466.67		533.33	245.43
July	2,533.34		466.66	252.06
Aug.	2,600.00		400.00	258.70
Sept.	2,666.67	$1,000.00	1,333.33	265.33
Oct.	2,733.34		1,266.66	271.96
Nov.	2,800.00		1,200.00	278.60
Dec.	2,866.67		1,133.33	285.23
Jan.	2,933.34		1,066.66	291.86
Feb.	3,000.00		1,000.00	298.50
March	3,066.67		933.33	305.13
April	3,133.34		866.66	311.76
May	3,200.00		800.00	318.40
June	3,266.67		733.33	325.03
July	3,333.34		666.66	331.66
Aug.	3,400.00		600.00	338.30
Sept.	3,466.67		533.33	344.93
Oct.	3,533.34		466.66	351.56
Nov.	3,600.00		400.00	358.20
Dec.	3,666.67		333.33	364.83
Jan.	3,733.34		266.66	371.46
Feb.	3,800.00		200.00	378.10
March	3,866.67		133.33	384.73
April	3,933.34		66.66	391.36
May	4,000.00		-----	398.00

$4,000. borrowed, cost: $398. or 9.95%
Average amount used per month: $625.45
Simple annual interest: 12.7%

TABLE X

CONVERSION OF EDUCATION FUNDS INC.,
60 PAYMENT SCHEDULE TO
SIMPLE ANNUAL INTEREST

MONTH	PRINCIPAL PAYMENT	BORROWED	NET PRINC. OUTSTANDING	ACCRUED INTEREST
June	$ 66.67			$ 7.31
July	133.34			14.62
Aug.	200.00			21.94
Sept.	266.67	$1,000.00	$ 733.33	29.25
Oct.	333.34		666.66	36.56
Nov.	400.00		600.00	43.88
Dec.	466.67		533.33	51.19
Jan.	533.34		466.66	58.50
Feb.	600.00		400.00	65.82
March	666.67		333.33	73.13
April	733.34		266.66	80.44
May	800.00		200.00	87.76
June	866.67		133.33	95.07
July	933.34		66.66	102.38
Aug.	1,000.00		-----	109.70
Sept.	1,066.67	1,000.00	933.33	117.01
Oct.	1,133.34		866.66	124.32
Nov.	1,200.00		800.00	131.64
Dec.	1,266.67		733.33	138.95
Jan.	1,333.34		666.66	146.26
Feb.	1,400.00		600.00	153.58
March	1,466.67		533.33	160.89
April	1,533.34		466.66	168.20
May	1,600.00		400.00	175.52
June	1,666.67		333.33	182.83
July	1,733.34		266.66	190.14
Aug.	1,800.00		200.00	197.46
Sept.	1,866.67	1,000.00	1,133.33	204.77
Oct.	1,933.34		1,066.66	212.08

TABLE X (CONT.)

MONTH	PRINCIPAL PAYMENT	BORROWED	NET PRINC. OUTSTANDING	ACCRUED INTEREST
Nov.	$2,000.00		$1,000.00	$219.40
Dec.	2,066.67		933.33	226.71
Jan.	2,133.34		866.66	234.02
Feb.	2,200.00		800.00	241.34
March	2,266.67		733.33	248.65
April	2,333.34		666.66	255.96
May	2,400.00		600.00	263.28
June	2,466.67		533.33	270.59
July	2,533.34		466.66	277.90
Aug.	2,600.00		400.00	285.22
Sept.	2,666.67	$1,000.00	1,333.33	292.53
Oct.	2,733.34		1,266.66	299.84
Nov.	2,800.00		1,200.00	307.16
Dec.	2,866.67		1,133.33	314.47
Jan.	2,933.34		1,066.66	321.78
Feb.	3,000.00		1,000.00	329.10
March	3,066.67		933.33	336.41
April	3,133.34		866.66	343.72
May	3,200.00		800.00	351.04
June	3,266.67		733.33	358.35
July	3,333.34		666.66	365.66
Aug.	3,400.00		600.00	372.98
Sept.	3,466.67		533.33	380.29
Oct.	3,533.34		466.66	387.29
Nov.	3,600.00		400.00	394.92
Dec.	3,666.67		333.33	402.23
Jan.	3,733.34		266.66	409.54
Feb.	3,800.00		200.00	416.86
March	3,866.67		133.33	424.17
April	3,933.34		66.66	431.48
May	4,000.00		-----	438.80

$4,000. borrowed, cost: $438.80 or 10.9%
Average amount used per month: $625.45
Simple annual interest: 14.%

TABLE XI

CONVERSION OF ASSURED EDUCATION PLAN, 60 PAYMENT SCHEDULE TO SIMPLE ANNUAL INTEREST

MONTH	PRINCIPAL PAYMENT	BORROWED	NET PRINC. OUTSTANDING	ACCRUED INTEREST
Sept.	$ 66.67	$1,000.00	$ 933.33	$ 6.81
Oct.	133.34		866.66	13.62
Nov.	200.00		800.00	20.44
Dec.	266.67		733.33	27.25
Jan.	333.34		666.66	34.06
Feb.	400.00		600.00	40.88
March	466.67		533.33	47.69
April	533.34		466.66	54.50
May	600.00		400.00	61.32
June	666.67		333.33	68.13
July	733.34		266.66	74.94
Aug.	800.00		200.00	81.76
Sept.	866.67	1,000.00	1,133.33	88.57
Oct.	933.34		1,066.66	95.38
Nov.	1,000.00		1,000.00	102.20
Dec.	1,066.67		933.33	109.01
Jan.	1,133.34		866.66	115.82
Feb.	1,200.00		800.00	122.64
March	1,266.67		733.33	129.45
April	1,333.34		666.66	136.26
May	1,400.00		600.00	143.08
June	1,466.67		533.33	149.89
July	1,533.34		466.66	156.70
Aug.	1,600.00		400.00	163.52
Sept.	1,666.67	1,000.00	1,333.33	170.33
Oct.	1,733.34		1,266.66	177.14
Nov.	1,800.00		1,200.00	183.96
Dec.	1,866.67		1,133.33	190.77
Jan.	1,933.34		1,066.66	197.58

TABLE XI (CONT.)

MONTH	PRINCIPAL PAYMENT	BORROWED	NET PRINC. OUTSTANDING	ACCRUED INTEREST
Feb.	$2,000.00		$1,000.00	$204.40
March	2,066.67		933.33	211.21
April	2,133.34		866.66	218.02
May	2,200.00		800.00	224.84
June	2,266.67		733.33	231.65
July	2,333.34		666.66	238.46
Aug.	2,400.00		600.00	245.28
Sept.	2,466.67	$1,000.00	1,533.33	252.09
Oct.	2,533.34		1,466.66	258.90
Nov.	2,600.00		1,400.00	265.72
Dec.	2,666.67		1,333.33	272.53
Jan.	2,733.34		1,266.66	279.34
Feb.	2,800.00		1,200.00	286.16
March	2,866.67		1,133.33	292.97
Apr.	2,933.34		1,066.66	299.78
May	3,000.00		1,000.00	306.60
June	3,066.67		933.33	313.41
July	3,133.34		816.66	320.22
Aug.	3,200.00		800.00	327.04
Sept.	3,266.67		733.33	333.85
Oct.	3,333.34		666.66	340.66
Nov.	3,400.00		600.00	347.48
Dec.	3,466.67		533.33	354.29
Jan.	3,533.34		466.66	361.10
Feb.	3,600.00		400.00	367.92
March	3,666.67		333.33	374.73
April	3,733.34		266.66	381.54
May	3,800.00		200.00	388.36
June	3,866.67		133.33	395.17
July	3,933.34		66.66	401.98
Aug.	4,000.00		-----	408.80

$4,000. borrowed, cost: $408,80 or 10.2%
Average amount used per month: $768.81
Simple annual interest: 10.6%