Credit Union-Saving through Payroll

Employer Q&A's

Questions	Answers
What is a Credit Union?	They are a co-operative which are run by members for the benefit of members. They offer savings and access to reduced rate loans.
How can payroll help?	Offer a Credit Union facility in your workplace, or if you are a payroll service provider agree to administer on behalf of your customer without charge, just like payroll giving.
Will there be fluctuating balances?	There might be, but this will not be a concern for the employer as the credit union would advise the deduction amount and when to stop.
Will payroll be required to process refunds?	No any monies will be paid and or refunded directed by the credit union
Could I be accused of unlawful deduction from wages?	No an agreement would be signed between the credit union and the employee; similar to the trade union subscriptions, payroll giving etc. A schedule would be provided by the credit union each pay period.
How would the company know it was a genuine credit union deduction?	Each employer would sign up with a particular credit Union and this would need to be confirmed by the employer to their payroll service provider.
Payroll frequencies i.e. What happens if it is weekly?	It would be deducted from each pay period (weekly); however an agreement could be made with the credit Union to pay all contributions monthly.
There is speculation credit Unions would require payment into their account on or before payday? This is not practical for payroll due to potential adjustments etc.	The payment date would be agreed between the employer/service provider and the credit unions. Many payroll professionals would expect to be given time to pay by the 19th of the following month. It is important to recognise that until the payment is received from the employer, the savers account will not reflect any of the monies deducted.
What about part months or payment in advance etc.	The schedule would take account of full month/weekly etc. deductions only and where an individual starts part way through a month it would be expected to start the following month/week etc. Where a person leaves part way through the month it is expected no deduction would be taken but instead the employee would be flagged as a leaver.
Instructions to deduct or stop payments	The credit union would advise the employer when to start and when to stop, along with any adjustments by means of the schedule.
Can the schedule be electronic?	Yes the employer/service provider can work with the credit union to receive and send a file electronically that could be uplifted directly into the payroll, subject to payroll software ability.
How does the employer notify the credit union of a leaver	This information would be provided via the payment schedule.
Can we pay credit unions via Bacs?	Yes.

Credit Unions are authorised and regulated by FCA (Financial Conduct Authority) and the PRA (Prudential Regulatory Authority).

Savings are Protected by the FSCS (Financial Services Compensation Scheme) up to £85,000 per person.

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