

1st Class Credit Union

EMPLOYEE FINANCIAL WELLBEING



1st Class Credit Union

Who are 1st Class Credit Union?

We are a not-for-profit financial organisation providing members with an opportunity to save and access affordable lending. At the credit union, we treat our members with care, empathy and respect.

Our Service

Our mission, to provide our members with an ethical and affordable service while keeping them at the heart of the organisation is our driving force for service delivery each day. Members of the credit union save regularly into a number of accounts, on occasion, these are the first savings that members have ever had. Should a member require lending from the credit union our online application makes it very easy for them to apply from the comfort of their home. Our loans are very fairly priced, beating the average credit card and overdrive APR by a considerable margin.

We also have a partnership with Parliament Hill, the largest provider of discounts and vouchers to the UK public. Our members have access to over 9,000 discounts ranging from everyday spending, supermarkets, fuel and online shopping.



Our Proposal

We are proposing the partnership of 1st Class Credit Union and your organisation to offer payroll deduction to your employees. Employees will be offered the chance to join 1st Class and save directly from their salary, based on the information above we believe this is a huge positive for employees' financial wellbeing.

We would ask you to help support the spreading of our message once our partnership is agreed upon. In the past, this worked well in the initial launch stage.

Some of our current payroll partners include The Royal Mail Group, The CWU Trade Union and Parcelforce Worldwide.

**IF YOU WOULD LIKE TO DISCUSS THIS FURTHER, PLEASE CONTACT
LUKE MCGILVRAY ON LUKE@1STCLASSCU.CO.UK OR 0141 552 8408.**

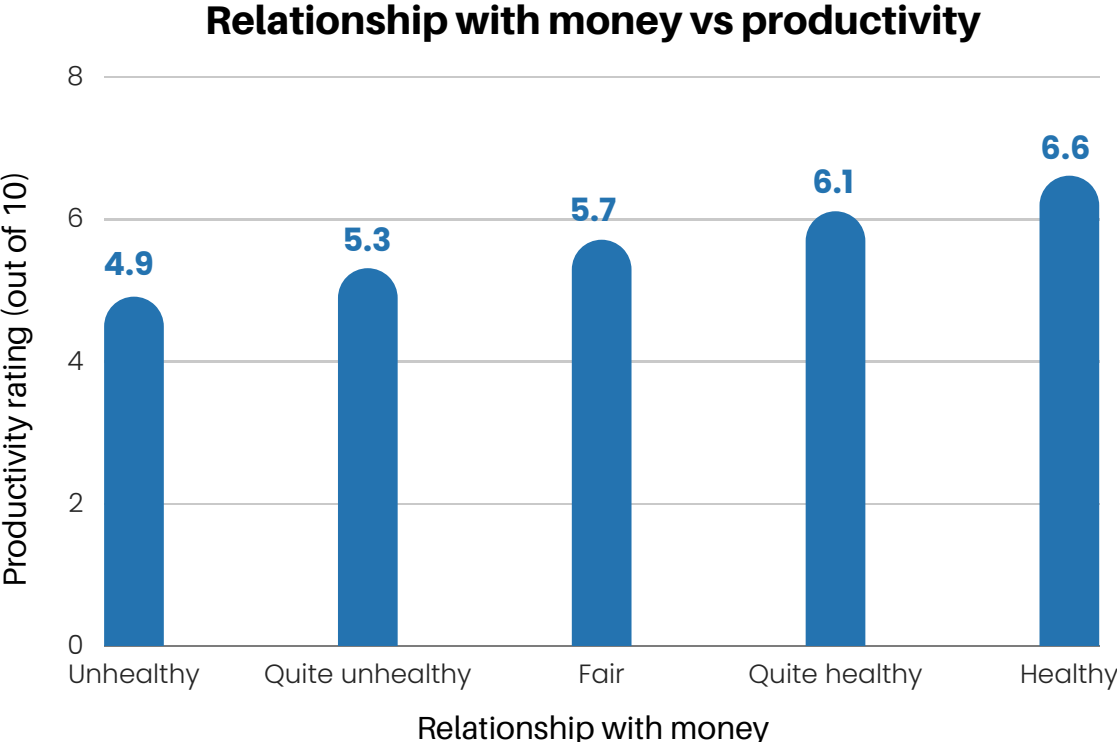
Financial Wellbeing Studies

The Behavioural Insights Team write, "The Money and Pensions Service (MaPS) estimates that 11.5 million people in the UK have less than £100 in savings, leaving them incapable of withstanding financial shocks such as unexpected health issues or house repairs. This savings problem has real-world consequences. Research from the Money and Mental Health Policy Institute has shown that a lack of financial buffer can lead to a reduction in productivity, compounded mental health issues and a poorer quality of life."¹

1) <https://www.bi.team/blogs/how-your-employer-can-help-you-save-for-a-rainy-day-month-or-year/>

Since the global COVID-19 pandemic followed by a cost of living crisis, the UK population have found it difficult to both manage their finances but also save. An employee's lack of savings and financial buffer has directly affected their workplace performance, making financial wellbeing a priority for all employers up and down the country. Some statistics supporting this are:

- Over a quarter (28%) of people already say money worries have impacted their work performance, most commonly through lost sleep, health problems such as stress or anxiety, and finding it hard to concentrate or make decisions at work.²
- Almost a third (29%) of employees say cost-of-living-related financial worries have negatively impacted their productivity at work.
- Mental ill-health is estimated to cost employers £34.9 billion a year and the cost to the UK economy of financial worries is estimated to be £120 billion due to lost productivity.³



2) https://www.cipd.co.uk/Images/reward-management-survey-2022_tcm18-108776.pdf

3) <https://solutions.zellis.com/financial-wellbeing-report-2022>

Financial wellbeing is growing as a vital support mechanism for employees, and employers are beginning to take notice. "Some 94% of organisations see financial wellbeing as an integral part of wider employee wellbeing, and link it to HR objectives, such as workforce planning, employee engagement and recruitment and retention."⁴ It's not only employers who are taking notice, employees are placing financial wellbeing much higher on their desires when it comes to choosing an employer. Employers who actively support the financial wellbeing of their employees will attract a larger pool of candidates during recruitment and retain staff much easier. A CIPD study found, 65% of employees think it's important that their future employer has a policy in place to support and improve their financial wellbeing.⁵

Research into the benefits payroll deduction with a credit union can have on employees was conducted by Money and Pensions Services in February 2021. This research was carried out in conjunction with Leeds Credit Union and 2 employers, Leeds City Council and NHS York Teaching Hospital. The research found the following.

- Payroll deduction schemes appear to change savings habits, converting non-savers into savers.
- Of 109 surveyed employees that joined LCU's payroll savings scheme during the trials, 59% stated that they had never or rarely saved before joining the credit union, and a further 18% saved some months but not others.⁶
- Being a member of the credit union makes employees much more likely to save regularly.
- Two-thirds (66%) of employees who are members of the credit union said they saved every single month, compared to 52% of employees who are not members.⁷

4) <https://www.cipd.co.uk/knowledge/culture/well-being/evidence-financial-wellbeing>

5) <https://www.cipd.co.uk/knowledge/strategy/reward/surveys>

6) <https://moneyandpensionsservice.org.uk/wp-content/uploads/2021/04/getting-workforces-saving-payroll-schemes-with-credit-unions-final-publication-report.pdf>

7) <https://moneyandpensionsservice.org.uk/wp-content/uploads/2021/04/getting-workforces-saving-payroll-schemes-with-credit-unions-final-publication-report.pdf>



Credit Union Snapshot



10,034

Members



£2,002

Average Savings



3575

Borrowers



£3,679

Average Loan Balance

Interest Comparison

Lender	Amount Borrowed	APR	Term	Total Interest
1st Class CU	£2000	18.3%	24 Months	£361
Credit Card	£2000	22.2% ⁸	24 Months	£494.89
Overdraft	£2000	34% ⁹	24 Months	£783.63
Payday Lender	£500	1250% ¹⁰	2 Months	£870.43

8) <https://www.nimblefins.co.uk/average-credit-card-interest-rate-apr-uk>

9) <https://www.metrobankonline.co.uk/bank-accounts/products/overdraft-calculator/#:~:text=How%20much%20interest%20will%20I,be%20on%20your%20monthly%20statement>

10) [https://www.moneysupermarket.com/loans/payday-loans/#:~:text=If%20you%20decide%20to%20take,Rate\)%20of%20around%201%2C250%25](https://www.moneysupermarket.com/loans/payday-loans/#:~:text=If%20you%20decide%20to%20take,Rate)%20of%20around%201%2C250%25)

Contact us for further inquiries or access www.1stclasscu.co.uk



4.6
Customer
Experience
Rating



For all questions relating to this document, please contact Luke McGilvray at Luke@1stclasscu.co.uk or 0141 552 8408.