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Payroll Deductions

Payroll Deduction

Payroll deduction into a credit union savings account

This short guide has been written for employers, employees and credit unions to encourage the setting up of direct payroll deductions. It highlights the benefits of payroll deduction into a credit union savings account for employers, employees and for the credit union.

Why should an employer set up a payroll deduction scheme for employees?

- Credit unions offer ethical, local investments
- Payroll deductions offer a simple, convenient route to saving
- Credit unions provide independent financial support to your employees
- If employees take out credit union loans, this is a convenient and simple method of repayment
- People who save regularly are better able to cope with any financial distress or unexpected cost
- For minimum cost the employer provides a valued staff benefit which can help recruitment and retention of staff
- Employees can improve their standard of living by accessing affordable loans for things they might otherwise be unable to afford to pay for in advance. As an example, a credit union loan could pay for a holiday, which could reduce the stress levels of an employee and / or reduce the levels of sick leave / staff turnover.
- Credit unions foster a responsible attitude towards credit, assisting with the welfare aspects of being a caring employer
- Employees who are members of a credit union will be more likely to see the benefits of membership and will be more persuasive to others.
- Increasing the customer base of local credit unions will make them more sustainable, so promoting them to your employees is a form of corporate social responsibility

How to set up a payroll deduction system

1. Talk to North East Scotland Credit Union
2. Agree how you are going to set up the system
3. The payroll deduction set-up is simple, it works just like any other payroll deductions scheme you currently run:
 - a) set up an authorisation process
 - b) deduct payments
 - c) provide monthly listing to the credit union
 - d) pay money over

Then other than promoting it to both existing and new staff on a regular basis, the credit union will run the agreed authorisation process for you.

Why should an employee join a credit union and use their payroll deduction scheme?

- Credit unions offer ethical investments



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- Money invested in a credit union benefits the local community, not shareholders
- You can save as little or as much as you want on a regular basis
- Saving money regularly helps protect you from unexpected financial pressures and helps you manage your money more effectively
- Payroll deductions are a convenient and easy way to save
 - Because the payment is deducted before your money goes into your bank, you don't feel the impact, but you get the benefits of saving
 - If you need to borrow money, credit unions offer low-cost loans to members

How to arrange a payroll deduction scheme through your employer

- Ask your employer if they offer payroll deductions – if not, show them a copy of this page!

Remember that even if your employer does not offer this service, you can still join your local credit union and save regularly. Contact North East Scotland Credit Union to set up a regular Standing Order to pay money straight into your savings account.

NESCU can be contacted either by calling into our office at:

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