

CEREDIGION COUNTY COUNCIL

Frequently Asked Questions

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1. About the Scheme and Salary Sacrifice Arrangements

1.1 What is salary sacrifice and why should I consider it as a means of driving a brand new car?

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 a brand new car. The salary is sacrificed before Income Tax and National Insurance, resulting in a saving on the benefit.

If you take a car on the Car Benefit Scheme you will get a fully inclusive motoring package for a fixed monthly cost. You will also benefit from fantastic discount rates because the scheme is through your employer, plus there are no credit checks or any deposits required.

1.2 What's included in the salary sacrifice car scheme?

- A brand new car of your choice
- Maintenance of the vehicle including all servicing, batteries, exhausts and tyres (excluding winter tyres) under normal wear and tear conditions. This excludes any damage to the vehicle and updates to satellite navigation systems
- Fully comprehensive motor insurance including all business travel for you. Any additional drivers are insured for social, domestic and pleasure purposes only unless requested otherwise
- Protection against penalty charges incurred as a result of exiting the scheme early due to you leaving your employer and returning a vehicle as a result of resignation, redundancy, loss of life and loss of licence on medical grounds
- Annual road tax
- Roadside assistance (homestart & recovery UK & European cover)
- Relief car for when your car is off the road (if selected)

1.3 What's not included in the Car Benefit Scheme?

- Fuel
- Top up oil, lubricants, screen wash and AdBlue if needed between services
- Damage to the vehicle if not covered by the motor insurance
- The termination charge if you decide you no longer want the vehicle
- The motor insurance excess, in the event of an accident, which is payable when repairs are carried out to your car
- The excess mileage charge if you exceed the agreed mileage as selected by you
- Mechanical failure due to driver fault
- Rental vehicles whilst your salary sacrifice car is off the road, if not provided by the motor insurer (unless you have selected the relief car option)

1.4 What is Benefit in Kind (BiK) and how is it paid?

All the cars on the scheme are company cars and therefore attract Benefit in Kind if the car is available for private use by an employee.

For Ultra Low Emission Vehicles (ULEVs) which are cars with CO₂ emissions of 75g/km and below, you will pay tax on the Benefit in Kind as determined by its P11D value (list price, including extras and VAT, but without the first-year registration fee and road tax), multiplied by the BiK rate which is based on its CO₂ emissions and fuel type. This figure is then multiplied by your tax band (e.g. 20%, 40%) to calculate the amount of tax to be paid.

For cars with CO₂ emissions above 75g/km, the taxable benefit will be determined by either your Income Tax saving on the gross salary sacrifice amount or Benefit in Kind value (as calculated above), whichever is the greater.

Tusker will do what we do best and make the complex simple. The online quoting system will automatically calculate the tax to be paid and will factor the amount into the net monthly amount that is shown for each car.

Benefit in Kind is deducted from your salary by a change in your tax code.

1.5 If I am able to access the online site, does this mean that I'm automatically eligible to join the scheme?

No, your eligibility will still need to be checked and approved by your employer before you are able to order a car on the scheme. The eligibility criteria is detailed below:

- You need to be a permanent and paid employee of Ceredigion County Council
- Your gross salary after taking into account all salary sacrifice benefits must be above the National Living Wage for the length of the Salary Sacrifice Agreement
- Commission, bonus, overtime and any additional payments you may receive should not be included when you enter your gross annual salary into the online site, unless it is contractual and guaranteed
- You must have successfully completed your probationary period
- You must not be in receipt of any warnings under your employers disciplinary policy
- You should not be on any formal capability reviews
- If you are on a fixed term contract, your contract of employment must be for a longer period than the proposed Salary Sacrifice agreement

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

A salary sacrifice arrangement may affect your entitlement to some state benefits. The following will need to be considered if you are entering into a salary sacrifice arrangement:

- Pension contributions (in particular this may be important if nearing retirement and you are in a final salary pension scheme). Provided you pay the minimum requirement for National Insurance payments, this scheme should not affect your basic State Pension. If you have been in the Car Benefit Scheme prior to April 2016 it may have a small effect on your Additional State Pension.
- Entitlement to contribution based benefits like a State Pension
- Entitlement to earnings related benefits like Maternity Allowance or Statutory Maternity Pay
- Entitlement to work related payments like Statutory Sick Pay

A salary sacrifice arrangement may affect your entitlement to state benefits and tax credits and you should carefully consider the possible effects before you decide to go ahead. Please seek advice from HMRC's Tax Credit Helpline on 0345 300 3900.

It may also affect your student loan repayments as they are calculated on your earnings. As your gross salary is being reduced, so will your student loan payments, and this may increase your repayment period. For more information please visit HMRC's website:

http://www.hmrc.gov.uk/students/reps_how_when_howmuch_6_1.htm

and the Student Loans Company website:

<http://www.slc.co.uk/>

1.7 Who owns the car?

The car is owned by and registered to Tusker. Your employer and Tusker have entered into a contract to provide vehicles to eligible employees. The Salary Sacrifice Agreement is between you and your employer.

2. Local Government Pension Scheme (LGPS)

2.1 How will the Green Car/Additional Annual Leave Salary Sacrifice Schemes Affect my Pension?

The pay that is used to calculate your pension benefits will be the pay after the sacrificed amount and you will therefore build up less pension for the length of the agreement. Since April 2014, your pension under the Career Average Re-valued Earnings (CARE) scheme is based on your pensionable pay for the year 1st April to 31st March.

If you were a member of the Local Government Pension Scheme before April 2014 then you will also have benefits in the Final Salary Section of the scheme. The final pay used for calculating these benefits is normally your pay in the 365 days before leaving, and if you have been taking part in the Salary Sacrifice Scheme in the year you leave or retire then it is the pay after the amount sacrificed that is used, and your final salary benefits will also be affected. However, the Local Government Pension Scheme Regulations do allow the pay to be used from either of the two years prior to the year of leaving if higher.

2.2 How will the Green Car Salary Sacrifice Scheme Affect my Death Benefits?

If death occurs whilst a salary sacrifice is in place, then the pay after the deduction of the salary sacrifice will be used to calculate the death benefits payable in the event of your death, and both the death grant and any dependant's benefits payable would also be based on the lower CARE and Final Pay figures.

2.3 Can I make up the lost pension?

Yes - you can elect to purchase additional pension by paying Additional Pension Contributions to cover the lost pension.

Alternatively, you can also pay Additional Voluntary Contributions to increase your benefits. Please note that both AVC and APC do not qualify for employer contributions

Further information on increasing your pension benefits can be found at www.lgpsmember.org or alternatively contact your employers Pension Team

3. Ordering a Car

3.1 I sacrifice salary in exchange for other benefits, what salary should I enter into the site?

You should always enter your basic salary (before tax), excluding any additional payments you may receive, unless those payments are contractual and guaranteed. If you work part-time, please enter your part-time salary and then the number of hours your work in the 'weekly part-time hours' box.

3.2 The car I'd like to order doesn't appear on the site or there are no cars appearing, what should I do?

Firstly check the vehicles CO2 emissions on the manufacturer's website. If the CO2 emissions are within the limit on the scheme please email the full vehicle description to the Tusker Employee Engagement Team on EETeam@ss4c.com. If the car doesn't appear on the site, it's usually just because they're waiting on some further information from the manufacturer so they should be able to provide you with a manual quotation.

If no cars appear this may be because your gross salary will be taken below the National Living Wage threshold set by your employer. If you are unsure if this applies to you, please contact the Tusker Employee Engagement Team through 'Live Help Online' which is an online instant messaging service found on the site. Alternatively, you can call them on 0333 400 7431 or email EETeam@ss4c.com.

3.3 I would like to order a car on the scheme but I have an existing vehicle I want to sell, when should I arrange to sell it?

Although Tusker will provide you with an approximate lead time for the car you order, the manufacturer may sometimes change the date, which is outside of Tusker's control. If you have no other means of transport we would advise keeping hold of your existing vehicle until you take delivery of your new car. Alternatively, you can contact Tusker to find out more about their StopGap cars.

3.4 I have ordered my car, when will the reductions start?

Tusker will inform your employer of the relevant salary reduction information, following delivery of the car. The reduction will then be from your next pay date. Depending on the exact date of delivery and the payroll cut-off of your employer you may find that salary reductions are a month behind, but in this case you will still have 24, 30, 36, 42 or 48 reductions (depending on the term you choose), they just won't coincide exactly with the period the car is available to you.

3.5 Ordering a diesel car - important facts about Diesel Particulate Filters (DPF)

Please note that diesel cars are now fitted with a Diesel Particulate Filter (DPF) and is usually suitable for drivers whose routine driving will allow them regular opportunity to drive between 40 - 50 mph or more, for at least 10 – 15 minutes. We would recommend that you check with a dealer or manufacturer to confirm that your driving profile is suitable **before** ordering a diesel vehicle, to make sure that you can meet the manufacturer's requirements with regards to the DPF.

4. Leaving the Scheme Early

4.1 What happens if I decide I don't want the vehicle any longer?

You are committing for the term you select. If you decide you no longer want the vehicle you can obtain an early termination quotation at any time during the term of the scheme, but you will be responsible for the early termination charge.

4.2 What happens if I resign?

If you notify your employer that you wish to resign during the first 6 months commencing from the delivery date of your vehicle, or if you resign and leave your employer without giving prior

notice during the first 6 months following delivery, you will be liable for an early termination charge to exit the scheme.

If you know that you'll be leaving your employment before the end of the agreement you should not take a car through the scheme.

If you resign and leave your employer after this 6 month exclusion period, an arrangement is in place to cover the early termination charge.

Please note that it is not your leaving date that is used to work out if there will be an early termination charge, it is the date you notify your employer that you wish to resign from your position.

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

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

Participation in the Car Benefit Scheme will not take your gross pay below the statutory minimum levels applicable during periods of maternity, paternity or adoption paid leave and you may continue to have use of the vehicle. In these circumstances, you will need to provide your employer with a copy of your MAT B1 or adoption approval letter.

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. This may result in the salary sacrifice continuing after the car has been returned. In these circumstances, you will need to provide your employer with a copy of your 'fit note'.

5.2 I'm 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 Living Wage. A reduction in your hours of work would prompt a reassessment of your eligibility for the scheme by your employer. If the reduction in your hours of work takes your pay below the National Living Wage, you will be asked to return the car and you will be responsible for the early termination charge to exit the scheme.

6. Motor Insurance

6.1 What happens if my vehicle is involved in an accident and the insurance company declares the vehicle as beyond economic repair?

In the event of a total insurance loss to a vehicle (accident, fire or theft) you are protected for the difference between the motor insurer's settlement figure and the Salary Sacrifice Agreement termination charge. You will still be required to pay the excess, which may be refunded to you if the accident was not your fault and there is a third party to claim from.

A hire car will be provided for a maximum of 14 days, or until the claim is settled. Details of this can be found in the insurance documents. If you would like to order another car under the

scheme, you may be able to take a StopGap car whilst you wait for your new car to be delivered. Please note your employer will continue to reduce your salary until such time as the motor insurer declares the vehicle a total loss.

6.2 What happens if I have a number of claims on the policy?

You are allowed to have two fault claims within the first 12 month period and three fault claims within the first 24 month period without it affecting your insurance premium for year three. If you have more fault claims than this, your insurance premium for the following years may increase.*

In the event of more than two fault claims in the first 12 months or three fault claims in the first 24 months, you will be billed directly for any subsequent increase in premium.

**Please note that in all instances your premium will not be affected until the next renewal date. The policy is issued on a 12 month insurance basis.*

6.3 Are there any insurance group restrictions?

- Drivers aged 18 to 19 – groups 1 to 11
- Drivers aged 20 - groups 1 to 16
- Drivers aged 21 – groups 1 to 21
- Drivers aged 22 to 24 – groups 1 to 29
- Drivers aged 25 to 29 – groups 1 to 35
- Drivers aged 30 to 75 – groups 1 to 49

It may be possible for you to be insured outside of the groups above. Tusker's Employee Engagement Team will be happy to discuss your options with you and can be reached on 0333 400 7431 or email EETeam@ss4c.com.

6.4 Can learner drivers be added to the insurance?

It may be possible for learner drivers to be added to the insurance. Please contact Tusker's Employee Engagement Team on 0333 400 7431 or email EETeam@ss4c.com and they will be happy to contact the insurer to see if it is possible.*

**Please note that if you are able to add a provisional licence holder to the insurance policy, when they do pass their test, you will need to notify Tusker immediately. The driver will not be insured to drive the car on their own until the motor insurance has been updated.*

7. At the End of the Agreement

7.1 What are my options at the end of the agreement?

Most drivers choose to get a new car through the scheme at the end of the agreement, but Tusker will contact you six months before you're due to give back the car to let you know your options.

You can return the car to Tusker and get a new one on the scheme (the delivery of your new car will be arranged to coincide with the return of your old car).

It may be possible to purchase the car at the end of the agreed term. The Tusker Customer Services Team will be happy to provide you with a purchase price in the last two months of the agreement.

7.2 What happens at the end of the agreement if my vehicle is damaged?

Under the 'About the Scheme' tab on the online site, you will find a link to the BVRLA Fair Wear and Tear guide in the 'Returning the vehicle - acceptable wear and tear damage' section. This will give you an understanding of what is considered acceptable and unacceptable fair wear and tear damage on a vehicle when it is returned. Any damage that is considered unacceptable as fair, wear and tear will incur a cost which will be invoiced to your employer and they will re-charge this cost to you.

7.3 What happens at the end of the agreement if my vehicle is over its agreed mileage?

If when your vehicle is returned it is found to be over the agreed mileage, Tusker will charge an excess mileage cost. This cost will be calculated by multiplying the number of miles in excess of your scheme mileage by the rate per mile set out in your quote. This cost will be invoiced to your employer and they will then re-charge this cost to you.

8. General Queries

8.1 I have recently changed address, what do I need to do?

You'll need to contact the DVLA so they can update your Driving Licence. Please also login to the online site, click on the 'My Car' tab and update your address. If you fail to notify Tusker of a change of address and Tusker need to send you anything in the post, you may incur additional administration fees. Please provide your new address details to your employer

8.2 What fuel reimbursement rate will I receive if I do any business miles in the salary sacrifice car?

The fuel reimbursement rate you will receive is HMRC's advisory fuel rate for company cars. This is because the car is classed as a company car and not a private vehicle. In order to view the current advisory fuel rates, please visit the HMRC website:

<https://www.gov.uk/government/publications/advisory-fuel-rates>