

Home and Electronics Scheme

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1 About the Scheme and Salary Sacrifice Arrangement

1.1 How does the scheme work?

Employees agree to a reduction in salary (salary sacrifice) over 12 or 24 months in exchange for home and electronic equipment.

1.2 What is salary sacrifice and why should I consider it?

A salary sacrifice arrangement means you agree to give up the right to receive part of your gross salary due under your contract of employment, in exchange for a non-cash benefit – in this case, goods ordered under the Home and Electronics Scheme.

The salary is sacrificed before income tax, national insurance, and pension contributions are calculated; you therefore pay less contributions as it is based on your reduced salary. You will however be liable to pay a Benefit in Kind charge on the provision of the goods ordered. The additional tax is recovered by a reduction in your tax code.

Any future changes in tax, pension and National Insurance Contribution rules may result in a change in the savings you receive. Such changes are outwith the control of Vivup and/or the Council.

1.3 What is the maximum value I can salary sacrifice under the Home and Electronic Scheme?

The minimum order value is set at £100, and the maximum value is capped at £2,000 for total orders. You can only have two active orders running at any given time.

Any orders below £300 can only be taken over a 12 month repayment option.

1.4 Are there any additional charges for the products I order?

A 3% admin fee will be added to any product you order.

1.5 How much will the Benefit in Kind (BiK) be?

All goods supplied under the Home & Electronic Scheme are considered by HM Revenue & Customs as a Benefit in Kind. This is reflected in the terms and conditions and salary sacrifice agreement.

The benefit in kind is calculated based on your order value and your pay as you earn tax rate.

Pricing information on the platform is an estimate and reflects potential pension and national insurance contribution savings. Although you will receive tax savings under the salary sacrifice agreement, please be mindful that the tax due for the benefit in kind will be collected through an adjustment to your tax code following submission of P11d information.

1.6 When will HMRC be notified of my Benefit in Kind (BiK)?

P11d information is submitted at the end of each financial year. The statutory deadline is the 6 July. The additional tax will not be recovered from your salary until this information has been submitted to HMRC and a tax code change has been issued.

You can however report any employee benefits you have to HMRC via [your personal tax account](#) which may result in your tax code being amended sooner. It is advisable to report any employee benefits to HMRC as soon as you receive your purchase(s).

1.7 Will a salary sacrifice arrangement affect any state benefits I may receive?

The following will need to be considered if you are entering into a salary sacrifice arrangement:

- Pension contributions - provided you pay the minimum requirement for national insurance payments; this Scheme should not affect your basic State Pension.
- Entitlement to earnings-related benefits such as Maternity Allowance or Statutory Maternity Pay.
- Entitlement to work-related payments such as Statutory Sick Pay.

A salary sacrifice arrangement may affect the amount of tax credits you receive. Before you decide to go ahead, you may want to consult HMRC's Tax Credit section via their [website](#) or ring their Tax Credit Helpline on 0345 300 3900.

It may also affect any student loan repayments as they are calculated on your earnings. As your gross salary would be reduced, so would your student loan payments, and this may increase the repayment period. For more information, please visit HMRC's [website](#) and the [Student Loans Company website](#)

1.8 I am thinking of reducing my working hours, how will this affect my salary sacrifice arrangements?

You cannot sacrifice an amount which would result in your salary being lower than the National Minimum Wage. If the reduction in your hours would mean that you cannot meet the salary sacrifice commitment as it would result in your salary falling below the National Minimum Wage, then we may exercise the discretion to delay a change to your hours until repayments are recovered in full.

1.9 Will the other salary sacrifice scheme deductions I have be taken into account when I apply through this scheme?

Yes. As part of the national minimum wage check, any other salary sacrifice deductions you have will be taken into account before the order can be approved.

2 Equipment

2.1 I have ordered my equipment, when will I receive it?

Goods are order from the supplier once the order has been authorised by the Payroll and Reward Team. Delivery should be within 5 working days from ordering with the Supplier. Many items however are delivered within 48 hours of approval.

2.2 I have ordered my equipment, when will the salary sacrifice start?

The salary reduction will commence on the earliest available pay date following approval of your order. Please note that reductions will start as stated, regardless of whether you have received your equipment or not.

2.3 Where will my equipment be delivered to?

Delivery is to your home address only, as detailed on your order form and verified by the Payroll and Reward Team as part of the authorisation process.

2.4 Does the equipment come with a warranty?

Yes, all products come with a standard manufacturer's warranty. Warranty is limited to malfunction caused during normal wear and tear.

2.5 Is the equipment covered for insurance?

There is no insurance through the scheme, therefore it is your responsibility to insure the equipment against fire, theft, and accidental damage under your home insurance so it can be replaced. If the equipment was damaged or lost, salary sacrifice deductions will continue to be taken for the full repayment period agreed.

2.6 Can I change my mind and return unwanted goods once I have signed my order?

Yes. You can return an unwanted product for a full refund within 21 days of delivery providing it is still in its original, unopened packaging.

It is possible that your salary sacrifice deduction has been processed. If this is the case, this would be addressed in the next available payroll.

3. Long Term Leave and Changes to my Contract of Employment

3.1 What happens if I go on maternity, paternity or adoption leave during my employment or have a long-term absence from work?

Joining a salary sacrifice scheme reduces your contractual pay and the level of income tax, national insurance and pension contributions.

The agreement may affect entitlement to State Pension, Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay, Statutory Adoption Pay, the level of Statutory Redundancy Pay and any other means-tested benefits or tax credits.

Please ensure you are fully aware of your individual circumstances prior to entering into the agreement.

Where you are absent from work and your pay either falls below the statutory minimum levels or you are in receipt of no pay in any month, the Salary Sacrifice Agreement will be suspended for that month. When you return to work, the Salary Sacrifice Agreement will resume and continue for the remaining number of months.

If you were to go on a career break, the balance due would be taken from your final salary. Where it is not possible to recover the outstanding balance, you will be required to pay the outstanding amount by credit transfer, debit or credit card.

4. Leaving the Scheme Early

4.1 What happens if I resign?

If you terminate employment for any reason the balance due will be deducted from your final salary. This amount will be deducted from your net salary as you will no longer benefit from any savings.

If there is insufficient net pay to recover the balance due, the Council reserves the right to recover the outstanding balance from more than one pay period.

Where it has not been possible to recover the outstanding balance from your final salary, you will be required to pay the outstanding amount by credit transfer, debit, or credit card.

5. Impact on Pension

5.1 I'm in the Local Government Pension Scheme (LGPS). What effect does this salary sacrifice have on my future pension?

Up to and including 31st March 2015, pension benefits were based on 'final pensionable pay'. This was normally based on your final year of service or, if your pay had reduced in the three years leading up to leaving, you could pick one of the two preceding years to be your final pay period for pension calculations. These were the only two options for calculating 'final pensionable pay' where pay is reduced because of a salary sacrifice scheme.

The benefits in the LGPS which have been built up in the Scheme up to and including 31 March 2015 under the current final salary arrangements will be banked until eventual retirement but not be 'preserved' i.e. worked out on pay in the year up to 31 March 2015. Instead these benefits will continue to be linked to the final pay in the year up to leaving or retiring whether this is 2015, 2025 or later. This is likely to be of significant benefit to current LGPS members. If a member has a 'clear year' of unreduced pay without salary sacrifice immediately before leaving at whatever later date, pension benefits will be based on the higher pay figure (before salary sacrifice). This will relate to all pension benefits accrued up to April 2015.

Under the new LGPS Regulations 2015 which came into effect in April 2015, pension benefits are based on 'Career Average Revalued Earnings' rather than final salary; that is, instead of waiting for the final year of employment to work out what your pension benefits will be in retirement, members earn a 'pension pot' for each year of membership based on pay for that year.

If pay is reduced because of salary sacrifice for one or more years, the amount of pension earned for that year is based on that lesser amount. At retirement, all the individual annual 'pension pots' are revalued based on CPI, totalled to reflect the number of years of membership and retirement benefits based on the cumulative figure. There won't therefore be the opportunity to 'make up' the reduction in pensionable pay due to salary sacrifice by referring to a 'clear year' immediately before leaving.

5.2 What can I do to ease this reduction?

You can choose to pay extra into the pension scheme by way of a Shared Cost AVC (Additional Voluntary Contribution). For more information, visit [our website](#).

5.3 I am a Teacher, does this scheme impact my pension?

The Scottish Teachers Pension Scheme 2015 is a Career Average Revalued Earnings Scheme (CARE), which provides benefits based on your earnings each year which are revalued annually to keep pace with inflation. A non-pensionable salary sacrifice scheme will affect a member's pension.

The CARE Scheme uses a member's pensionable pay at the end of each financial year to calculate pension benefits for that year. The sacrificed amount will not be counted in this calculation. For the duration of a car salary sacrifice contract, your pension benefits will be less.

There is provision within this scheme to purchase additional pension to address this shortfall ([Faster Pension Accrual](#)).

Read the scheme for more information.

6. General Queries

6.1 What happens at the end of the agreement?

As you own the goods as part of the agreement, they are yours to do whatever you choose with them.

6.2 If I have a query about the scheme, who should I contact?

Please direct any questions regarding the Home and Electronics scheme to orders@vivup.co.uk

6.3 If I have a query about the deduction taken from my salary, who should I contact?

Please contact the Payroll and Reward Team on 01738 475555 Option 3 or email payrollandreward@pkc.gov.uk

If you have any additional questions, please contact

payrollandreward@pkc.gov.uk