

Lease Car Salary Sacrifice

Maternity Leave Implications – Joining the Scheme

If you are expecting a baby and are considering joining our Car Lease Scheme, you must be aware that your Statutory Maternity Pay (SMP) and Occupational Maternity Pay (OMP) (where applicable) could be affected.

SMP and OMP are calculated on the amount of average weekly earnings during the 8-week period, fifteen weeks prior to the expected date of confinement (weeks 17 to week 25 of pregnancy). A "salary sacrifice" arrangement (such as the Car Lease Scheme) will reduce the amount of salary that is liable to National Insurance Contributions.

Therefore any "salary sacrifice" entered into during this eight week period will reduce entitlement to SMP and OMP (where payable). If you are pregnant and expect to have a period of maternity leave you should think very carefully as to whether you should join the Car Lease Scheme during this period (please contact the Payroll Department for further details including advice on Adoption and Paternity Leave).

If you are receiving SMP and Maternity Pay, Adoption Pay, or Paternity Pay you should contact the Payroll department to find out whether you are receiving sufficient income to enter into a "salary sacrifice" arrangement.

Maternity Leave and Long Term Sickness Implications – after joining the Scheme

The premise of the salary sacrifice scheme is that monies are deducted from an employee's salary but there may be occasions, for example, maternity leave and long term sickness when the employee is either receiving a reduced salary or no salary. Both of these circumstances will have financial implications for the employee.

Maternity Leave

If an employee goes on maternity leave and is only in receipt of Statutory Maternity Pay (SMP), at this point the employee will have two choices

1. Continue with the scheme but pay for the car by a Standing Order on a 'net' deduction basis. **IMPORTANT** This 'net' deduction amount will be at a higher rate than the salary sacrifice and will include VAT;

Or

2. Return the car to NHS Fleet Solutions and pay an early termination charge (see below).

Long Term Sickness

If an employee is on a period of long term sickness absence and is only paid $\frac{1}{2}$ pay their salary *may* fall below the National Minimum Wage when the deduction for the car is taken from their $\frac{1}{2}$ pay only salary.

If the salary does fall below the National Minimum Wage, the employee will have the same two choices above.

If the employee goes onto No Pay, the employee will similarly have the same two choices above.