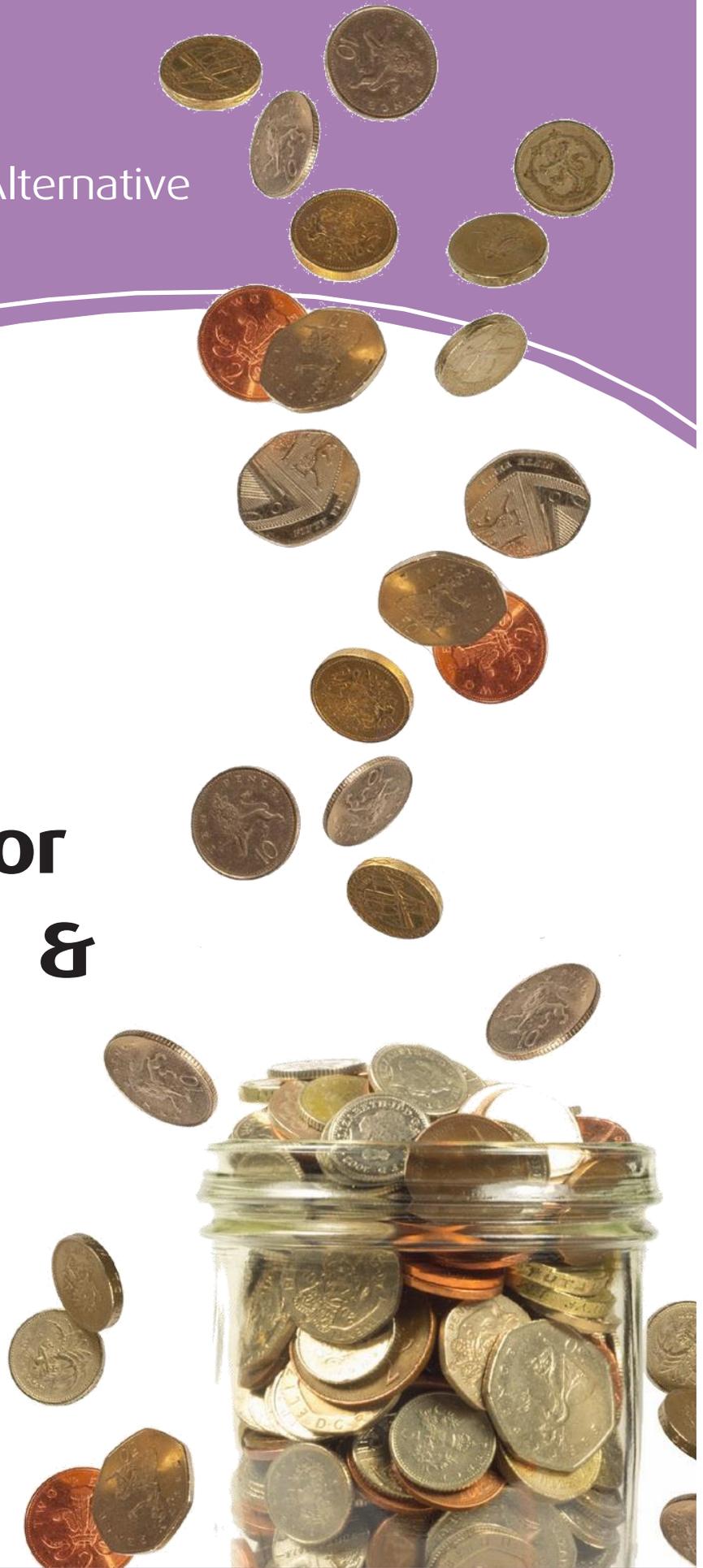


Mutual Benefits for Employers & Employees

Payroll Savings Scheme



Contents

Section 1 What is the payroll savings scheme?	page 3
Section 2 Benefits to the employer	page 4
Section 3 Benefits to the employees	page 5
Section 4 Employers already providing the service	page 6
Section 5 Frequently asked questions	page 7
Section 6 Employer's guide to operating the scheme	page 8

Section 1

What is the payroll savings scheme?

About The Credit Union

Eastern Savings and Loans Credit Union Ltd is a not for profit savings & loans co-operative established in 2002. Since that time the members have accumulated over £1,500,000 in savings and the credit union has a loan book of £900,000. Membership is now over 7,000 and rising.

Credit Union Services

Anyone who saves with the credit union automatically becomes a member of the co-operative and savings can be withdrawn upon request. 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.

Ethics, Values & Principles

The primary objective of the credit union is to promote sound financial management by encouraging people to save rather than borrow in order to avoid debt. If a member allocates part of any salary deduction to their savings account, as the loan is paid off, they accumulate savings. Over time members build up savings and can end the cycle of borrowing. The credit union offers a range of information and support for members in financial difficulties or with a poor credit history.

Payroll Savings Scheme Includes:

- A single deduction from salary,
- Christmas Club and holiday accounts
- Low cost loans, no set up fee, no early repayment penalty, no minimum loan sum and repayment periods to suit the employee.

All services are managed directly by the credit union and we accept full liability for the operation of the scheme. 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 to the employer

The Credit Union payroll savings & loans scheme 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

Staff turnover costs UK businesses about £42bn a year, the latest figures have shown. *Daily Telegraph, March 18th 2013*

When staff are pre-occupied by money worries they are not focusing on their work and performance will 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 & 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

Mark Wakefield, corporate citizenship manager for IBM UK, said 'Fundamentally IBM has been doing this Corporate Social Responsibility stuff pretty much since its inception, before it was ever conceptualised as CSR, he says. The group has recognised the value it gets from doing this, both from the employee's perspective - in improving staff engagement and morale, and by being an employer staff can feel good about - and from the perspective of clients, who are increasingly monitoring and checking their suppliers. But looking after the company's reputation here is not the primary driver, argues Mr Wakefield. 'You have to be authentic otherwise people become very sceptical about who you are and why you're doing it, and that can be very damaging.'

BBC News 18th March 2013



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

Section 3

Benefits to your employees

The Credit Union can help employees in a number of ways, primarily by encouraging saving as a way of preventing over indebtedness. It offers support to staff that need assistance with things such as budgeting, 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

The squeeze on family finances will tighten this week as inflation edges higher in the face of near-stagnant wages.

Daily Telegraph, March 18th 2013

8,308 new debt problems were dealt with by the CAB each working day over the year to September 2012.

Citizens Advice

Outstanding UK personal debt stood at £1.422 trillion at the end of January 2013. This is up from £1.408 trillion at the end of January 2012. At the end of January 2013, individuals owed nearly as much as the entire country produced during the whole of 2012.

www.creditaction.org.uk

Unemployment and pay cuts force tenants into arrears, with overall rent arrears double in two years.

The Guardian, November 2012

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 scheme through a credit union. Including:

- BAE Systems
- Royal Mail,
- British Airways
- the NHS
- Tata Group,
- Go-Ahead Group
- Stagecoach

Eastern Savings and Loans Credit Union provides this facility to the following employers:

- The East of England Co-Operative Retail Society
- Ipswich Buses Ltd
- Ipswich Borough Council
- St Edmundsbury Borough Council,
- South Norfolk District Council,
- Broadland District Council,
- Cotman Housing Association,
- Saffron Housing Association,

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 employer just facilitating monthly deductions from salary. All contacts and queries are dealt with by the credit union, making it administratively simple for employers.

We work with employers to communicate the benefits of being a member of the credit union to employees. An effective campaign of communication includes repeated messages via:

- Payslip communications
- Staff newsletters
- Intranet and email
- Notice board posters
- Staff meetings



Section 5

Frequently asked questions

1 Does it cost the employer anything?

No. The credit union provides this service to your business without charge.

2 Does it cost our employees anything?

There is normally a one-off Life Membership Fee of £5 which is deducted from the first savings payment. Apart from interest on any loans, there are no other fees or charges for an active credit union savings/loans account.

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

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

4 Can members access their account online?

Yes, members can register for online access at our website www.eslcu.co.uk. People can check balances, request withdrawals. We also provide telephone, email access and have a well located offices for personal enquiries.

5 Is the money safe?

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

6 What rate of interest do you charge on your Loans?

Our Advantage Loan is available to individuals with a steady income and a good credit history. The interest rate is 0.5% per month an APR of 6% charged on the reducing balance.

A £2,000 loan paid back in 12 months will incur a total interest of only £63.06! Subject to status, other products are available.

7 How much interest do you pay on savings?

We pay a 'dividend' rather than a fixed rate of interest. This is paid annually (0.6% 2012), as a percentage of savings.

8 Do members have to give notice to withdraw money?

No. We can transfer savings to the member's bank account by BACS. We transfer BACS payments the same working day.

9 How do people pay into the Credit Union savings accounts?

Many employers allow staff to save directly from salary. Members can also pay by standing order, by cheque, or PayPoint. There is no minimum savings payment.

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 have saved for short period and/or are using a payroll deduction 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.
Mr Chris Mole, or Mark Rattle on
01473 690690 or office@eslcu.co.uk

Contact and Deputy Details:

Name

Telephone

Email

2. The credit union will require a signed mandate for payroll deductions from the employee and ask the employee to forward these to the employer.
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

Eastern Savings and Loans Credit Union Ltd
Sort Code: 08.92.50
Account Number: 50000788

**Eastern Savings and Loans
Credit Union Ltd, 61-63
Austin Street, Ipswich, IP2 8DF**

Telephone: 01473 690690

Fax: 01473 604557

Email: office@eslcu.co.uk

Web: www.eslcu.co.uk

Authorised by the Prudential
Regulation Authority and
regulated by the Financial
Conduct Authority and the
Prudential Regulation Authority.
Firm No. 213756
Reg. No. 658C

Registered Address:

61-63 Austin Street,
Ipswich,
IP2 8DF