

## Flexible Benefits

### Frequently Asked Questions – General

The purpose of this guide is to explain more about Flexible Benefits so that you are able to make the right choices. This is important because **participating in any of these benefits constitutes a change to your current terms and conditions of employment**. As such you are asked to carefully read this document so that you fully understand what is being proposed.

The first section of this guide provides answers to general queries that we anticipate you may have in relation to Flexible Benefits and the salary conversion arrangements. You will then find more detailed information about each of the individual salary conversion arrangements in the subsequent sections.

If you need more information about the Flexible Benefits Scheme please contact:

Peter Brookes (email: [p.c.brookes@aston.ac.uk](mailto:p.c.brookes@aston.ac.uk) on ext 4582) or Denise Aldred, Payroll Manager (email: [d.m.aldred@aston.ac.uk](mailto:d.m.aldred@aston.ac.uk) on ext 4402).

For information about pension aspects of the Flexible Benefits Scheme please contact Elaine Millard, Pensions & Employee Benefits Manager (email: [e.r.millard@aston.ac.uk](mailto:e.r.millard@aston.ac.uk) on ext 4578).

Additional information about flexible benefits can be found on the Human Resources Website <http://www.aston.ac.uk/staff/hr/benefits/flexible-benefits-scheme/>.

#### What are Flexible Benefits?

The Flexible Benefits Scheme is a way in which you can tailor your benefits package to meet your individual requirements as well as making tax and National Insurance Contribution (NIC) savings.

The tax and National Insurance savings are possible because the Flexible Benefits Scheme is delivered to you through an approved HM Revenue & Customs' scheme. This means that certain rules such as lifestyle event restrictions and enrolment limitations apply. We would expect any proposal to reduce your gross salary to trigger many questions. Therefore, this Frequently Asked Questions guide tries to answer some of the questions that you may have.

#### How does it work?

Flexible Benefits operates as a salary conversion agreement which essentially means that you convert some of your salary for the Flexible Benefits you have selected.

## **What Flexible Benefits are available?**

The University is offering the following Flexible Benefits:

- Pension Salary Conversion
- Charitable Donations to Support Aston Students
- Childcare Vouchers
- Cycle to Work Scheme
- Car Park Fees
- Low Emission Car Scheme

## **Who is eligible?**

Regularly paid employees can participate provided that after their salary has been adjusted they remain eligible to pay National Insurance contributions and their pay is above the National Minimum Wage.

## **What are the implications of participating in the scheme?**

When you participate in the scheme you are agreeing to a change in your Terms and Conditions of Employment.

## **What if I don't want to participate in Flexible Benefits now but change my mind later on?**

If you do not participate in Flexible Benefits straightaway, you may choose to participate at any time in the future.

## **What happens if I leave?**

If you leave the University, all pay and benefits described in your contract of employment and in this document will cease.

## **What happens if I receive a pay increase?**

All future pay rises will continue to be applied to your Base Pay (your original rate of pay before it is reduced by the value of the Flexible Benefit).

## **How can I check that overtime pay, etc. has been worked out and paid correctly?**

Payment of overtime, etc. will continue to be calculated as it is now. Your pay advices will look slightly different as your Base Pay will be shown along with the weekly or monthly amounts of your salary conversions. Your Adjusted Base Pay amount (which is your salary after the Flexible Benefits has been taken into account) will also be shown.

## **What about if I am asking for a reference for a mortgage or a loan?**

The University will advise lenders of your Base Pay and that you participate in Pension Salary Conversion. Whilst you have taken in effect a reduction in your salary, lenders are more interested in your disposable income and should take into account the fact that no pension contributions, etc. are being deducted from your Adjusted Base Pay.

## **Will any other payments I receive from the University be affected?**

All future pay rises will continue to be based on your Base Pay. All of your pay related benefits provided by the University will also be calculated on your Base Pay, including overtime, bonuses and all other elements of salary and benefits, so you will not lose out as a result of participating in Flexible Benefits.

## **What about State benefits?**

Entitlement to some State benefits, such as statutory sick pay, incapacity benefit and job seekers' allowance, are based on the amount of National Insurance contributions that have been paid. Essentially, to be eligible for state benefits you need to pay at least a small amount of National Insurance Contribution and if you fall below the Lower Earnings Limit (LEL) these contributions will not be paid. Therefore, the University has decided that in order to participate in Flexible Benefits, your Base Pay (i.e. your salary before any salary conversions have been applied) should be at least equal to:

- £8,060 (the National Insurance earnings threshold level for 2016-2017); plus
- the Pensions salary conversion;
- the value of any childcare voucher elections you make; plus
- the value of any cycle to work elections you make;
- the value of any SS4C car elections you make.

For example, If you participate in Pension Salary Conversion to the value of £370, plus £2,916 of childcare vouchers plus a cycle to the value of £750 your Base Pay must be at least £12,096.

## **Are there any National Minimum Wage implications?**

Once you have made your elections your Adjusted Base Pay (i.e. your salary after any salary conversions have been applied) must not fall below the National Minimum Wage.

## **How will the University ensure that I can participate in Flexible Benefits without falling below the National Insurance Lower Earnings Level or the National Minimum Wage?**

The selections that you make will be verified and if it is found that your participation takes you below the National Insurance Lower Earnings Level or the National Minimum Wage you will be advised accordingly.

## **Will Flexible Benefits affect Statutory Sick Pay (SSP)?**

University Sick Pay will continue to be based on Base Pay.

As it is not possible to make a salary conversion from Statutory Sick Pay you can only continue to participate in the salary conversion during periods of sick leave, providing the amount of your salary conversion does not bring your Adjusted Base Pay below your Statutory Sick Pay entitlement.

## **Will Flexible Benefits affect Statutory Maternity Pay (SMP)?**

University Maternity Pay will continue to be based on Base Pay.

As it is not possible to make a salary conversion from Statutory Maternity Pay (SMP) you can only continue to participate in salary conversion during periods of maternity leave, providing the amount of your salary conversion does not bring your Adjusted Base Pay below Statutory Maternity Pay.

If you are eligible for University Maternity Pay, the SMP element will be based on your Adjusted Base Pay in accordance with statutory requirements. However, as the University provides maternity pay above the statutory requirements, your pay during a period of maternity leave will not be adversely affected by Flexible Benefits. If you are in receipt of University Maternity Pay, you should not be disadvantaged by maintaining your participation. This is because University Maternity Pay will be based on Base Pay.

If your pay reduces to Statutory Maternity Pay only, since it is not possible to make a salary conversion from statutory payments, no salary conversion will be applied if you receive Statutory Maternity Pay only.

If you do not qualify for University Maternity Pay, your Statutory Maternity Pay will continue to be calculated on the amount of average weekly earnings during the 8 week period, fifteen weeks prior to the expected date of confinement. As Flexible Benefits is a salary conversion arrangement this reduces the amount of your salary that is liable to NIC. Therefore, any salary conversion reductions in this 8 week period will reduce your entitlement to Statutory Maternity Pay. For this reason, it may be advantageous to you to opt-out of salary conversion before the 23rd week before your Expected Date of Confinement.

Flexible benefits during Paternity Leave will be treated in a similar way to Maternity Leave.

#### **Does Flexible Benefits impact on Tax Credits?**

If you are in receipt of Working Tax Credits (WTC), the calculation the credit is based on your taxable (P60) income. As participation in Flexible Benefits will reduce your P60 income, participation is likely to have a slight beneficial impact on your eligibility for WTC.

However, Child Tax Credit (CTC) is based on both your income and your childcare costs. Participation in the Childcare Voucher Scheme may therefore have a negative impact on your WTC/CTC claims as your childcare costs will be reduced.

Given the complexities involved in calculating entitlement to WTC and CTC, you should contact HMRC via their helpline (0845 300 3900) or visit the HMRC website for further information: <http://www.hmrc.gov.uk/taxcredits/index.htm>.

#### **Will my University Pension Benefits be Affected?**

There will be no change to the benefits offered under USS or AUPS and these arrangements will not affect your existing or future pension entitlements. There is a difference in the arrangements for members who leave their pension scheme within two years of joining – please see the ‘Pension Salary Conversion Questions and Answers’ sheet if you are likely to be in this position.

#### **Who can I ask if I have any additional questions?**

Further information can be found on the Human Resources Website <http://www1.aston.ac.uk/staff/hr/benefits/flexible-benefits-scheme/> or by contacting:

Peter Brookes, Pensions & Employee Benefits Administrator (email: [p.c.brookes@aston.ac.uk](mailto:p.c.brookes@aston.ac.uk) or ext 4582) or Denise Aldred, Payroll Manager (email: [d.m.aldred@aston.ac.uk](mailto:d.m.aldred@aston.ac.uk) or ext 4402).

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### **IMPORTANT INFORMATION – PLEASE TAKE TIME TO READ**

Aston University is obliged to advise you in writing of any change to your particulars of employment. By participating in Flexible Benefits, you acknowledge and agree that this constitutes a change in your Terms & Conditions of employment and this change will continue until you elect to withdraw from Flexible Benefits. By participating in Flexible Benefits you are also agreeing to the requisite reduction in your Base Pay and, accordingly, you are acknowledging that this requirement has been met in accordance with the provisions of section 4 of the Employment Rights Act 1996.

#### **Do I have to participate in Flexible Benefits?**

The University would like to emphasise that participating in the Flexible Benefits Scheme is entirely your choice.

*Aston University reserves the right to amend the terms or terminate the salary conversion scheme in the future.*