

Human Resources



University of
Reading

Benefits+

Helping you make the most of your take home pay

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Disclaimer

Whilst every effort has been made to ensure the accuracy of this booklet, it is only intended to act as a guide to the schemes. If you are unsure about whether or not you should participate, you may wish to seek your own financial advice. Remember, however, that

Benefits+ is designed so that most members will benefit from taking part.

Benefits+ is based on current taxation and National Insurance law and practice. If these change, or if there is no longer a benefit in participating in this arrangement, the University reserves the right

to withdraw the **Pensions+**, **Childcare+**, **Bus+** or **Parking+** arrangements and to substitute suitable alternative arrangements in the circumstances which are directly or broadly comparable with those that you would have enjoyed if you had not participated in these arrangements.

Introduction

Welcome to **Benefits+**. **Benefits+** is a package that is available to you as an employee of the University of Reading. It brings together the salary exchange schemes operated by the University, which currently include **Pensions+**, **Childcare+**, **Bus+** and **Parking+**. Salary exchange is a smarter way of receiving staff benefits as it increases your take home pay by taking advantage of tax and National Insurance (NI) savings.

In salary exchange schemes, members of the scheme agree to give up, or exchange, part of their gross contractual salary equal to the value of any part of **Benefits+**, in return for the University providing a benefit on your behalf. This means that you no longer have to pay the tax or NI on the amount that you have given up.

The amount of savings depends on how much you earn, the rate at which you pay tax and NI and which part of **Benefits+** you participate in.

Most staff will benefit from participating in **Benefits+**, however, there may be a few for whom it is not advantageous. The University has put in place safeguards to ensure that no one is adversely affected.

We hope to introduce more salary exchange arrangements to **Benefits+** in the future and these will be communicated to you as and when they become available.

University Savings

The savings made by the University will be reinvested in staff-related matters, taking into consideration suggestions put forward as part of the 2011 staff survey. Some of the savings will focus on valuing and supporting staff through reward and recognition arrangements and the introduction of an Employee Assistance Programme.

Pensions+

Saving for retirement now costs you less

As a member of one of the University's pension schemes, you already receive income tax relief on pension contributions.

The University is committed to making pension contributions work even more efficiently and has introduced **Pensions+**. **Pensions+** is a salary exchange scheme which enables both you and the University to make savings without reducing the overall level of pension benefits you will receive.

Pensions+ means that rather than paying your pension contributions as employee contributions, you exchange some of your

earnings for an extra employer pension contribution of the same amount. As a result, you pay less NI which means that your take-home pay increases.

Pensions+ applies to you whether you are a member of the Universities Superannuation Scheme (USS), the University of Reading Employees' Pension Fund (UREPF) or the University of Reading Pension Scheme (URPS).

How does Pensions+ work?

- You stop paying your normal pension contributions;
- Your gross contractual salary will be reduced by a percentage, based on your normal pension contributions;
- In return, the University pays an amount equal to your normal pension contribution directly into the pension fund in addition to the normal University contribution;
- As your salary will be lower, you will pay lower NI contributions;
- As your NI contributions decrease, your take-home pay increases;
- Additional Voluntary Contributions (AVCs) are not included in **Pensions+**.

We will still keep a record of your gross salary before **Pensions+**. This will be known as your Reference Salary. This will be used for any salary related calculations, such as pay awards and overtime, so they are not affected by **Pensions+**. It will also be the amount used in any official letters issued by the University on your behalf e.g. mortgage references, loan applications.

Who is eligible for Pensions+?

You will be eligible for **Pensions+** unless participating would reduce your earnings to less than the Lower Earnings Limit, which is £5,668 p.a. in the 2013/14 tax year, or below the National Minimum Wage. The National Minimum Wage is currently £6.19 (rising to £6.31 from 1 October 2013) for workers aged 21 and over and £4.98 (rising to £5.03 from 1 October 2013) per hour for workers aged 18-20.

How will employees start contributing via Pensions+?

As the majority of employees who meet the eligibility requirements will benefit from **Pensions+**, you will be automatically entered into **Pensions+** with effect from the day your pension scheme membership commences, unless you withdraw.

Changes to your contract of employment

Participating in **Pensions+** will result in a change to your terms and conditions of employment, as your gross contractual salary will be reduced by the amount of your normal pension contributions in exchange for the University paying the equivalent amount directly into your pension scheme. If you do not withdraw, you will be deemed to have agreed to the change to your terms and conditions.



How much will you save?

Your savings will depend upon which pension scheme you are a member of, how much you contribute and how much you earn. NI rates are lower for pension schemes that are 'contracted out' of State Second Pension (S2P), such as USS and UREPF, compared to schemes that are 'contracted in' such as URPS. This is because you are not building up S2P if you are a member of a contracted out pension scheme. For the 2013/14 tax year the NI rates for employees have been set as follows:

For members of USS and UREPF

- 10.6% of earnings between £7,755 and £40,040
- 12% of earnings between £40,040 and £41,450; and
- 2% of earnings over £41,450

For members of URPS

- 12% of earnings between £7,755 and £41,450; and
- 2% of earnings over £41,450

The increase to your take home pay is based on the amount of NI saved, which will depend on your gross contractual salary and the normal percentage of salary you contribute to your pension scheme.

The table on the right gives you an indication of the savings you could make.

These figures are based on 2012/13 NI rates and the contribution rates for the different pension schemes applicable in 2012.

Reference salary	USS 6.5% contribution	USS 7.5% contribution	UREPF 6.25% contribution	URPS 4% contribution
10,000	£69	£79	£66	£48
15,000	£103	£119	£99	£72
20,000	£138	£159	£132	£96
25,000	£172	£199	£165	£120
30,000	£206	£238	£198	£144
35,000	£241	£278	£231	£168
40,000	£275	£318	£265	£192
45,000	£98	£152	£85	£28
50,000	£65	£75	£62	£40
55,000	£71	£82	£68	£44

Savings are smaller for higher earners because the rate at which you pay NI reduces to 2% of earnings over the NI Upper Earnings Limit (UEL). The University will still make savings under the scheme in respect of higher earners, as the employer NI rate above the UEL is 13.8%.



Who might not benefit?

Members of USS and UREPF

We do not believe that your State benefits will be adversely affected by the introduction of **Pensions+**. Your Basic State Pension entitlement would be reduced if your earnings were less than the Lower Earnings Limit (£5,668 in the 2013/14 tax year). However, in this case, you would not be eligible to participate in **Pensions+**. The State also provides an additional earnings-related pension known as the State Second Pension or S2P, however the USS and UREPF are 'contracted out' of S2P and so you don't earn this additional pension whilst a member of these schemes.

Entitlement to some State benefits, such as statutory sick pay, incapacity benefit and job seekers' allowance are based on the amount of NI that has been paid. If you would like to know more about the potential effects of **Pensions+** on State benefits, you can find this information on Her Majesty's Revenue and Customs (HMRC) website at www.hmrc.gov.uk

Members of URPS

Whilst you make NI savings through **Pensions+**, there may be a reduction in your State Second Pension (S2P). There are two parts to State pension benefits:

- 1 The Basic State Pension (BSP), which is a flat rate retirement pension paid to everyone who has paid sufficient NI. As already explained, your Basic State Pension will be unaffected by **Pensions+**; and
- 2 The State Second Pension (S2P), is an additional pension, which currently relates to your earnings. **Pensions+** reduces your NIable earnings, and therefore your NI contributions, and as a result your S2P entitlement may drop. However, if you are earning under £15,000 or over £40,040 you will not lose any S2P entitlement at all (as flat rates of S2P apply at these levels).

The University's advisers have undertaken calculations and all current pension scheme members are shown to save more in reduced NI than the loss in the value of S2P benefits, and hence are likely to benefit from **Pensions+**. For example, a member of URPS earning £25,000 and currently paying 4% of salary to URPS would save £120 each year in reduced NI payments by participating in **Pensions+**, and their annual reduction in S2P would be around £2.04.

If you are concerned about how **Pensions+ will affect your S2P, you should seek financial advice.**

Sample payslips

Before salary exchange

University of Reading Monthly Payroll		Paydate	29/02/2012
Employee Name Suzanne Smith		Employee No. 895962	Tax Period 11
Overtime Paid Up To:			Tax Code 747L / 0
			N.I. Number JR974115D
			N.I. Code D
Payments	Deductions	This Period	
Description U/T Rate Value	Description Value	Description Value	
Basic Salary 2,083.33	Tax 264.92	Pensionable Pay 2,083.33	
	NI - D 173.95	Taxable Pay 2,000.00	
	Pension 83.33		
		Year-to-date	
Payments 2,083.33	Deductions 522.20		
		NET PAY 1,561.13	
		Paid by Sort Code Account No.	

Your pre-salary exchange salary

NI contribution

Employee pension contribution made as deduction

Total amount of deductions

Your take home pay

After salary exchange

University of Reading Monthly Payroll		Paydate	29/02/2012
Employee Name Suzanne Smith		Employee No. 895962	Tax Period 11
Overtime Paid Up To:			Tax Code 747L / 0
			N.I. Number JR974115D
			N.I. Code D
Payments	Deductions	This Period	
Description U/T Rate Value	Description Value	Description Value	
Salary 2,083.33	Tax 264.92	Pensionable Pay 2,083.33	
Pensions+ -83.33	NI - D 163.95	Taxable Pay 2,000.00	
	Pension 0.00		
		Year-to-date	
Payments 2,000.00	Deductions 428.87		
		NET PAY 1,571.13	
		Paid by Sort Code Account No.	

This is your reference salary

Pension contribution as salary exchange

Reduced NI contribution

Employee pension contribution replaced by salary exchange

Total amount of deductions

Increased take home pay



Can I change my mind and withdraw once I have joined Pensions+?

There will be an opportunity to join or withdraw from **Pensions+** on 1st August annually. You can withdraw at any other time of year if a life event has occurred. Life events include:

- Maternity leave
- Marriage or Civil Partnership
- Divorce
- Birth or adoption
- Death in your family
- Change of working hours

You will need to notify Human Resources using the form available to download from the website.

If you withdraw your contractual terms will be amended to restore your gross contractual salary and resume your normal employee pension contributions. You can remain a member of your pension scheme if you withdraw from **Pensions+**.

How can I find out more?

Further information can be found on the Human Resources website www.reading.ac.uk/benefitsplus, or you can contact Human Resources at hroperations@reading.ac.uk.

Important note

This booklet does not change in any way the Rules of the pension schemes of which you are a member or your entitlement to benefits under those schemes.

Neither the University nor the Trustees of any of the pension schemes are authorised to provide financial advice and this booklet does not constitute such advice.

Whilst every effort has been made to ensure the accuracy of this booklet, it is only intended to act as a guide to the scheme. **Pensions+** is based on current taxation and National Insurance law and practice. If these change, or if there is no longer a benefit in participating in this arrangement, the University reserves the right to withdraw **Pensions+** and to substitute suitable alternative arrangements in the circumstances which are directly, or broadly comparable with those that you would have enjoyed if you had not participated in this arrangement.

If you are unsure whether **Pensions+** is right for you, you may wish to consult an Independent Financial Adviser (IFA) at your own cost. The IFA customer helpline (0800 085 3250) will provide you with details of IFAs in your local area. Alternatively, you can visit their website www.unbiased.co.uk for further information. You should be aware that IFAs may charge a fee for providing advice.

Your questions answered

1. Why has the University introduced Pensions+?

Pensions+ is a method of arranging pension contributions which reduces the NI contributions payable by both employees and employers in a way which is acceptable to Her Majesty's Revenue & Customs (HMRC), without reducing the contributions paid or the benefits payable. Participation in **Pensions+** will mean more money in your take home pay.

2. What constitutes pay for the Pensions+?

For the purposes of the **Pensions+**, pay is defined as Pensionable Salary (as defined in the Rules that govern the pension scheme of which you are a member).

3. What if I am not eligible to participate in Pensions+?

If you are not eligible to participate in **Pensions+**, you will automatically be withdrawn and your contributions will continue to be paid as employee contributions as at present. Your eligibility to start paying contributions through **Pensions+** will then be reviewed on 1st August each year.

4. If I participate in Pensions+ will it affect any other payments?

No. We will ensure that all future pay rises continue to be based on your Reference Salary, i.e. your salary before any adjustments for **Pensions+**. All of your salary-related benefits will also be calculated on your Reference Salary.

5. What do I need to do to arrange for my contributions to be paid through Pensions+?

You don't need to do anything. You will automatically be entered into **Pensions+**. If you do not want to participate in **Pensions+** you can choose to withdraw.

6. Can I withdraw in the future?

There will be an opportunity to join or withdraw from the scheme on 1st August annually. You can withdraw at any other time if a life event has occurred.

7. Will the University still pay its own contribution into my pension if I participate in Pensions+?

Yes. The University will continue to make the normal employer contribution, in addition to the amount you have exchanged through participating in **Pensions+**.

8. Will I still benefit from income tax relief as a result of Pensions+?

Yes, you still get income tax relief and this does not change with **Pensions+**.

9. Will the other salary-related benefits provided by the University (e.g. life assurance) be based on my reduced salary following Pensions+ contributions?

None of the earnings-related benefits you receive as part of your benefits package from the University such as life assurance and pension contributions will be affected. Your gross contractual salary before reduction for **Pensions+** will be used to calculate all benefit entitlements and pay increases, overtime etc. Your salary before **Pensions+** is known as your Reference Salary.

10. What happens if the amount that I am required by the University to contribute into my pension scheme changes?

Your contribution rate to the scheme can vary in accordance with the Rules of the pension scheme of which you are a member and your salary will be adjusted as appropriate. You will be notified of any changes.

11. Can I pay some contributions through Pensions+ and some contributions as employee contributions?

No. All ordinary contributions need to be paid through **Pensions+** or continue to be paid in the conventional way. AVCs are excluded from **Pensions+** so will continue to be paid as now.

12. What happens if I go on maternity leave?

The University will continue to pay your contributions in full based on your pre-maternity leave Reference Salary while you receive maternity pay. On return to work any additional payments that you choose to pay to make good any period for which contributions have not been paid will need to be made outside of **Pensions+**. Maternity leave is a qualifying life event if you wish to join or withdraw from **Pensions+**.

13. What happens if I take parental leave?

Should your earnings reduce to below the Lower Earnings Limit or the National Minimum Wage, then your contributions will revert to the normal payment method and you will be ineligible to contribute through **Pensions+** until 1st August following your return to work. Paternity leave is a qualifying life event if you wish to withdraw from **Pensions+**.

14. What happens if I go on long term sick leave?

You will continue to contribute to your pension scheme through **Pensions+** based on your Reference Salary prior to going off sick. Should your pay be reduced to below the Lower Earnings Limit or the National Minimum Wage, then your contributions will revert to the normal payment method and you will be ineligible to contribute through **Pensions+**. Long term sick leave is a qualifying life event.

15. Will my State pension benefits be reduced if I contribute through Pensions+?

Your Basic State Pension entitlement will not be affected irrespective of which pension scheme you are a member of. As the USS and UREPF are both contracted out of the State Second Pension (S2P), members of these schemes do not earn S2P whilst members of the scheme and so **Pensions+** will not make any impact on their entitlement.

However, as the URPS is contracted in to S2P then if your pay is reduced to between £15,000 and £40,040, there will be a small reduction in the amount of S2P you could receive. The University's advisers have undertaken calculations and all current members are shown to save more in NI now than they would lose in S2P in the future.

16. Will my other State benefits be reduced as a result of making Pensions+ contributions?

As you will not be eligible to contribute through **Pensions+** if your earnings are below the Lower Earnings Limit (currently £5,668), there should not be any impact on other State benefits as a result of switching to **Pensions+** contributions.

17. As my contractual salary is reduced as a result of Pensions+, will this affect the amount of mortgage or loan I could receive?

No, it shouldn't have any impact. Reference letters provided by the University for mortgage or loan purposes will refer to your Reference Salary before **Pensions+**. If you have any concerns in this area, you are strongly recommended to speak to your lender to confirm their view.

18. What will happen to my Death-in-Service Benefits (including Life Assurance, Dependants' Pension and other benefits)?

None of your Death-in-Service Benefits (including Life Assurance, Dependants' Pension and other benefits) will be affected by participating in **Pensions+**.

19. Will contributing through Pensions+ affect my student loan repayments as they are based on my earnings?

Yes. The amount you are required to pay in student loans will be lower as repayment calculations are based on your pay after the Pensions+ reduction. Of course, if you pay off your loan at a lower rate, you will end up paying it back over a longer period.

20. I am over State Pension Age (SPA) so do not pay NI. Will I be included in Pensions+?

Yes. Pensions+ is designed to create a NI saving for both employees and the employer. However, as you are over SPA, you are not required to pay NI anyway, so have no NI to 'save'. Whilst you have nothing to gain by participating in Pensions+, and can withdraw if you wish, it has no negative impact on your entitlements from either the University or from the State, and the University will save NI.

21. I am paying married women's 'reduced stamp' NI, so how will Pensions+ affect my pay?

Prior to 12 May 1977, married women and certain widows could apply to pay reduced rates of NI (sometimes known as the 'small stamp') in exchange for a reduction in State benefits – for example, no rights to a state pension, jobseeker's allowance or sickness benefit.

You will still make NI savings from Pensions+. However, your saving will reflect the lower rate of NI that you pay (currently 5.85% on earnings between £7,755 and £41,450).

If you are uncertain whether or not you are paying 'reduced rate' NI, you can find out by contacting HR Operations.

22. Can I change my mind about contributing through Pensions+ at a later date?

Yes. You can change your mind on 1st August annually and may also be able to join or withdraw from Pensions+ following a life event as listed earlier in this booklet.

If your circumstances change and you want to review your position, you should contact HR Operations at hroperations@reading.ac.uk.

23. What if I don't want to participate in Pensions+?

If you don't want to participate in Pensions+ you don't have to. However, if you withdraw from Pensions+ you won't make any NI savings so your take home pay won't increase. A form is available upon request from hroperations@reading.ac.uk or x8751, or to download from the website www.reading.ac.uk/benefitsplus.

24. What will happen if I leave?

If you leave the University or decide to leave your pension scheme (USS, UREPF or URPS) and have been a member of that scheme for two years or more, Pensions+ will not change anything.

However, if you leave with less than two years' service, there could be relevant changes to the benefits you are entitled to on leaving service.

Pensions+ members who opt out of membership of USS within 3 months of starting work will receive a discretionary payment from the University equal to the amount of salary that was given up through Pensions+. Any such payment would be subject to tax and NI. USS leavers from University service, or opt outs with more than 3 months' membership, will be entitled to a deferred pension or a transfer of their pension benefit to another registered pension scheme.

If you are a member of URPS and either opt out of scheme membership, or leave employment with less than 3 months' service, you will receive a discretionary payment from the University equal to the amount of salary given up through Pensions+. Any such payment would be subject to tax and NI.

Members of URPS with more than 3 months', but less than 2 years' service have the option to a transfer of the pension benefit that they have earned in the scheme to another registered pension scheme or to retain a preserved Retirement Account (which would continue to be adjusted in line with investment returns) in URPS.

Pensions+ members of UREPF who opt out of the pension scheme, or leave service, will be entitled to a deferred pension and have the option to transfer their benefits to another registered pension scheme.

25. How long will Pensions+ be an option?

Pensions+ is based on current taxation and National Insurance law and practice. If the University's circumstances and/or legislation changes, the University reserves the right to withdraw Pensions+ and reintroduce employee contributions on the current basis. In this event you will be restored to the circumstances you would have enjoyed if you had not participated in Pensions+. Your gross contractual salary will be restored and you will resume paying your normal employee pension contributions.

26. Have the Trustees and unions been involved?

Yes, the Trustees of UREPF and URPS and the recognised trades unions are aware of Pensions+ and support its introduction.

27. How will life assurance and death benefits be affected?

Your death in service benefits will not be affected by Pensions+. These will continue to be calculated on your salary before any adjustment for Pensions+.

28. What if I have any further questions?

Please see the website www.reading.ac.uk/benefitsplus or contact hroperations@reading.ac.uk.

Childcare+

Paying for childcare now costs you less

Childcare+ is the University's salary exchange scheme to provide working parents with help towards paying for childcare.

Providing you earn above the minimum wage after deductions, you are eligible through salary exchange to take part of your salary, up to £243 per month, towards your childcare costs in the form of Childcare Vouchers. These are exempt from tax and National Insurance (NI).



How much can I save?

The government has set a limit on the amount of salary you can exchange for childcare vouchers. The amount of salary that you can exchange in receipt of childcare vouchers depends on the level of tax that you pay.

Because the vouchers are exempt from tax and NI, your take home pay will increase. By participating in **Childcare+**, it will cost you less to pay for your childcare arrangements.

	Basic Rate Taxpayer	Higher Rate Taxpayer	Additional Rate Taxpayer
Weekly Salary Exchange	£55	£28	£22
Monthly Salary Exchange	£243	£124	£97
Annual Savings	£933	£623	£606

If you were already in the scheme before 6 April 2011, and have stayed in the scheme continuously, you will be able to receive £243 a month exempt from tax and NI.

Where can I use childcare vouchers?

Childcare vouchers can be used for: nurseries, play schemes, breakfast and after school clubs. Childcare vouchers are not just for babies and can be used to pay for the care of children up to the age of 15 (until 1 September following their 15th birthday). You can use childcare vouchers to pay for holiday clubs or play schemes during school holidays. All childcare must be registered.

By participating in **Childcare+** you are agreeing to a change in your terms and conditions of employment. In exchange for a reduction in your gross contractual salary, you will be entitled to the benefit of participation in the University's Childcare Voucher scheme.

Child tax credit

Each working family situation is unique, therefore, you should always take advice regarding Child Tax Credits and Childcare Vouchers. Tax credit information is available from HMRC or the tax credits helpline on 0845 3003900.

For more information and to apply for the University's childcare voucher scheme please go to the Human Resources website: www.reading.ac.uk/internal/humanresources

Information can also be found at the HM Revenue and Customs web site: www.hmrc.gov.uk/childcare

Your questions answered

1. Will my maternity benefit be affected?

Your Statutory Maternity Pay will be based on your reduced salary. Contact Human Resources to see how far in advance of your due date you would need to leave the scheme in order for your SMP to remain unaffected.

2. How will it affect my pension?

That depends on your particular pension scheme. You will need to contact your Pensions Administrator who will give you more details.

3. Is there a minimum and maximum amount I can sacrifice?

Yes. The maximum is £55 per week or £243 per month. The minimum amount is £10 per month.

4. What if my salary goes down?

If your salary is reduced to the extent that your sacrifice takes it below the minimum wage, you will need to adjust the amount you sacrifice or withdraw from the scheme. Your terms and conditions of employment will need to change to reflect this.

5. What if my personal circumstances change?

You can exit the scheme or vary the amount of vouchers you wish to receive at anytime.

6. What if I pay a different amount for childcare each month?

You can alter the amount of the childcare voucher you receive. This will not affect the rate of tax relief that you can receive.

7. Can I use my vouchers for more than one child and more than one carer?

Yes.

8. Can both parents join the scheme?

Yes, if they meet all the requirements.

9. What notice do I need to leave the scheme?

You need to give us at least four weeks notice in writing of your intention to leave the voucher scheme.

10. Can I join the scheme before my child is born?

No – you must be a parent or have parental responsibility for a child at the time you join the scheme.

11. What happens if I leave my job?

No further payments will be made and you will need to make alternative arrangements for paying your childcarer directly.

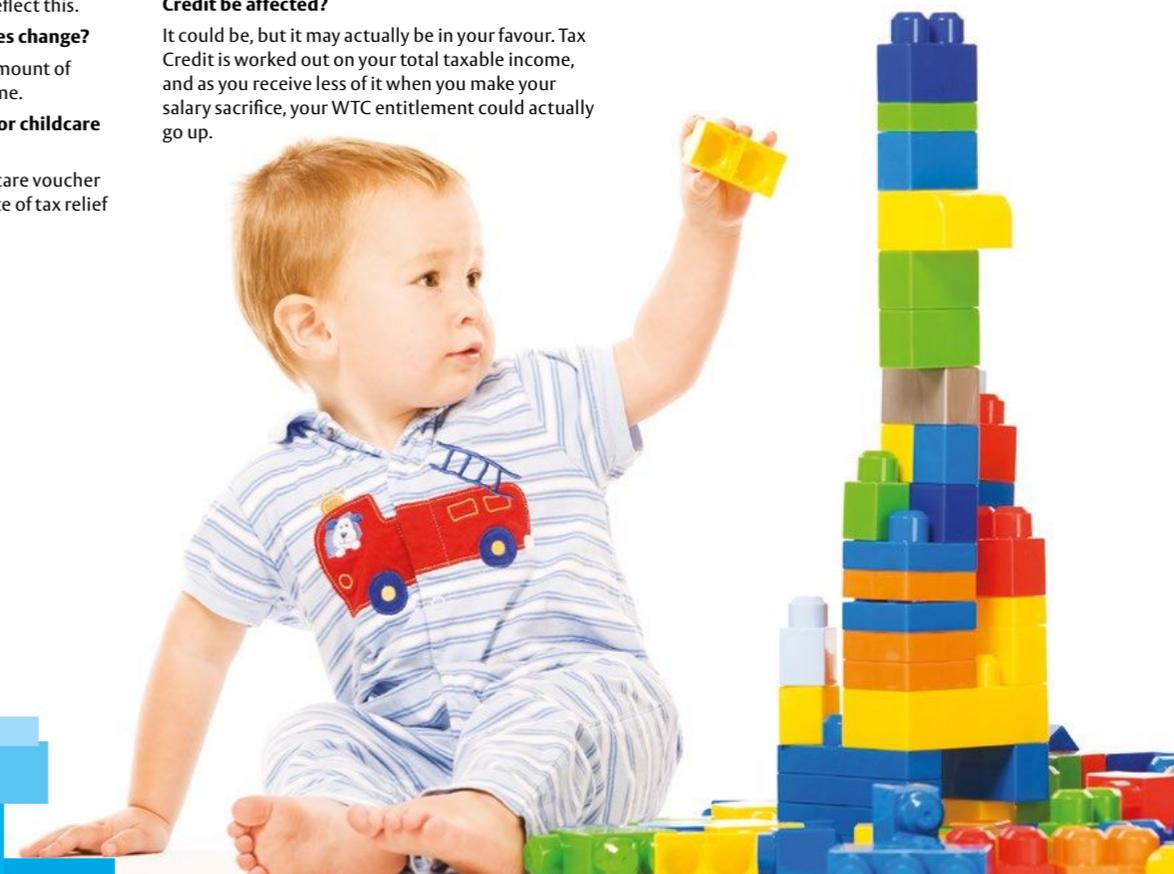
12. Will the childcare element of my Working Tax Credit be affected?

It could be, but it may actually be in your favour. Tax Credit is worked out on your total taxable income, and as you receive less of it when you make your salary sacrifice, your WTC entitlement could actually go up.

Each working family situation is unique therefore if applicable you should always take advice regarding Working Tax Credits and Childcare Vouchers. Tax credit information is available at www.hmrc.gov.uk/calcs/ccin.htm or by calling the helpline on 0845 300 3900.

13. Temporary cessation of childcare vouchers

You can ask to stop receiving childcare vouchers temporarily whilst remaining within the scheme – for example, if you only work during school term time and do not need childcare vouchers during school holidays. You will not be treated as a new joiner when you start to receive childcare vouchers again. Providing the overall period in which you stop receiving childcare support does not exceed a period of twelve months you can remain as an existing member of the scheme. This also applies if you are on maternity leave, long-term sick leave, or wish to take a career break providing the total length of absence does not exceed a period of twelve months.



Bus+

Helping you save money on your journey to work

The University is pleased to be able to offer staff subsidised bus travel for commuting to work in conjunction with Reading Buses.

Bus+ is a salary exchange scheme which enables you to save money through tax and National Insurance savings. In return for exchanging some of your salary, you will receive a Commuting Card, which you can then use on your nominated bus route.

Bus+ is an effective and practical alternative to driving to work. The Scheme takes advantage of legislation, introduced as part of the Government's Green Transport Policy, specifically to promote and encourage the use of bus travel rather than private cars. Under the legislation, when employees are provided with reduced cost transport because the service is subsidized by the employer, no tax or National Insurance Contributions charges arise.

The University has entered into an agreement with Reading Buses to pay a subsidy to assist in financing and maintaining specific bus service routes used by employees to travel to and from work. In return for the subsidy, Reading Buses will provide participating employees with a Commuting Card which will give entitlement to travel on the specific bus routes.

If you wish to take part in the Scheme, you will be required to exchange some of your gross salary and, in return you will receive a Commuting Card, which you can then use to travel to and from work. You will no longer pay tax or NI contributions on the amount of salary you have exchanged, saving you money.

Benefits

- Significant cost savings if you currently use Reading Buses to commute to work. You could save 25% or more on the cost of an annual bus pass.
- In addition to commuting to work, you will be able to use your card on Reading Bus routes for other journeys at no additional cost.
- By leaving the car at home, you are helping towards the University's Travel plan by: reducing pollution, reducing the traffic coming onto campus and reducing the pressure on limited parking.

Cost

The **Bus+** Commuting Card costs £429 p.a. Your gross salary will be reduced by this amount over a 12 month period (£35.75 per month). Because your gross salary will be reduced, you will pay less tax and National Insurance, saving you money. The table below gives you an indication of the savings you could make if you are a Basic rate tax payer. Your actual savings will depend upon the rate of tax you pay and whether you are a member of one of the University's pension schemes.

Monthly amount	£35.75
Monthly tax and NICs saving	£10.94
Actual monthly cost	£24.81

How to join Bus+

You can join the scheme at any time throughout the year. All you need to do is follow the steps outlined below:

Step 1 Read the Frequently Asked Questions and Terms & Conditions. If you have any questions, please contact Claire Eckett, HR Manager (Rewards & Benefits) c.e.eckett@reading.ac.uk.

Step 2 Complete the Application Form. You will be required to identify the specific bus route you mainly use for commuting to and from work. You can download the Application Form from www.reading.ac.uk/benefitsplus.

Step 3 Send your completed Application Form to: HR Operations, Room 110, Whiteknights House, University of Reading, PO Box 217, Reading, Whiteknights, Reading, RG6 6AH or e-mail hropoperations@reading.ac.uk.

What happens next?

Provided your Application Form is received before the 15th of the month, your participation in the Scheme will start from the following month. Otherwise, your application will be processed in the next available salary run. For example, if your application form is received by 15th June, your Commuting Card will be valid from 1st July and you will see the change in your July salary. Reading Buses will send your Commuting Card directly to your nominated address.

The Commuting Card is valid for 12 months, so you will need to apply for a new card annually.

Your questions answered

1. Who is eligible to participate?

All employees of the University are eligible to join **Bus+**. However, only those paying tax and NI contributions on their employment income will benefit from the Scheme. If you do not have a regular monthly salary (casual/temporary/zero hour worker), please contact Claire Eckett, HR Manager (Rewards & Benefits) c.e.eckett@reading.ac.uk to discuss the suitability of the Scheme and, specifically salary exchange, to your circumstances. In addition, if by sacrificing salary, your earnings fall below the National Minimum Wage or the Lower Earnings Limit (currently £5,668 p.a.), you will be unable to participate in the salary exchange arrangement. Please talk to Claire Eckett for advice and the options available to you.

2. Who benefits from the Scheme?

Bus+ provides a tax efficient benefit to staff and an opportunity to make savings on the cost of travelling to work. **Bus+** also contributes to the University's sustainable travel plans, as leaving your car at home will reduce pollution and the number of cars coming onto campus and alleviate the pressure on limited parking spaces.

3. How does **Bus+** work?

If you wish to join **Bus+**, you will be asked to confirm the bus route that you mainly use for commuting to and from work. The University will then agree to pay Reading Buses a subsidy to assist in financing and maintaining the specific bus route. In return for the subsidy, Reading Buses will provide you with a Commuting Card which you use to travel to and from work.

To join **Bus+**, you must complete an Application Form on which you formally agree to exchange an amount of your gross contractual salary. A salary exchange is an arrangement recognised by HMRC whereby an employee agrees to a reduction in salary and in return, the employer provides a benefit. Where the benefit provided is exempt from tax and NI contributions, the employee can make savings.

4. How much will I save?

By participating in **Bus+** you will be required to exchange £429p.a. of your salary. This is £35.75 per month. The savings you will make will depend upon the rate of tax you pay and whether you are a member of one of the University's pension schemes.

5. What happens if the subsidy or the amount I am required to exchange changes?

The level of the subsidy and the amount of gross salary you are required to exchange has been set for a period of 12 months from 1 July 2013. The amount of gross salary you are required to exchange will not change before the expiry of your Commuting Card. You will be required to renew your Commuting Card annually and you will be notified of any changes upon renewal.

6. What journeys can I use the Commuting Card for?

You must use your Commuting Card for 'qualifying journeys'. Commuting to and from work and travel between workplaces (e.g. between Whiteknights campus and London Road) are qualifying journeys.

The University has agreed to subsidise specific bus routes that are used by employees for qualifying journeys. In return for the subsidy, Reading Buses will provide participating employees with a Commuting Card which will give entitlement to travel on the subsidised bus routes and any other routes as advised and agreed by Reading Buses.

As long as you make qualifying journeys, you may also use the Commuting Card for personal journeys.

For full details of the subsidised bus service routes, please contact Claire Eckett, HR Manager (Rewards & Benefits) c.e.eckett@reading.ac.uk

7. Can family or friends use the Commuting Card?

No, the Commuting Card will be issued for your use only.

8. As my contractual salary is reduced as a result of **Bus+**, will this affect the amount of mortgage or loan I could receive?

No, it shouldn't have any impact. We will still keep a record of your gross salary (Reference Salary) before the reduction. Reference letters provided by the University for mortgage or loan purposes will refer to your Reference Salary before any salary exchange arrangements you may have (e.g. Pensions+, Childcare+). If you have any concerns in this area, we recommend you speak to your lender to confirm their view.

9. What will happen if I have a pay award, promotion, or other increment?

Any future pay awards, increments, promotions or overtime will be based on your Reference Salary, prior to your participation in **Bus+**. If you leave the Scheme, your actual salary will revert to its previous level. All of your salary-related benefits will also be calculated on your Reference Salary.

10. Will my occupational pension be affected?

Your occupational pension will be unaffected by joining **Bus+**. The Rules of USS, UREPF and URPS allow for salary exchange arrangements. For the purposes of **Bus+**, pay is defined as Pensionable Salary (as defined in the Rules that govern the pension scheme of which you are a member). The contributions that are made to your pension scheme will continue, based on your Reference Salary. This will not affect **Pensions+**.

11. Will participating in **Bus+** impact on any State benefits?

Entitlement to some State benefits, such as statutory sick pay, incapacity benefit and job seeker's allowance are based on the amount of NI that has been paid. If you would like to know more about the potential effects of **Bus+** on State benefits, you can find this information on Her Majesty's Revenue and Customs (HMRC) website at www.hmrc.gov.uk.

12. What will happen to occupational benefits?

Occupational benefits such as maternity pay, paternity pay and sick pay are not affected by **Bus+** and will be calculated based on your Reference Salary.

13. I currently receive Tax Credits. Will joining **Bus+** affect my entitlement?

The Tax Credit calculation is based on your taxable (P60) income. By participating in **Bus+** your taxable income will be reduced and therefore your Tax Credit entitlement may change. Given the complexities involved in calculating entitlement to Tax Credits, we recommend that if you have any queries you should go to: www.hmrc.gov.uk for more information, or contact HR Revenue & Customs helpline on 0845 300 3900.

14. Will participating in **Bus+** affect my student loan repayments as they are based on my earnings?

Yes. The amount you are required to pay in student loans will be lower as repayment calculations are based on your pay after the **Bus+** reduction. Of course, if you pay off your loan at a lower rate, you will end up paying it back over a longer period.

15. How long is the Commuting Card valid for?

The Commuting Card is valid for 12 months. Therefore, you will be required to renew your application annually. In the month before your card expires, you will receive tickets when boarding the bus to remind you to renew your application.

16. What happens if I lose my Commuting Card?

Lost Commuting Cards must be reported immediately to Reading Buses who will arrange for a replacement card to be issued to you. There is a replacement charge of £2.00

payable to Reading Buses.

17. What happens if I move house and use a different bus route?

When you join **Bus+**, you will be asked to confirm the bus route that you mainly use for commuting to and from work. The University will then agree to pay Reading Buses a subsidy to assist in financing and maintaining the specific bus route.

Therefore, if your main bus route changes, you should notify Human Resources as soon as possible. This information will then be passed on to Reading Buses who will issue a new Commuting Card for you showing your new bus route.

18. Can I withdraw from **Bus+**?

You will be able to withdraw from **Bus+** upon the expiry of your Commuting Card, or if you have experienced a life event or a change in circumstances that mean **Bus+** is no longer suitable. Life events include:

- Maternity leave
- Birth or adoption
- Marriage or Civil Partnership
- Divorce
- Death in your family
- Change of working hours
- No longer travel to work by bus e.g. moved house.

To withdraw from **Bus+**, you will need to complete a Cancellation Form, giving one month's notice and return it to: HR Operations, Room 110, Whiteknights House, University of Reading, PO Box 217, Reading, Whiteknights, Reading, RG6 6AH or e-mail hroperations@reading.ac.uk

Upon receipt of your Cancellation Form, Reading Buses will be notified and your Commuting Card will be deactivated to ensure that it is no longer used. Please note, your Commuting Card will be valid until the last working day of the final month of your participation in the Scheme.

If you withdraw, you will not be permitted to re-join **Bus+** for a minimum of 3 months.

19. What happens if I leave my employment with the University?

If your employment with the University terminates for whatever reason, your entitlement to participate in **Bus+** will cease. Reading Buses will be notified and your Commuting Card will be deactivated with effect from your date of leaving.

20. What happens if I am absent from work for a long period of time e.g. maternity leave or long-term sickness?

If you are absent from work by reason of maternity/ adoption leave or long-term sickness, your entitlement to the benefit continues throughout. However, if the Commuting Card is not being used for qualifying journeys (as defined in the terms and conditions), the benefit becomes taxable. This means that the University will be obliged to:

- 1 Report to HMRC at the end of the tax year the cash equivalent value of the Commuting Card for the period when it was not used for qualifying journeys; and
- 2 Treat the cash equivalent value of the Commuting Card each month as earnings from which NI contributions will be deducted as appropriate.

Maternity leave and long-term sickness are qualifying life events should you wish to withdraw from **Bus+**. You should complete and return a Cancellation Form stating the reason for your withdrawal to: HR Operations, Room 110, Whiteknights House, University of Reading, PO Box 217, Reading, Whiteknights, Reading, RG6 6AH or e-mail hroperations@reading.ac.uk. You will be permitted to re-join after 3 months have elapsed.

21. What if I have any further questions?

Please contact hroperations@reading.ac.uk.

Disclaimer

Whilst every effort has been made to ensure the accuracy of this booklet, it is only intended to act as a guide to the Scheme. All advice provided below is correct at date of printing (July 2013). If you are unsure about whether or not you should participate, you may wish to seek your own financial advice.

Bus+ is based on current taxation and National Insurance law and practice. If these change, or if there is no longer a benefit in participating in this arrangement, the University reserves the right to withdraw the Scheme and to substitute suitable alternative arrangements in the circumstances which are directly or broadly comparable with those that you would have enjoyed if you had not participated in these arrangements.



Parking+

Helping you save money on the cost of parking

The University is pleased to introduce Parking+, a tax-free workplace car parking scheme ('the Scheme'), to help with the cost of parking on campus.

A new schedule of charges for parking permits, based on salary bands and work location, will come into effect from 1 January 2014. This will be operated by way of a salary exchange arrangement to mitigate the increased charges.

At present the cost of your parking permit is deducted from your net salary. Under **Parking+**, your gross salary will be reduced by an amount (equal to the cost of your parking permit according to your grade and work location), and in exchange, you will receive a parking permit for use at your designated campus. The advantage of this is that you do not pay tax or National Insurance Contributions (NICs) on the amount of salary that you have exchanged. So, instead of paying for your parking permit from your net (after tax) salary, you pay for it from your gross (pre-tax and NICs) salary.

For example: If you are a Grade 4 full-time employee, the charge for an annual parking permit is £96 (£8 per month). If you join the Scheme and you pay tax at the Basic Rate (20%), your annual tax and NICs saving would be £29.99. Therefore, after the savings, the annual cost of your parking permit will reduce to £66.01 (£5.50 per month).

Further examples of the savings and actual costs are provided in the 'Frequently Asked Questions' guide attached.

How to join the Scheme

Step 1 Read the Frequently Asked Questions and salary exchange Terms and Conditions. If you have any questions in relation to the salary exchange arrangement, please contact Claire Eckett, HR Manager (Reward & Benefits) c.e.eckett@reading.ac.uk

Step 2 Complete the online car parking permit renewal application. If you have any queries about the permit or renewal process, please contact reception@reading.ac.uk.

What happens next?

Provided you have completed the on-line renewal process before the December deadline, you will receive a parking permit for use at your designated car park and your participation in the Scheme will start from January's payroll. New applicants should complete the application form and submit it to Reception in the Palmer Building. Your participation in the Scheme will start from the next available payroll run.



Disclaimer

Whilst every effort has been made to ensure the accuracy of this document, it is only intended to act as a guide to the Scheme. All advice provided below is correct at date of printing (October 2013). If you are unsure about whether or not you should participate, you may wish to seek your own financial advice.

Parking+ is based on current taxation and National Insurance law and practice. If these change, or if there is no longer a benefit in participating in this arrangement, the University reserves the right to withdraw the Scheme and to substitute suitable alternative arrangements in the circumstances which are directly or broadly comparable with those that you would have enjoyed if you had not participated in these arrangements.

Frequently Asked Questions

1. Who is eligible to participate?

All employees of the University are eligible to join the Scheme. However, if you do not have a regular monthly salary, you will be unable to join the salary exchange arrangement. In addition, if by exchanging salary, your earnings fall below the National Minimum Wage (£6.31 per hour from October 2013), or the Lower Earnings Limit (currently £5,668 per annum), you will be unable to participate in the salary exchange arrangement. In these circumstances, if you have applied for a permit, the car parking charge will be deducted from your net pay.

2. Who benefits from the Scheme?

The Scheme provides a tax-efficient benefit to staff and an opportunity to make savings on the overall cost of parking on campus.

3. How does the Scheme work?

If you wish to participate in **Parking⁺**, you will be required to enter into a salary exchange arrangement, under which you formally agree to accept a reduction in your gross salary which is equal to the parking permit charge. This involves a commitment on your part to enter into an arrangement to reduce your gross salary for a minimum period of 12 months.

The advantage is that you do not pay tax or National Insurance Contributions (NICs) on the amount that you have exchanged and, as a result, your parking costs are significantly reduced.

4. How much will I save?

A salary exchange is an arrangement recognised by HMRC whereby an employee agrees to a reduction in salary and in return, the employer provides a benefit. The benefit is the provision of workplace parking. Where the benefit provided is exempt from tax and NI contributions, the employee can make savings.

The figures in the table below give an indication of the savings you could make. The actual amount you will save will depend on the amount of salary exchanged, the rate at which you pay tax (Basic Rate or Higher Rate) and NICs (Basic Rate or Higher Rate) and which pension scheme you are a member of.

The examples shown in the table are based on 2013 tax and NICs rates and assume the employee participates in a contracted-out Pension Scheme. Please note that the savings will be slightly higher if you do not participate in a contracted-out Pension Scheme.

Examples of savings and actual costs

Grade	Annual cost	Annual Tax and NICs Savings		Actual Annual Cost		Actual Monthly Cost	
		BR 20%	HR 40%	BR 20%	HR 40%	BR 20%	HR 40%
1-3	£48.00	£14.69	N/A	£33.31	N/A	£2.78	N/A
4-5	£96.00	£29.99	N/A	£66.01	N/A	£5.50	N/A
6-8	£120.00	£36.72	£50.40	£83.28	£69.60	£6.94	£5.80
9	£192.00	N/A	£80.64	N/A	£111.36	N/A	£9.28

Notes: BR = Basic Rate Taxpayer, HR = Higher Rate Taxpayer

5. As my contractual salary is reduced as a result of **Parking⁺**, will this affect the amount of mortgage or loan I could receive?

No, it shouldn't have any impact. We will still keep a record of your gross salary (Reference Salary) before the reduction. Reference letters provided by the University for mortgage or loan purposes will refer to your Reference Salary before any salary exchange arrangements you may have (e.g. **Pensions⁺**, **Childcare⁺**). If you have any concerns in this area, we recommend you speak to your lender to confirm their view.

6. What will happen if I have a pay award, promotion or other increment?

Any future pay awards, increments or promotions will be based on your Reference Salary, prior to your participation in **Parking⁺**. If you leave the Scheme, your actual salary will revert to its previous level.

7. Will my occupational pension be affected?

The Rules of USS, UREPF and URPS allow for salary exchange arrangements. For the purposes of **Parking⁺**, pay is defined as Pensionable Salary (as defined in the Rules that govern the pension scheme of which you are a member). The contributions that are made to your pension scheme will continue, based on your Reference Salary and as a result your occupational pension will not be affected by joining **Parking⁺**.

However, if you are a member of the Teachers' Pension Scheme (TPS), your pension will be affected,

as your pension contributions will be calculated by reference to your reduced salary. As a result, the contributions that you make to the pension scheme will be lower and this will affect the amount you receive when you retire. Therefore, it is not recommended that you join the **Parking⁺** scheme. In such circumstances, you may choose to pay for your permit from your net pay and you should deselect the tick box on the parking permit renewal form. If you have any queries, please contact pensions@reading.ac.uk.

8. Will participating in **Parking⁺** impact on any State benefits?

Your entitlement to some State benefits is based on the amount of NICs that you pay, and others on the amount of your earnings during a certain period. Therefore, entering into a salary sacrifice may affect your current or future entitlement to a range of benefits. For most employees paying less NICs will not adversely affect your benefit entitlement, but you should carefully consider the possible effects before you decide to go ahead with a change in your employment contract.

9. What will happen to occupational benefits?

Occupational benefits such as maternity pay, paternity pay and sick pay are not affected by **Parking⁺** and will be calculated based on your Reference Salary. However, if you have any concerns, you may wish to withdraw from the **Parking⁺** scheme, as these circumstances would constitute a lifestyle change.

10. I currently receive Tax Credits. Will joining **Parking⁺** affect my entitlement to tax credits?

The Tax Credit calculation is based on your taxable (P60) income. By participating in **Parking⁺**, your taxable income will be reduced and therefore your Tax Credit entitlement may change. Given the complexities involved in calculating entitlement to Tax Credits, we recommend that if you have any queries you go to: www.hmrc.gov.uk/taxcredits/index.htm, for more information or contact HM Revenue & Customs helpline on 0845 300 3900.

11. Will participating in **Parking⁺** affect my student loan repayments as they are based on my earnings?

Yes. The amount you are required to pay in student loans will be lower as repayment calculations are based on your pay after the **Parking⁺** reduction. Of course, if you pay off your loan at a lower rate, you will end up paying it back over a longer period.

12. Can I participate in any other salary sacrifice scheme provided by the University?

The University currently provides an opportunity for employees to participate in a range of salary exchange schemes. You may participate in more than one scheme, but, if by reducing your salary further, your earnings fall below the National Minimum Wage, or the Lower Earnings Limit, you will need to consider which scheme(s) to join.

Please talk to Human Resources for advice as to how this may affect you individually and the options available to you.

13. Can I withdraw from the Scheme?

If you do not wish to participate in the Scheme you can withdraw at the time you renew your permit by deselecting the check box on the on-line renewal form. If you withdraw, but wish to retain a parking permit, the relevant car parking charge will be deducted from your net pay. As a result, you will not benefit from any tax and NICs savings, or reduce your overall car parking costs.

Normally, under the terms of the salary exchange agreement, once you enter the Scheme, cancellation will not be permitted for a minimum 12 month period.

However, the University may permit cancellation in this period where there has been a 'lifestyle change' or a change in circumstances that means the arrangements are no longer suitable. This may include the following circumstances.

- Maternity Leave
- Parental or Adoption leave
- Long-term sickness
- Change of work location
- No longer travelling to work by car or motorbike.

If you withdraw from the Scheme, you will not be permitted to re-join **Parking⁺** for a minimum of 3 months.

To withdraw from the Scheme, you must complete a Cancellation Form, which is available on the HR website www.reading.ac.uk/benefitsplus, giving one month's notice and return it to: HR Operations, Room 110, Whiteknights House, University of Reading, PO Box 217, Reading, Whiteknights, Reading, RG6 6AH, or e-mail hroperations@reading.ac.uk.

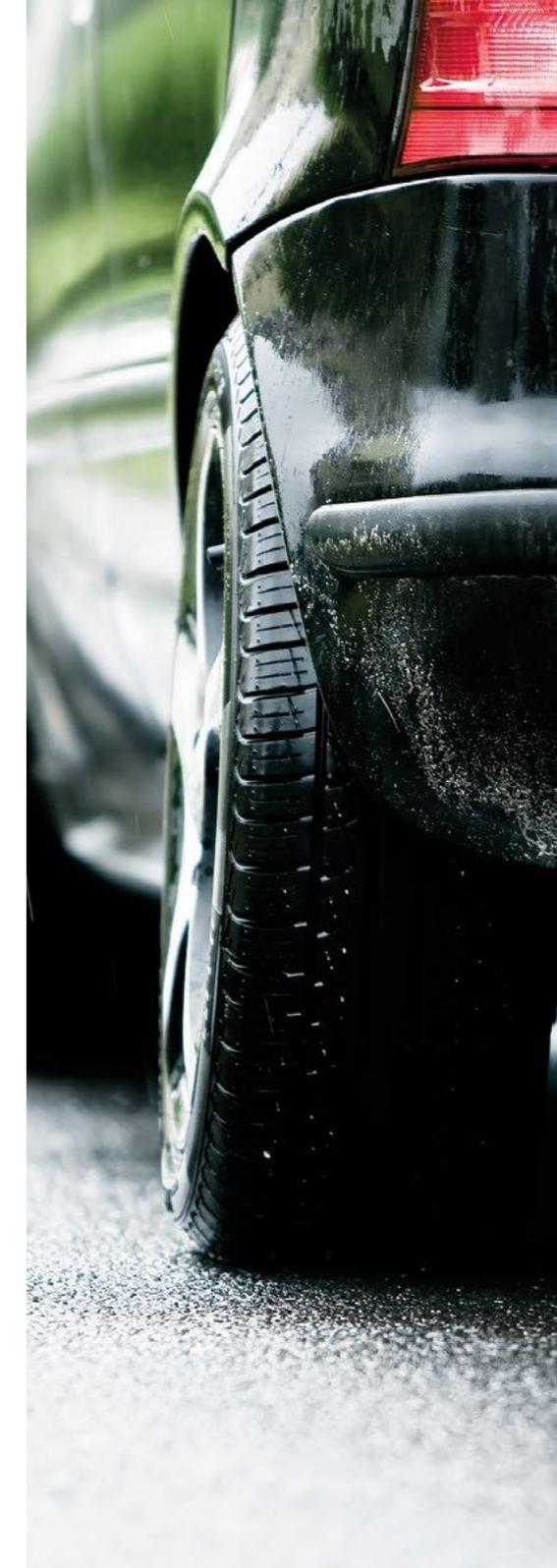
14. What happens if I leave my employment with the University?

If your employment with the University terminates for whatever reason, your entitlement to participate in the Scheme will cease immediately and you should inform HR Operations and return your permit to Reception in the Palmer Building.

15. What if I have any further questions?

For questions about bookings, vehicle registration and parking applications, please contact reception@reading.ac.uk.

Please contact hroperations@reading.ac.uk for questions relating to salary exchange.





Benefits+

i For more information, please contact:

Human Resources

University of Reading
Whiteknights
PO Box 217, Reading
RG6 6AH

www.reading.ac.uk/benefitsplus

