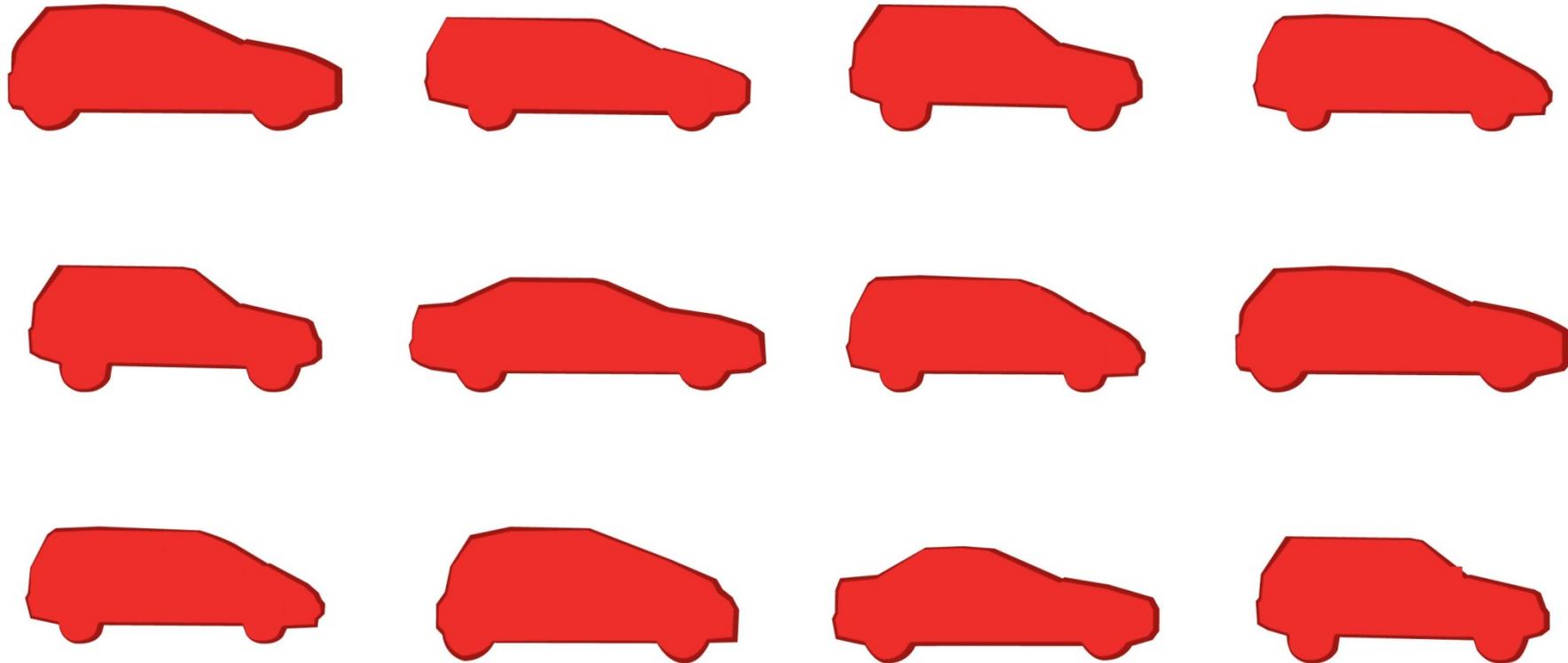


Salary Sacrifice Car Schemes

Improving employee benefits whilst reducing carbon emissions



What is a Salary Sacrifice Car Scheme?

Salary sacrifice car schemes allow universities, colleges and other organisations to add to their employee benefits package by offering all their employees a cost effective and tax efficient way to have a fully insured and maintained car via a salary sacrifice arrangement for up to three years. If an employee is in need of a new car, then taking advantage of this scheme means they are able to make tax and National Insurance savings as well as have access to low carbon emitting cars.

Salary sacrifice cars are different from a standard company car scheme. A salary sacrifice car scheme is available to all employees as an employee benefit and employees would have to agree to give up part of their gross salary in exchange for a non-cash benefit – in this case a low emission car.

A fully supported salary sacrifice car offers employees the opportunity to drive a low emission, fully maintained car in the most cost effective way. The scheme is provided through an award winning online system which can measure business travel and could help support institutions meet their scope 3 commitments, saving you time and money and at no cost to the institution.

Tusker as EAUC's Partner

Tusker has worked with the EAUC to put together a bespoke carbon reduction salary sacrifice car scheme for all eligible university and college employees. At Tusker, we're market leaders in the salary sacrifice car market and are the provider of many of the public sector low carbon salary sacrifice car schemes, including that of Aston University. We can provide a bespoke system which employees can visit to view all the low emission cars available on the scheme, get more information about the scheme and prepare their own online quotations with the option to push a quotation to order stage meaning that administration is truly kept to a minimum.

As an organisation, we're committed to helping our customers reduce their carbon footprint and promote carbon considerate cars. It's our policy to manage and reduce the emissions from our operations and responsibly promote our achievements by following international standards including the World Resource Institutes Green House Gas Protocol and Defra's GHG reporting guidelines for assessing carbon emissions. We complete an annual carbon footprint assessment and then offset our carbon to achieve carbon neutrality in accordance with PAS 2060.

Why Introduce a Scheme with EAUC?

The EAUC have worked closely with Tusker to be able to offer you a tailored scheme that allows your employees to not only offset their vehicles carbon footprint but also the carbon emissions used in manufacturing that car.

Salary sacrifice car drivers will also be entitled to attend a complimentary 'Smarter Driving' course that Tusker run in conjunction with the Energy Saving Trust. This is a 45 minute course which teaches drivers how to be the most fuel efficient in their cars and increase their mpg.

All marketing of the scheme will also be included and Tusker will go through a robust and tailored implementation process with the organisation to ensure the scheme is communicated and implemented appropriately.

Another key benefit of introducing a scheme with the EAUC is not only does the employer receive the savings already highlighted in Class 1 National Insurance contributions but Tusker have also agreed to reduce their own commission and pass a donation to EAUC at no cost to the institution to invest in Member services.

What's Included in the Scheme?

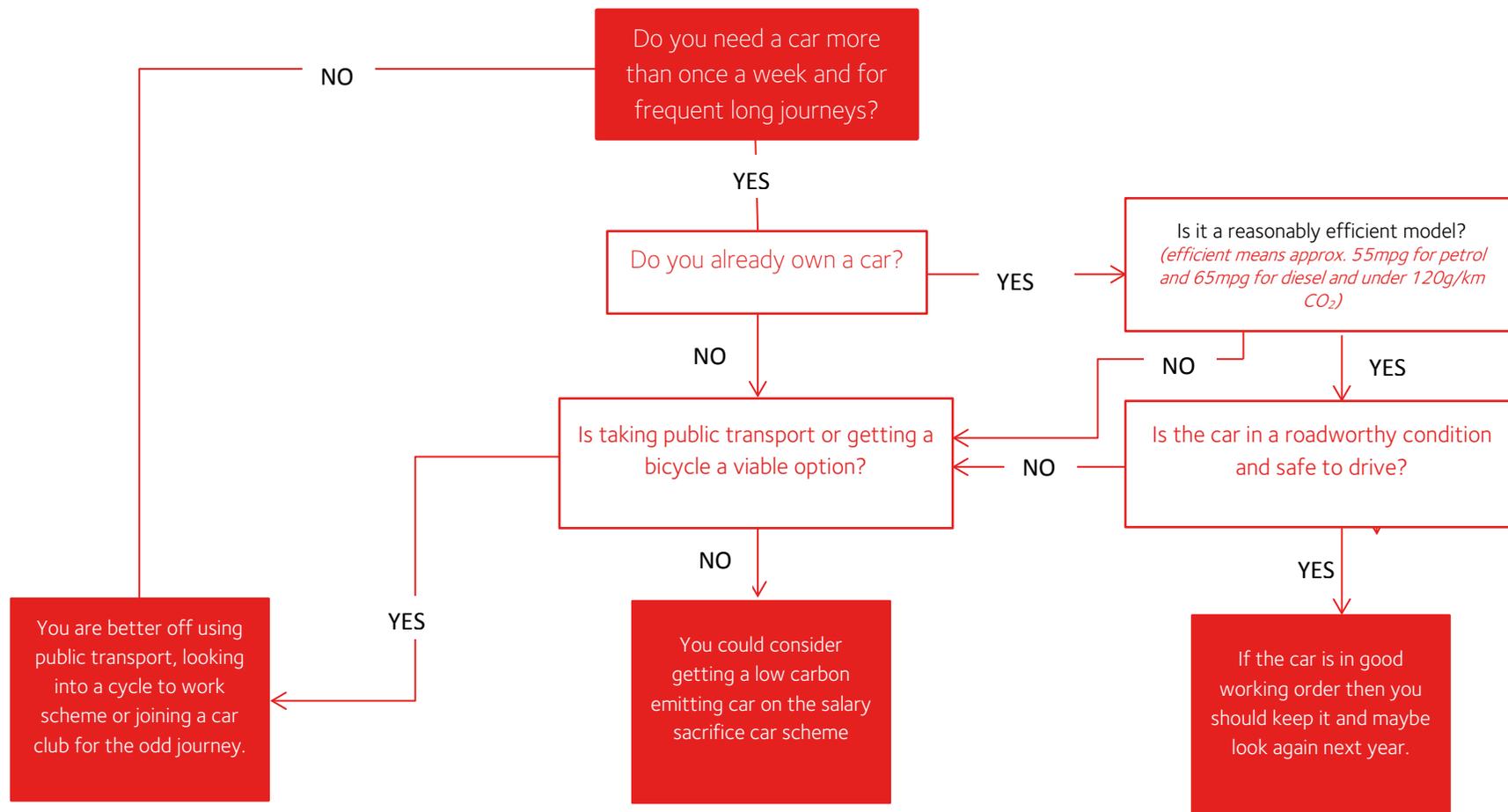
All servicing, vehicle maintenance (including tyre replacements), Europe-wide breakdown cover, and fully comprehensive motor insurance (which ensures your employees drive a road worthy vehicle and adheres to your duty of care obligations). We'll also complete an annual driving licence check with the DVLA for each employee on the scheme (this completes your duty of care).

Employees can view the cars available on the scheme, prepare quotes, compare vehicles, and request a vehicle – all online and all at the touch of a button. The scheme will include Early Termination protection – to give you protection against the unexpected ie redundancy, resignation or other events that change their financial situation and necessitate the early closure of their salary sacrifice car agreement.

The scheme also gives employees the option to offset the carbon footprint for their car to a choice of offsetting projects, all of which meet the Quality Assurance Scheme for Carbon Offsetting and BSI's PAS 2060 specification on carbon neutrality.

Do you really need a Low Carbon Car on the Scheme?

Many of us often need cars for different reasons and it is generally true that keeping an existing car is more carbon efficient than getting a new one, regardless of a new car's CO₂ emissions. The carbon involved in manufacturing a new car can be significant. However, it's important to be sure that any existing car is in a roadworthy condition and safe to drive. Although public transport should always be a first option for those concerned with the environmental impact, there may be times where public transport or a bicycle just isn't a viable option. If this is the case, then the salary sacrifice car scheme gives employees an option to get a brand new, low carbon car which is fully insured and maintained. If you're unsure whether public sector is a suitable option for you, simply follow the chart below:



Benefits for the Employer

Providing your employees with the ability to choose a vehicle under a salary sacrifice car scheme considerably reduces an Employers Duty of Care risk and the environmental impact of business travel when compared to employees using their own vehicles on company business. Although the employers Class 1a National Insurance Contribution (NIC) is still payable on the provision of a car to the employee, this is typically substantially less than the Employer NIC that would have been paid on the salary being sacrificed, resulting in a financial saving of several hundred pounds over the term of a vehicle contract for the University or College.

Financial Benefits

- Employers can save approx. £300 per annum per employee in NI contributions
- Average of £80 per month for employees in tax and NI savings
- No cost to employer to implement
- Access to public sector fleet discounts
- Competitive corporate insurance policy
- Solutions to mitigate risk for employers

Environmental Benefits

- Introduce a CO2 cap for scheme and encourage low carbon emitting cars
- Help to meet scope 3 objectives giving ability to measure indirect emissions from employee vehicles
- Employees able to offset carbon footprint of salary sacrifice car
- Encourage employees to reduce their carbon footprint

HR Benefits

- Potentially open up and retain a wider pool of talent and skill
- Meets duty of care obligations as all cars are fully maintained and insured
- Provide a benefit that can save your employees money in tax and NI
- Little administration required
- Provide a real and quantifiable benefit to your employees

What's in it for Employees?

If the only alternative transport method is a car for employees, then by taking a car on this scheme they would benefit from public sector fleet discounts. Also, as it is a salary sacrifice scheme, they can also save between 32% and 62% in income tax and National Insurance. As this is classed as a benefit, there will be a Benefit in Kind tax payable but this amount is significantly less than the amount that you save in income tax and National Insurance which is an average of £80 per month.

Key Benefits

- Low carbon emissions
- Fixed cost motoring
- Tax and National Insurance savings
- Easy to use online system for quotes and info
- One number to call for all vehicular needs
- All servicing and maintenance included
- Fully comprehensive motor insurance included
- Expert management of vehicle downtime

Communication

To help make the scheme work, good communications and marketing are essential. We offer a complimentary marketing resource to work with you to understand your organisation and will provide you with marketing support to launch the scheme as well as work with you to support the scheme for its duration.

It is important to understand and identify the various target groups and sectors and there may be the option or need to tailor the communications accordingly and this will depend on how you currently communicate to staff (whether this be intranet, in-house magazines etc).

Examples of marketing support that can be provided include:

- Brochures
- Posters & leaflets
- Payslip attachments
- Editorials
- Roadshows at key sites

Example Savings*

Toyota Prius Hatch 5Dr 1.8VVT-h 136 SS T3 CVT Auto



Combined mpg – 72.4
CO2 emissions – 89g/km
P11d – £21,790
Fuel type – Petrol hybrid

Gross costs before savings: £458.66
Less income tax savings: -£85.77
Less employee NI savings: -£55.04
Plus Benefit in Kind tax: +£41.16
Total net cost per month: £359.01

Ford Fiesta Hatch 3Dr 1.6 TDCi ECONetic 95DPF EU5 Style



Combined mpg – 85.6
CO2 emissions – 87g/km
P11d – £15,035
Fuel type – Diesel

Gross costs before savings: £300.93
Less income tax savings: -£56.27
Less employee NI savings: -£36.11
Plus Benefit in Kind tax: +£35.92
Total net cost per month: £244.47

Electric & Hybrid Vehicles

Hybrid vehicles are available on the scheme and the scheme also offers an electric vehicle, the Nissan Leaf. As more and more electric vehicles come into the market place, more will be offered through the salary sacrifice car scheme. Electric vehicles are more suited to urban areas than for motorway trips and normally have a range of approximately 100 miles before the car will need charging. Tusker can provide further advice to employees wishing to choose an electric vehicle to ensure it meets their lifestyle needs.

Case Study – Aston University

At the end of 2010, Aston University signed a 'salary conversion' arrangement with Tusker to allow their university employees to surrender up to 20% of their salary in return for a new car for up to three years.

The new scheme was believed to be the first salary sacrifice initiative of its kind with a university in the UK, and forms part of Aston's Flexible Benefits Scheme which also covers pension contributions and bicycles amongst a number of other benefits.

As well as setting a financial limit, the University also set a carbon cap on the new arrangement, allowing employees to only select vehicles with emissions of 120g/km or less.

University Vice-Chancellor, Professor Julia King, who was appointed the UK's Low Carbon Business Ambassador by the Prime Minister in November last year and is author of the 2007 'King Review' on green vehicle and fuel technologies, gave the scheme her full backing because of its environmental credentials in promoting low carbon emitting vehicles.

Aston University launched the new scheme to university staff at a special employee benefits exhibition which was very well attended and at which some 10% of staff registered an interest in taking part in the Tusker scheme.

Aston staff benefit from lower income tax and National Insurance Contributions as a result of selecting a new car under the scheme, although they do have to pay Benefit-in-Kind tax on the value of the benefit, albeit at a much lower rate than income tax and NIC combined.

"The new scheme is one of a number of initiatives we have embarked on to encourage the uptake of green practices within the university," said Cliff Vidgeon, Director of Human Resources at Aston.

"There was a very positive reaction amongst university staff at the benefits exhibition to the new car scheme, including our Vice-Chancellor Julia King, who thought it a very suitable scheme for promoting the uptake of greener cars," he added.

Savings and results

Results currently show that Aston University employees are making an average saving of £91.35 across their scheme (after BiK has been paid) in both income tax and National Insurance with an average fleet CO₂ of 114g/km.

**For more information or to discuss the scheme in
more detail, please contact hello@tuskerdirect.com
or call us on 08719 955 300**