

Loughborough University **Nursery Salary Sacrifice Scheme** **Conditions of Membership**

This scheme enables eligible salaried employees of Loughborough University to pay for Loughborough University Campus Nursery childcare places from their pre-tax salaries.

New or existing salaried employees of the university (but not employees of other organisations based on the university campuses) are able to benefit from savings on the cost of fees at Loughborough University Nursery Ltd if they are eligible to join the University's Salary Sacrifice Scheme. Under this scheme, the employee agrees to reduce their salary by the amount of their nursery fee (or a proportion of it depending on the amount of salary to be sacrificed) and in return benefits from lower tax and national insurance deductions on the reduced salary. The salary deduction is paid direct by the university to Loughborough University Nursery Ltd as the childcare provider. Please note that when using the salary sacrifice scheme, the **amount deducted must not take your pay below minimum wage** level or the National Insurance threshold (as this is an [HMRC requirement](#)).

How does the scheme work?

Employees who decide to participate sign a written agreement amending their employment contract to reduce their salary by the equivalent cost of their nursery fees. The fees are paid by the university direct to Loughborough University Nursery Ltd. Fees are deducted retrospectively, i.e. nursery fees are deducted from your salary each month.

The scheme operates on an annual basis commencing September each year. At this time you have three options:

1. Do nothing and your existing deduction will continue until the following August.
2. Amend the amount of your deduction by completing a new form and returning it to payroll by the 31 August.
3. Leave the scheme – see how to achieve this below.

Conditions of the scheme

- This scheme is exclusive to employees of Loughborough University and not employees of other organisations based on the university campuses.
- All employees using the nursery are eligible, provided that their salary is greater than the cost of their nursery fees. Please note that when using the salary sacrifice scheme, the amount deducted **must not take your pay below minimum wage level or the National Insurance threshold** (as this is an HMRC requirement).

- The scheme will operate on an annual basis commencing in September each year. Once you've joined, your chosen amount will continue until August in the following year.
- The application process will take two months.
- The scheme is operated under HMRC guidelines, should these change, and if appropriate, the scheme will be amended or withdrawn.
- The university reserve the right to review the scheme and, if appropriate, amend or withdraw it.
- If you choose to withdraw from the scheme for any other reason than a 'Life Changing Event' (see below) you will not be permitted to re-join until the following September.

How do employees benefit?

Under the scheme, the employee's income tax and national insurance are based on the new (lower) salary, thus allowing a saving to be made. Employees who are members of the LGPS pension scheme or USS pension scheme will pay pension contributions based on the normal (unreduced) salary.

What if I go on maternity or unpaid leave?

While you are on Statutory Maternity Pay or unpaid leave (whether for maternity, sick leave, or other reason), you will have to cease participation in the salary sacrifice scheme. It is your responsibility to inform the nursery of this and to arrange to pay the full fees direct to them. When you return to work you should complete a new salary sacrifice application form to re-join the scheme and re-commence the deductions from salary.

Can I amend the amount sacrificed mid cycle?

Once you have enrolled in the scheme, the amount you sacrifice is fixed for that year under the contract amendment you will have signed. The only eventuality under which this may be changed, is if your child(ren) qualify for Government funded free childcare mid-way through an annual cycle. You should inform the payroll team in writing to payroll@mailbox.lboro.ac.uk of this giving **at least two months'** notice of the change.

How do I leave the scheme?

Parents must inform the payroll team in writing to payroll@mailbox.lboro.ac.uk giving **at least two months'** notice wherever possible if they intend to leave the scheme. Parents are also obliged to inform the nursery when withdrawing their child from a placement and give the requisite notice as detailed in their agreement with the nursery. When the employee leaves the scheme and continues in employment with the university, the deduction from their salary will be discontinued.

Please note that you may only withdraw from the scheme when your child leaves the nursery, if you experience a 'Life Changing Event' or if your employment ends.

What is a life changing event?

If you experience a 'Life Changing Event', you may choose to either withdraw from the scheme or make changes to your salary sacrifice arrangements. In this case you will need to notify the university in writing to payroll@mailbox.lboro.ac.uk, giving two months' notice, where reasonably possible. Please note that if you choose to withdraw from the scheme for any other reason, you will not be permitted to re-join until the following September. A 'Life Changing Event', as defined by HMRC, is:

- Leaving to go on maternity leave, parental leave, paternity leave or adoption leave.
- Returning from maternity leave, parental leave, paternity leave or adoption leave.
- Termination of your or your partner's employment.
- Change of your or your partner's employment or hours of work.
- Relocation – home or office.
- Death of a family member or dependant which affects your use of the scheme.
- Marriage, divorce or legal separation.
- Significant change in childcare arrangements/circumstances, e.g. child starts school.
- Long term sickness or starting receipt of long-term disability benefit.
- Returning from long-term disability.
- Long term sickness of a child.
- The ending of a Life Changing Event.

Employee considerations

There are number of things that employees may consider before entering into a salary sacrifice arrangement, including:

- The cost of the arrangement.
- How the arrangement compares with what the individual could buy themselves.
- Potential savings.
- Impact on some future statutory benefits, e.g. state pension.
- How vital the arrangement is to the individual being able to work.