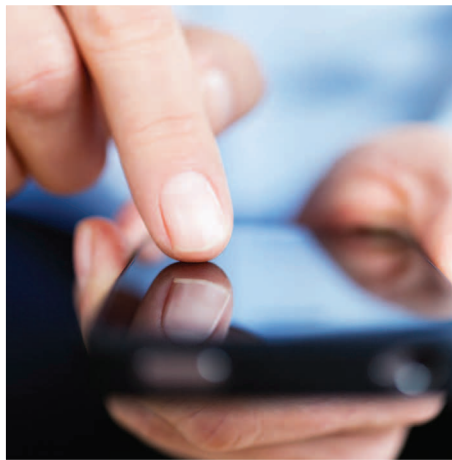
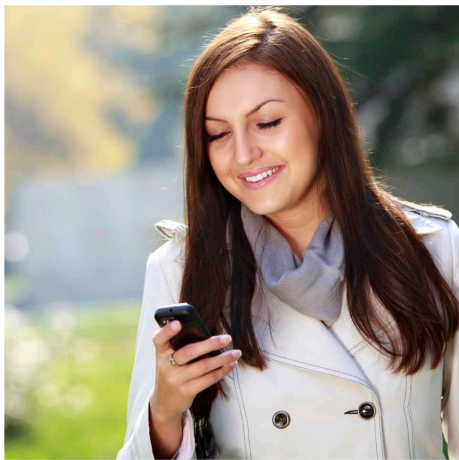




SalaryExchange | Mobile Phones

Mobile Phones



Employer Information Pack

What this information pack covers:

This is an overview of the Mobile Phone scheme. If you have any further queries after reading this document, please contact Salary Exchange or speak to your Account Manager.

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Introduction

Mobile phones and Smartphones are fast becoming an essential part of everyday life. The Mobile Phone employee benefit scheme offered by Salary Exchange makes the latest mobile phone technology more accessible and affordable for employees, as well as enabling employers to save money on National Insurance contributions.

Introducing Salary Exchange

Salary Exchange was established to compliment work carried out by Team Rewards, a market leader in Employee Benefits for over 10 years. Together, Salary Exchange and Team Rewards have acquired extensive experience in designing, implementing, communicating and managing over 4,000 salary sacrifice schemes. Our client base includes Adidas, Toyota, Marks and Spencer, Co-operative Financial Services, Johnson Controls and Ashford and St.Peters NHS Trust.



Who are Salary Exchange?

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At Salary Exchange we provide a modular benefits platform which ensures all our clients have complete autonomy to achieve the perfect solution to meet their requirements. This means our clients can choose to run just one benefit with us, or a whole package, whichever approach best suits the needs of their particular organisation.

Salary Exchange has built up valuable relationships with both clients and trade associations within the private, public and third sectors. The ability to tailor our schemes to reflect both employer and employee requirements is key to our approach. Our system is genuinely flexible and is designed to create absolute minimal administration.

Salary Exchange was designed specifically for purpose by our own in house team of developers to offer a robust and user friendly platform for salary sacrifice and other employee benefits. On an ongoing basis the platform is maintained completely in house by our expert team, ensuring we continue to meet our stringent objectives with regard to performance and uptime.

What makes Salary Exchange different?

One of the key benefits associated with this scheme is that it runs seamlessly through the Salary Exchange platform. This provides a streamlined and completely accurate service for you and your employees, and a professional joined up approach.

The modular design of Salary Exchange means that the platform is not just limited to this mobile phone scheme. Our clients have complete control and optimum choice in selecting the exact mix of benefits which are perfect for their organisation, culture, demographics and business objectives. Our clients can choose one or more of the exciting and innovative benefits on offer, and these can be launched simultaneously or over a period of time as required.

As a proactive Company with a strong history in design, development and innovation, we are consistently reviewing and enhancing our benefits portfolio to maintain our status as a respected and diverse provider within the marketplace.

Each client can select to implement the computer scheme, alone or a wider range of benefits if required, and make these available through the Salary Exchange platform. Your employees will be able to access their benefit(s) online using a username and password of your choice, and the site will be branded to your organisation at no cost.

Our most popular benefits packages include:

- > Childcare
- > Bikescheme
- > Computers
- > Lift Share
- > Mobile Phones
- > Gym schemes
- > Everyone Benefits (our voluntary benefits package)

This package largely owes its success and popularity to its cost effectiveness – for many employers, this combination can be implemented and run at no cost or even with a saving.



Mobile Phone Scheme Overview

The key to a successful benefits programme is to ensure that your employees find something attractive and of value, and that they can afford to take part. With this in mind, Salary Exchange offers an appealing Mobile Phone Scheme that will give your employees the chance to access the latest mobile technology.

Through our Mobile Phone scheme, you could enhance your benefits package for employees by giving them the opportunity to acquire a top of the range mobile phone through their salary payments. This is offered as a salary sacrifice arrangement, meaning that employees can benefit from significant savings in Tax and National Insurance on the purchase of a new handset.

As well as making savings, employees can also avoid having to stretch themselves financially as the cost of the phone will be paid for over a 24 month period- a simple and affordable way to attain the very latest handset with no credit checks and no complicated tariffs to deal with.

Why Introduce a Mobile Phone Scheme?

Benefits for Employers

The Mobile Phone scheme is cost effective, simple and attractive to employees with mass appeal. To summarise the benefits:

- > Employers can expect to save full Employer's National Insurance (typically 13.8%) of the total salary sacrifice value, making this a very attractive benefit. Furthermore there are no additional or hidden costs.
- > Employers have the option of funding the scheme themselves, or third party funding which we can arrange on your behalf. Should you opt to engage third party funding, the associated interest costs are passed to employees so there is no cost to the Company.
- > This is a value added benefit which can aid staff retention and boost morale. The savings are significant (typically 32% for standard rate tax payers and 42% for higher rate tax payers), so employers can rest assured they are providing a worthwhile scheme.
- > The uptake (i.e. number of employees wishing to participate in the scheme) is likely to be healthy due to the fact that the majority of us have a mobile phone now. Therefore, you should expect a good level of employee engagement and an enhanced image as a

proactive employer.

- > Employers can choose which phones they would like to offer on the scheme, from a wide range of the latest mobile phones. Salary Exchange can offer an extensive range at very competitive pricing to optimise choice and accessibility.
- > Salary Exchange manage the entire scheme – from set up to delivery of equipment, ensuring minimal employer involvement. All employee queries and enrolments are dealt with by us, and full support is given at every step by a dedicated Account Manager and Customer Services team.
- > Our real time Management Information (MI) system includes facilities to track employee applications and approve them, manage payroll for the scheme and provide feedback.
- > Bespoke marketing material and communications to ensure maximum employee engagement.

Benefits for Employees

Employees have the opportunity to acquire the phone of their choice, make great savings (typically between 32% - 42%), and budget the cost over a 24 month period.

Furthermore, they can also enjoy:

- > The freedom to choose from an extensive range of available phones including Apple, HTC, Blackberry, Samsung, Nokia and Motorola
- > No complicated tariffs to sign up for
- > Competitive accidental damage insurance
- > A simple way to enrol onto the scheme
- > Delivery to their home address
- > Affordable monthly payments over a 24 month period.
- > The support of a dedicated customer service helpdesk should they experience any queries



How to set up a Mobile Phone Scheme

The process for setting up a Mobile Phone Scheme is incredibly simple, and with a dedicated Account Manager you will have support every step of the way.

Salary Exchange will discuss with you your requirements for the launch and promotion of your Mobile Phone Scheme.



Agree and sign the contract documents appointing Salary Exchange as your Mobile Phone Scheme provider.



Your own online account at www.salary-exchange.co.uk is set to live in accordance with your requirements, and we will complete the setup with you*.



We will provide you with marketing materials to promote the scheme to your staff.



The Mobile Phone Scheme launches.



Employees can register for Mobile Phone Scheme and place orders online or by telephone via our Customer Services helpdesk



A final schedule of orders is prepared by Salary Exchange for you to approve and equipment is then delivered.



Payroll deduct the value of the Mobile Phone Scheme order from each employee's salary at the next available payroll**



The lease funding schedule is finalised and payments will begin.

*please note that for existing Salary Exchange clients with a benefits site already live with other us, the Mobile Phone scheme will be included on this platform to enhance your current benefits proposition.

** guidance will be given to those clients who are unfamiliar with taking deductions through a salary sacrifice arrangement

HMRC Compliance

In February 2012 HMRC clarified the rules for the tax exemption that supports the mobile phone benefit, allowing that the definition of mobile phones now included all Smartphones. In addition it was clarified that if a business mobile was already being provided, as long as a clear distinction was made to the use of the phone, another mobile could be provided tax free for personal use:

"If an employer provides a mobile phone to an employee solely for business use, and private use is not significant, there is no charge to tax. Consequently, it is possible for an employer to provide two, or more, mobile phones to an employee, without creating a tax charge, if one (or more) is provided solely for business use (and private use is not significant) and only one is provided for private use. But if two mobile phones are provided for private use, or for mixed private and business use, only one is exempt. It is up to the employee and the employer to decide which one is exempt and which one is chargeable as a benefit."



Employer FAQ's

Q: What is it?

A: A mobile phone provided by the employer to staff is tax exempt. The mobile phone benefit has been possible since 1999; however it has only been since February 2012 when HMRC clarified the definition of 'mobile phone' that we have been offering the benefit.

Q: What is the rule for those who already have a phone for work purposes?

A: HMRC clarified the rules as follows:

- > If an employer provides a mobile phone to an employee solely for business there are no tax implications.
- > An employer can provide one more mobile phone without creating any tax implications if one is provided solely for business use, and one is for private use, and there is a policy statement supporting that – for example, that the cost of any business calls made on the personal phone cannot be reclaimed through expenses.
- > If two mobile phones are provided for private use or for mixed private and business use, only one is tax exempt. It will be up to the employer and employee to decide which phone will be exempt and which will not. To ensure compliance we can include a declaration for employees to sign on taking up the scheme.

Q: How are the employer's costs recouped?

A: Through a salary sacrifice arrangement with the employee. A contract amending the terms and conditions of employment is signed by the employee at the time of placing the order. As with all salary sacrifice arrangements the contract is binding and non-cancellable.

Q: What happens at the end of the scheme?

A: At the end of a mobile phone salary sacrifice scheme there is no absolute requirement for a sale of the phone, but a mechanism is required to close the benefit period. Therefore the phone should be offered for sale to the employee at its fair market value (estimated at 10% of the original cost of the phone). In this case, the payment should be taken from the net pay of the employee. Alternatively the employee can simply return the phone at no cost. Either way, the employee is then free to take part in the next phone offer should they wish.



Q: Are all mobile phones allowed?

A: HMRC have recently (February 2012) clarified that smart phones can also be included within the scheme.

Q: What about provision of the benefit during unpaid maternity or other unpaid leave?

A: Should an employee be in receipt of only statutory payment, then Payroll will be unable to take deductions. In such cases the agreement should be suspended and resumed upon the employee's return to work and salary payments. Any missed payments can be added onto the end of the 24 month payment period.

Q: Must the benefit be offered to all employees?

A: You have discretion as to which employees may be offered the benefit. As with any non-cash benefit, the rules on national minimum wages apply, i.e. that a salary sacrifice arrangement should not take an employee's hourly paid rate below the level set for national minimum wage.

Contact Details

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Employer Customer Services

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