Frequently Asked Questions

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1. About the Scheme and Salary Sacrifice Arrangement

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

A salary sacrifice arrangement means you agree to give up the right to receive part of your gross salary due under your contract of employment, in exchange for a non-cash benefit – in this case a brand new car and the services and benefits provided in connection with the car.

The salary is sacrificed before Income Tax and National Insurance, so you pay less tax and National Insurance on your reduced salary. However, you will be liable to pay a Benefit in Kind charge on the provision of the car.

If you decide to join the Car Benefit Scheme you will agree to a salary sacrifice arrangement for the car and for the other services and benefits provided in connection with the car. You will receive the use of the car and a fully inclusive motoring package for a fixed amount. You will also benefit from fantastic discount rates because the scheme is provided through your employer, plus there are no credit checks or any deposits required.

1.2 What's included in the Car Benefit Scheme?

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

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

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

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

Benefit in Kind is payable on the provision of a company car by your employer, if the car is available for private use by an employee.

For Ultra Low Emission Vehicles (ULEVs), which are cars with CO2 emissions of 75g/km and below, you will pay tax on the Benefit in Kind value as determined by its P11D value (list price, including extras and VAT, but without the first-year registration fee and vehicle tax), multiplied by the BiK rate which is based on its CO2 emissions and fuel type. This figure is then multiplied by your tax rate (e.g. 20%, 40% or 45%) to calculate the annual amount of tax to be paid.

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

Tusker will do what we do best and make the complex simple. The online quoting system will automatically calculate the monthly Benefit in Kind and will factor this into the net monthly amount that is shown for each car.

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

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

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

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

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

- Pension contributions - provided you pay the minimum requirement for National Insurance payments, this scheme should not affect your basic State Pension
- Entitlement to earnings related benefits like Maternity Allowance or Statutory Maternity Pay
- Entitlement to work related payments like Statutory Sick Pay

A salary sacrifice arrangement may affect the amount of tax credits you receive. Before you decide to go ahead you may want to consult HMRC's Tax Credit section on their website https://www.gov.uk/browse/benefits/tax-credits or ring their Tax Credit Helpline on 0345 300 3900.

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

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

and the Student Loans Company website:

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

1.7 Who owns the car?

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

2. Ordering a Car

2.1 I sacrifice salary in exchange for other non-car related benefits, what salary should I enter into the site?

A salary sacrifice arrangement cannot reduce your salary below the National Living Wage or National Minimum Wage. You should always enter your gross basic salary (your salary before tax), excluding any additional payments you may receive, unless those payments are contractual and guaranteed.

If you have already entered into other salary sacrifice arrangements, you will need to enter the total monthly amount of your other salary sacrifice commitments into the site.

If you work part-time, please enter your part-time equivalent basic salary and then the number of hours you work in the 'weekly part-time hours' box.

2.2 Is there any additional impact if I earn over £100,000 per annum?

If you earn more than £100,000 your personal allowance may be reduced. The standard personal allowance is reduced by £1 for every £2 of earnings above £100,000. Earnings of £100,000, plus double the annual personal allowance, will result in a zero personal allowance. If your salary sacrifice reduces your earnings below that amount, you will recover some of your personal allowance and this will increase your tax savings.

If your earnings are between £100,000 plus up to double the personal allowance amount, a salary reduction will count towards recovering some of your personal allowance. To review the current annual personal allowance please visit https://www.gov.uk/income-tax-rates.

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

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

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

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

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

2.5 I have ordered my car, when will the salary sacrifice arrangement start?

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

2.6 Ordering a diesel car (If available on your scheme) important facts about Diesel Particulate Filters (DPF)

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

2.7 If my circumstances change, is it possible to cancel my order?

If you decide that you no longer want a car on the scheme, you can cancel your order at any time by emailing cancellations@tuskerdirect.com. If you cancel your order after the car has arrived at the dealership, you will be liable for a £350 cancellation fee in addition to possible dealership cancellation fees and these will be deducted from your salary. This will be notified to you at the time of cancellation.

3. Leaving the Scheme Early

3.1 What happens if I decide I don't want the car any longer?

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

3.2 What happens if I resign?

If you notify your employer that you wish to resign during the first 3 months commencing from the delivery date of the car, or if you resign and leave your employer without giving prior notice during the first 3 months following delivery, you will be liable for an early termination charge to exit the scheme.

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

If you resign and leave your employer after this 3 month exclusion period, an arrangement is in place to cover the early termination charge.

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

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

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

Participation in the Car Benefit Scheme will not take your gross pay below the statutory minimum levels applicable during periods of maternity, paternity or adoption paid leave and you may continue to have use of the car. In these circumstances, you will need to provide your employer with a copy of your MAT B1 or adoption approval letter. You will need to check with your employer to see if there is a protection in place to cover your reductions whilst you are on leave.

Where you are absent from work and your pay either falls below the statutory minimum levels or you are in receipt of no pay in any month, the Salary Sacrifice Agreement will be suspended for that month and you may continue to have use of the car. When you return to work the Salary Sacrifice Agreement will resume and continue for the remaining number of months. This may result in the salary sacrifice continuing after the car has been returned. In these circumstances, you will need to provide your employer with a copy of your 'fit note'.

4.2 I'm thinking of reducing my working hours, how will this affect my salary sacrifice arrangements?

You cannot sacrifice amounts which would result in your salary being lower than the National Living Wage or National Minimum Wage. A reduction in your hours of work would prompt a reassessment of your eligibility for the scheme by your employer. If the reduction in your hours of work takes your pay below the National Living Wage or National Minimum Wage, you will be asked to return the car and you will be responsible for any early termination charges to exit the scheme. In these circumstances the salary sacrifice arrangement will cease and you will return to your original salary and terms and conditions of employment.

5. Motor Insurance

5.1 What happens if the car is involved in an accident and the insurance company declares the vehicle as beyond economic repair or it's stolen and not recovered?

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

A hire car will be provided until such time as the car is confirmed as written off by the insurer (this could take as little as 14 days). Details of this can be found in the insurance documents. If you would like to order another car under the scheme, you may be able to take a StopGap car whilst you wait for the new car to be delivered. Please note the salary sacrifice arrangement will remain in place until such time as the motor insurer declares the car a total loss.

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

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

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

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

5.3 Are there any insurance group restrictions?

You and any named drivers will need to be a certain age to be insured on some cars. Tusker's Employee Engagement Team will be happy to discuss your options with you and can be reached on 0333 400 7431 or email EETeam@tuskerdirect.com.

5.4 Can learner drivers be added to the insurance?

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

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

6. At the End of the Arrangement

6.1 What are my options at the end of the arrangement?

Most drivers choose to get a new car through the scheme at the end of the arrangement, but Tusker will contact you near the end of your agreement to let you know your options.

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

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

6.2 What happens at the end of the arrangement if the car is damaged?

We work according to the damage guidelines provided by the British Vehicle Rental and Leasing Association (BVRLA). Please find a link below to the BVRLA Fair Wear and Tear guide which will give you an understanding of what is considered acceptable and unacceptable fair wear and tear damage on a vehicle when it is returned. Any damage that is considered unacceptable as fair, wear and tear will incur a cost which will be invoiced to your employer and they will re-charge this cost to you.

BVRLA Fair Wear and Tear Guide

6.3 What happens at the end of the arrangement if the car is over its agreed mileage?

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

7. General Queries

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

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

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

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

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

8. Local Government Pension Scheme (LGPS) and NHS Pension Scheme

8.1 I'm in the Local Government Pension Scheme (LGPS). What effect does this salary sacrifice have on my future pension?

Under previous LGPS rules, pension benefits were based on 'final pensionable pay'. This was normally based on your final year of service or, if your pay had reduced shortly before leaving, you could pick one of the two preceding years to be your final pay period for pension calculations. These were the only two options for calculating 'final pensionable pay' where pay is reduced because of a salary sacrifice scheme.

The benefits in the LGPS which have been built up in the Scheme up to 31 March 2014 under the current final salary arrangements will be banked until eventual retirement but not be 'preserved' i.e. worked out on pay in the year up to 31 March 2013. Instead these benefits will continue to be linked to the final pay in the year up to leaving or retiring whether this is 2015, 2025 or later. This is likely to be of significant benefit to current LGPS members. If a member has a 'clear year' of unreduced pay without a salary sacrifice car immediately before leaving at whatever later date, pension benefits will be based on the higher pay figure (before salary sacrifice). This will relate to all pension benefits accrued up to April 2014.

Under the new LGPS 2014 regulations that came into effect in April 2014, pension benefits are based on 'Career Average Revalued Earnings' rather than final salary; that is, instead of waiting for the final year of employment to work out what your pension benefits will be in retirement, members earn a 'pension pot' for each year of membership based on pay for that year. If pay is reduced because of salary sacrifice for one or more years, the amount of pension earned for that year is based on that lesser amount. At retirement, all the individual annual 'pension pots' are revalued based on CPI, totalled to reflect the number of years of membership and

retirement benefits based on the cumulative figure. There won't therefore be the opportunity to 'make up' the reduction in pensionable pay due to salary sacrifice by referring to a 'clear year' immediately before leaving.

8.2 I'm in the NHS Pension Scheme. What effect does this salary sacrifice have on my future pension?

In the 2015 Career Average Revalued Earnings (CARE) scheme, pension benefits are based on your pensionable earnings for your whole career as a member of the scheme from April 2015.

Each year an amount of 1/54th of your pensionable earnings in that year will be added to your pension account. Each year your total accrued pension account will be revalued in line with price inflation (currently Consumer Price Index (CPI) plus 1.5%) to reflect a measure of pay growth.

The normal pension age in the 2015 NHS scheme will be the same as your state pension age. As in the previous NHS scheme, if you take voluntary early retirement before your normal pension age your benefits will be reduced to account for drawing your benefits for a longer period.

When you retire your accrued total pension account will become an annual pension. You can convert a part of it into a lump sum. Each year after retirement your pension will increase in line with price inflation (currently CPI + 1.5%).

Protection/tapered protection

There are provisions for certain members of the 1995 or 2008 Sections who are close to their current normal pension age which will mean they may:

- remain in their current arrangement until retirement (known as protection'); or
- move to the new scheme but at a date later than 1 April 2015 (known as 'tapered protection').

The NHS Pensions website provides more information so you can see if this applies to you.

Existing pension benefits

Whether you moved to the new scheme on 1 April 2015 or later, the pension benefits already built up in the 1995 and 2008 Sections will be retained unchanged and calculated on your final pay at or near retirement (known as 'preserved rights'). You can retire and claim your preserved rights benefits without reduction for early payment once you reach the normal pension age for the section of the scheme your preserved rights are held in.

Under the 1995 and 2008 sections pension is based on final pay at retirement (or leaving). In England and Wales contributions are assessed on pay, therefore if a salary sacrifice arrangement reduces pay, contributions would be reduced. If the salary sacrifice is stopped a few years before retirement, final pay is unaffected by any previous salary sacrifice.
Under the 2015 section, pension will be calculated as 1/54th of pay each year, and each year's pay will be revalued at CPI + 1.5% until retirement (or leaving). Therefore salary sacrifice will reduce pension.

More information

You can read more about the changes to the NHS Pension Scheme in a series of Frequently Asked Questions (FAQs) on the NHS Pensions website: http://www.nhsbsa.nhs.uk/pensions

Your employer is not allowed by law to provide financial advice and staff should contact an Independent Financial Advisor.

8.3 What can I do to ease this reduction?

You can choose to pay extra into the pension scheme by way of an AVC (Additional Voluntary Contribution).