

Improving your financial wellbeing

A helpful guide for Co-op colleagues

Tax can be a little confusing, but it's important to know about it to make sure you get what you're entitled to. In this newsletter, we're covering the tax basics around tax codes and what they mean, Marriage Allowance and Help to Save. You might discover some information that can help you and your family save some money.

You can find out about all your co-op benefits at: www.colleagues.coop.co.uk/benefits



Help to Save

What is Help to Save?

Help to Save is a type of savings account set up by the government for people on working tax credits or Universal Credit.

If you open an account, you can pay in a maximum of £50 a month for four years. For every £1 you save, you'll get a bonus of 50p. If you save the maximum amount of £2400 over four years, you'll receive an additional bonus of £1200 from the government, meaning your savings would total £3600.

How does the scheme work?

If you use Help to Save, you can get a bonus from the government at the end of your second and fourth years of saving.

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- After your first two years, the bonus will be half of the highest balance you've saved in your account
- After four years, the bonus is half of the extra money you pay into your account above the highest balance you saved in the first two years

If your highest balance doesn't increase, you won't earn a bonus in your fourth year.

You're allowed to withdraw money from your account, but if you take money out this will make it harder to earn the largest possible bonuses. You can also close your account at any time, but if you do so you'll miss your next bonus – and you're not allowed to reopen your account.

After four years your account will be closed, and the money saved will be transferred into your bank account.

Who is eligible?

You can apply for a Help to Save account if you're either:

- Entitled to Working Tax Credit and receiving Working Tax Credit or Child Tax Credit payments; or
- Claiming Universal Credit and your income from earnings in your last monthly assessment period was £542.88 or more

Also if you and your partner have a household award of tax credits or Universal Credit and are eligible for Help to Save you can each open individual accounts.

Even if your circumstances change and you stop receiving Working Tax Credit or Universal Credit, you can still save into your account and receive bonuses.

How to open your account

You can open an online account, or check your eligibility within minutes. You can do this at gov.uk/helpertosave or through the HMRC app.

If you don't have access to the internet call 0300 322 7093 and Help to Save advisers will help you set up an account.



Marriage Allowance

Marriage Allowance is a tax benefit designed for married couples and civil partners where one person earns less than £12,500 a year.

If you earn less than the £12,500 Personal Allowance, then you can transfer £1,250 of your allowance to your spouse, as long as they earn between £12,501 and £50,000. By doing this, your spouse will pay less tax because their personal allowance will go up. It can save your family up to £250 a year.

How to make a claim
To claim marriage allowance, you can visit <https://www.gov.uk/apply-marriage-allowance>.



Universal Credit and August paydays

As you get paid every four weeks, you'll have two paydays in August this year: Thursday 1 August and Thursday 29 August.

If you're a colleague who receives Universal Credit, getting paid twice in a month might affect your benefit. Because your August earnings will seem higher than normal, Department for Work and Pensions (DWP) may reduce or suspend your universal credit from August. If it gets reduced, it should return to normal after September (as you'll go back to being paid once a month). If your Universal Credit is stopped or suspended you will need to contact the DWP to get it restarted.

You can find out more about how different earnings patterns (including four weekly pay) affect universal credit by using the QR code below or going to:

<http://bit.ly/2JOIRIT>



Neyber and debt consolidation

We partner with Neyber to make it easy for you to take control of your money when it comes to debt.

Neyber help give Co-op employees a fairer option when it comes to paying off debt, no matter how big or small.

Could you benefit from debt consolidation?

01 | Feel in control

Bring your debt repayments under one roof. If you've got multiple loans and credit card repayments, then you can combine these into one manageable monthly payment.

02 | Save money

Our affordable, fixed rates from 3.9% APR - 17.9% APR are designed to lower your monthly repayments, allowing you to do more of the things you love.*

03 | Salary-deducted repayments

When you borrow money with Neyber, the same fixed amount will automatically come out of your salary twelve times a year. No hassle, no late fees, no fuss.

**Representative example: 8.9% APR
Representative based on a loan of £7,800, repayable over 4 years at an interest rate of 8.9% PA (fixed), administrative fees: £0, monthly payment of £192.46, total amount payable £9,238.29.*

Debt consolidation

Debt consolidation can make debt more manageable by reducing the monthly cost of your repayments. It's also worth noting that in some circumstances, this could mean paying the debt back over a longer period of time, and it's possible the overall cost could be higher.

Sign up to Neyber today at
neyber.co.uk/coop



Tax codes – what you need to know

What do different tax codes mean?

Your tax code is printed on your payslip, and it's usually a number followed by a letter. Your tax code is given to Co-op by HMRC and tells us how much money you can earn before being taxed. This amount is called your Personal Allowance.

For 2019/20, the Personal Allowance is £12,500. This means every person in the UK is allowed to earn £12,500 a year before they have to pay any income tax. Your Personal Allowance is shown on your payslip as the number part of your tax code. For example if your only job is with the Co-op, and you don't have any other money coming in (i.e. a pension) then in 2019/20 the number part of your tax code will usually be '1250'.

The other part of your tax code is the letter which follows the numbers, here's what they all mean:

L	You're entitled to the standard tax-free Personal Allowance
BR BSR	All your income is taxed at the basic rate
M	You've received 10% of your partner's Personal Allowance
N	You've transferred 10% of your allowance to your partner
T	Other calculations are being used to determine your Personal Allowance, for example, if you earn more than £100k per year
0T S0T*	You have used up your Personal Allowance, or your new employer doesn't have the details needed to provide a tax code
D0 D1 SD0 SD1* SD2*	Your income is taxed at a different rate
NT	You're not paying any tax on this income
W1 M1 X	These are emergency tax codes and are usually used if you've recently changed jobs, are working for an employer after being self-employed or you're getting company benefits or the State Pension as well as your pay.

*Codes with the letter S show that you pay the Scottish rates of income tax.

Tax codes with 'K' at the beginning

Tax codes with 'K' at the beginning mean you have income that is not being taxed another way and it's worth more than your tax-free allowance. For most people, this happens when you're:

- Paying tax you owe from a previous year through your wages or pension
- Getting benefits you need to pay tax on - these can be state benefits or company benefits

How much should I be paying?

To find out exactly how much income tax you should be paying, try GoCompare's income tax calculator.

Compare this figure with the one showing on your payslip and make sure that everything is as it should be.

What to do if you think you're on the wrong tax code.

Sometimes HMRC get tax codes wrong for colleagues. This is particularly common if you have a second job or have moved jobs recently. If you've been issued with the wrong tax code you could be paying too much tax through your payslip. You could also be paying too little tax in which case you could get an unexpected tax bill from HMRC after the end of the tax year.

If you think you're on the wrong tax code you can ask HMRC to send your employer a new tax code by calling the

**Income Tax Helpline on
0300 200 3300**

To get your tax code right you have to contact HMRC

If you think your tax code is wrong you should contact HMRC to get it fixed. Co-op payroll can't change your tax code without HMRC's permission so you have to speak to HMRC first. If you've been charged too much tax, then you can fill in a form to reclaim tax on the GOV.uk website or you can contact HMRC. If you're correct, they'll arrange to refund the money.

People who have been put on an "emergency" tax code could be losing as much as £2,700 a year, so it's worth speaking to HMRC if you think something is amiss.

Advice on tax refund companies

There are a number of companies who offer to take care of the admin for claiming a tax refund on your behalf. Most of these companies will charge for the service, so it's important to understand how much tax you're due to be refunded and if it's less or more than the cost of asking one of these companies to process your claim. Some companies will just charge a % of any money you're refunded.

Usually, you have more to gain from making the claim yourself. The process can be done for free online, and is generally straightforward. Despite some claims, these companies can't make the process of claiming or receiving a tax refund any quicker.

To claim a refund visit:
www.gov.uk/claim-tax-refund

