



essex savers
net credit union

Salary Savings Scheme



Mutual Benefits for Employers & Employees

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Section1: What is the Salary Savings Scheme?

About The Credit Union

We are a not-for-profit financial co-operative, authorised in 2004, that is owned by and run for the benefit of our members. We provide a range of ethical financial services to the whole of Essex; including accessible loans at highly competitive rates and ethical banking facilities via the Engage account. We also offer safe haven for savings as a vital source of lending to individuals and small businesses, promoting the economic development of our community. To date, we have issued £10,000,000 worth of loans.

Credit Union Services

Anyone who saves with the credit union automatically becomes a member of the co-operative and savings can be withdrawn upon demand. Any member can apply to borrow from the pool of money formed by the members' savings. Because it is a mutual, loans are low cost and flexible.

What are our aims and objectives?

- To promote sound financial management by encouraging people to save rather than borrow in order to avoid debt.
- To provide ethical banking services – accessible to all in Essex
- To play our part in making payday lenders and other predatory lenders redundant across Essex
- To achieve and maintain, independent, financial sustainability – sharing the benefits of this sustainability with our members.

Salary Savings Scheme Includes:

- A single deduction from salary, with separate budgeting accounts available
- Low cost loans at, potentially, preferential rates, with no set up fees, no early repayment penalty and repayment periods to suit the employee.
- Christmas Club and Holiday accounts
- Young Savers accounts for children
- Salary advance loans for new starters

All services are managed directly by the credit union and we accept full liability for the operation of the service. All enquiries and savings withdrawals are made through the credit union office and a clear distinction is made between the employer and the credit union savings scheme.

Financial Security

The credit union is authorised and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). The regulation is the same as for other banks and building societies, requiring robust financial systems, training of staff, and internal/external audit systems. Insurance policies protect member's savings from fraud, theft and dishonesty. Ultimately the members' savings are protected against business failure by the Financial Services Compensation Scheme up to £85,000 per person.

Section 2: Benefits for the Employer

The Credit Union Salary Savings Scheme (for savings and loans) can help reduce your staff turnover and absenteeism costs associated with financial stress in employees. As well as meeting your corporate social responsibility objectives. Being a good employer is good for business.

Costs of Staff Turnover & Absenteeism

It costs over £30K to replace a staff member. A report by Oxford Economics revealed that replacing members of staff incurs significant costs for employers: £30,614 per employee.

HR Review 2014

When staff are pre-occupied by monies worries they are not focussing on their work and performance can suffer. Requests for salary advances and loans from employees under financial strain create difficulties for organisations as well as more work for payroll officers if the requests are granted. (See footnote 1).

Financial Wellbeing and Healthy Happy Staff

Stress poses a risk to most businesses and compensation payments for stress are increasing. It is important to meet the challenge by dealing with excessive and long-term causes of stress.

Chartered Institute of Personnel and Development

Corporate Social Responsibility

The era of CSR reporting being relegated to a single page at the back of the annual report is long gone. Increasing numbers of businesses, from small independent firms to global corporates, are putting more weight behind their CSR strategies and there is also a moral imperative, partially driven by customer interest, to ensure a business proactively contributes to the creation of sustainable communities. Increasingly, there is also significant interest from within companies. Employees are now one of the driving forces of popular cause-related and employee volunteering initiatives, in which staff 'give back' to communities. Institute of Directors, 2015

1 Kim, J., Garman, E. T. (2003). *Financial stress and absenteeism: An empirical derived model. Financial Counselling and Planning. Volume 14(1)*

Section 3: Benefits for the Employee

The Credit Union can help employees in a number of ways, primarily by encouraging saving as a way of preventing over indebtedness. It offers budgeting guidance to people applying for loans, and crucially, offers a low cost source of credit which can greatly reduce the cost of borrowing at those times when it's necessary.

The link between debt stress and depression is well established. It is estimated that at least 50%, and perhaps as many as 90%, of people in debt feel anxious or depressed.

Stepchange, Debt Charity

Stress has become the main cause of long-term sickness absence for the first time across British industry.

The Irish Independent

Staff absences for mental health problems have doubled at hospital trusts across England in the past four years. Figures obtained by the BBC revealed 41,112 staff were off sick with anxiety, stress and depression in 2014 - up from 20,207 in 2010.

BBC News, March 2015

Families have an average pile of debt of nearly £9,000 each, leaving millions vulnerable if interest rates start to rise, a new report has warned. The figure, which does not include mortgages, soared by £20billion or nine per cent last year to hit £239billion, the report from PwC found.

www.thisismoney.co.uk Daily Mail Online March 2015

£8.2m was the daily write-off to individuals by banks and building societies.

The Money Charity Statistics March 2015

Spiralling debt is one of the main causes of poverty and is exacerbated by the problem of high cost credit and high interest rates charged to poorer families.

*Barnardo's Website 2015 – Extract from report on child poverty –
A Vicious Cycle: the impact of high cost credit on low income families*

Rise in rent arrears leads to increase in landlord possessions.

www.propertywire.com March 18th

2013 Research shows that those in debt were highly likely to report stress and mental health problems. Indebtedness reportedly arises from the likes of rent, mortgage credit-card and overdue utility bills.

University of Nottingham, School of Economics

Section 4: Employers already providing the service

Many major UK employers are already offering their staff a payroll deduction savings & loans service through a credit union. Companies like: British Airways, BAE Systems, Go-Ahead Group, the NHS, Royal Mail, Stagecoach, Tata Group and Unison.

Essex Savers net Credit Union provides the facility to the following employers**

- 24 x 7 Ltd
- Chelmsford City Council
- Chelmsford Diocese
- Colchester Borough Homes
- Dax Brickworks
- Dominoes
- Essex County Council
- Legra Care Home
- Mid Essex Hospital Services Trust
- North Essex Partnership NHS Foundation Trust
- OCS Group UK Ltd
- Paytemp Ltd
- Simply Better Service
- Southend Borough Council
- Southend University Hospital
- Thurrock Borough Council

These employers find that the credit union's work in promoting savings amongst employees reduces employee absenteeism, sickness and staff turnover – as well as meeting their responsibilities as a good corporate citizen.

The credit union takes all responsibility for the operation of the scheme, with the employers just facilitating the monthly deductions from salary. All contacts and queries are dealt with by the credit union, making it very administratively simple for employers. A full list of employers working in partnership with Essex Savers net Credit Union can be found at www.essexsavers.co.uk/Payroll.php

** Details as at 01/09/2017

Section 5: Frequently Asked Questions

1. Does it cost the employer anything?

No. The credit union provides this service to your business free of charge

2. Does it cost our employees anything?

There is a joining fee of £5.

3. Is it a lot of work for our payroll staff?

All enquiries are dealt with by the credit union office. The employer need not be involved in anything other than a single monthly exchange of data and BACS funds transfer.

4. Can members access their account online?

This facility is currently being developed. Until it is ready, members can request information from our Head Office in Chelmsford.

5. Is the money safe?

Savings are protected by the Financial Services Compensation Scheme, currently, up to £85,000 per person.

6. What interest do you charge on Loans'?

Our interest rates range from 1% to 3% per month (12.68% Apr to 42.6% Apr) – charged on the reducing balance. However, subject to the receipt of a fully completed application form, a personal budget sheet, all required documentation and a satisfactory Credit Reference Agency check, a (Salary Savings) preferential rate of 1.5% per month (19.6% APR) is available. So, for a £1000 loan, at an interest rate of 1.5% – paid back over 18 months – the total interest charged would be £162.28.

7. How much interest do you pay on savings

Rather than a fixed rate of interest, Credit Unions distribute any annual trading surplus to members in the form of a 'dividend.' Members can also opt to plough any surplus back into the credit union.

8. Do members have to give notice to withdraw money?

No. Subject to validating the account balance, we can transfer savings to the member's bank account by BACS. We aim to complete these transfers within 2 working days.

9. How do members pay in to the credit union savings accounts?

As well as accepting 'direct from salary' payments, members can also pay by Standing Order, Cheque, Bank Transfer and / or Cash. Member's Pensions and / or Benefits can also be paid into their Savings Account.

10. How much can a member borrow?

This is based on affordability. The loan sum may be greater if the applicant has already saved with us or has borrowed from us previously.

11. When can someone borrow?

Members can apply to borrow at any time. But, we give priority to those members who are saving and / or are using the Salary Savings Scheme.

12. Do you use credit reference agencies?

Yes. But, past difficulty repaying loans will not automatically prevent applicants from borrowing from us. We may use a credit reference agency to verify ID and address.

Section 6 – Employer’s Guide to operating the scheme

1. The credit union and the employer will provide a single point of contact (plus deputy) for each organisation.

Alison Davies, or her deputy Gary Evans on 01245 496253 or manager@essexsavers.co.uk

Employer’s Contact and Deputy Details:

Name

Telephone

Email

2. The credit union will obtain a signed mandate for salary deductions from the employee and provide the employer with a list of any changes to salary deductions, as an Excel spreadsheet, by the

Decision Date: Each Month

The excel spreadsheet will show the first name, last name, payroll number, value of individual deduction, and total value of all deductions for all employees.

3. The employer will provide the credit union with an excel spreadsheet listing all deductions for the month not later than

Decision Date: Each Month

The excel spreadsheet should show at least the unique payroll or membership number, value of individual deduction, and total value of all deductions for all employees.

4. On average credit union members make one change to payments per year.

5. The employer will transfer the full value of all payroll deductions to the credit union account by BACS transfer not later than

Decision Date: Each Month

6. Employees savings will be credited to their account on the first working day after the monthly excel spreadsheet notifying of payments is received.

7. The deduction is made after tax, and should appear on the payslip simply as ‘Credit Union’, with no cumulative figure shown to avoid confusion over savings balances.

8. All enquiries about credit union accounts should be directed straight to the credit union office.

9. Our account details for transferring funds deducted are as follows;

Account held with The Co-operative Bank in the name of Essex Savers net Credit Union

Sort Code: 08-92-50

Account Number: 67009565

Essex Saver net Credit Union Ltd, 53 New Street, Chelmsford. Essex. CM1 1AT. Tel: 01245 496235

E-mail: manager@essexsavers.co.uk www.essexsavers.co.uk

Registered under the Credit Union Act 1979 and the Industrial and Provident Societies Act 1965 – Reg. No 710C

Authorised and Regulated by the Financial Conduct Authority (FCA) Firm number: 230859

Salary Savings Scheme



The easy way to save and repay loans