



Salary Sacrifice Childcare E-Voucher Scheme

Employee's Guidance – Please read carefully and retain for future reference

Council for Catholic Maintained Schools (CCMS) in conjunction with Employers For Childcare Vouchers Ltd has introduced a scheme whereby you can sacrifice (give up) part of your salary in return for childcare vouchers.

Why would you consider doing so? Childcare vouchers may save you money, through tax and national insurance exemptions.

The following is an outline of the childcare voucher scheme. The information is provided in a question and answer format, and explains various issues you need to consider before opting into a salary sacrifice childcare voucher scheme.

If, after reading this document you would like to opt into the scheme, please contact any of the following to access the necessary documentation.

For teachers:

- 1. CCMS Internet: www.onlineccms.com**

For internal CCMS staff

- 2. CCMS Intranet**
- 3. CCMS HR Department**

All:

- 4. Employers For Childcare**
137a Hillsborough Old Road, Lisburn, BT27 5QE
Freephone: 0800 028 3008
E-mail: info@employersforchildcare.org
Web: www.employersforchildcare.org

You may also wish to contact the HMRC for advice and information. Details are contained on their web site at the following address www.hmrc.gov.uk/childcare

Commonly Asked Questions

Q: What are childcare vouchers?

A: Childcare vouchers are a legitimate method of paying for registered childcare. Vouchers, up to a value of £55 per week, are exempt from Tax and National Insurance Contributions (NIC) and therefore offer potential savings for working parents who use them to pay for registered childcare.

Q: What does the term 'salary sacrifice' mean?

A: A 'salary sacrifice' happens when an employee gives up the right to receive part of their cash element of pay due under his or her contract of employment.

Under the Childcare Voucher Scheme employees may 'sacrifice' part of their pay in exchange for childcare vouchers, with the potential to save money on Tax and National Insurance Contributions.

Q: What are 'Employers For Childcare E-vouchers'?

A: Employers For Childcare E-vouchers is an on-line virtual childcare voucher system whereby employees have an account holding their childcare voucher amount. They then instruct Employers For Childcare Vouchers to transfer payments to their chosen childcare provider, a similar practice to on-line banking.

Q: Can I receive childcare vouchers for any child?

A: In order to benefit from the scheme you must

1. be the *parent or legal guardian of the child(ren), and
2. use registered childcare for your child(ren).

A child qualifies up to 1 September following their 15th birthday or 1 September following their 16th birthday if he or she is disabled.

*Parental responsibility:

- A child of the employee maintained at the employee's expense, or
- Is resident with the employee. Or
- Is a child in respect of whom the employee has all the rights, duties, powers, responsibility and authority, which by law a parent of a child has in relation to the child and the child's property

Q: Am I restricted to the type of childcare I choose by using childcare vouchers?

A: Employers For Childcare vouchers can be used to pay for all *registered childcare* including registered childminders, day nurseries, crèches and play-groups, after-school and breakfast clubs, holiday schemes and workplace nurseries.

Childcare vouchers can also be used to pay for more than one form of childcare.

Q: Will my childcare provider accept vouchers as payment?

A: It is your responsibility to contact your childcare provider(s) and ask if they are prepared to accept vouchers.

If they have any doubts about the scheme they can contact Employers For Childcare Vouchers directly on 0800 028 3008. Employers For Childcare Vouchers can explain how childcare vouchers work, for example how and when payments are made.

Note: If your childcare provider already accepts Employers For Childcare vouchers there is no need for them to complete another Childcare Provider Agreement form.

Q: Is there a limit to the amount of vouchers I can purchase?

A: The first £55 per week of childcare vouchers you purchase is exempt from Tax and NIC. The £55 per week exemption is per employee not per child of the employee, therefore both parents can purchase childcare vouchers and potentially make a double saving.

An employee will not be able to purchase vouchers if their gross monthly salary falls below £453 (NIC Earnings Threshold 2008/09) and the National Minimum Wage.

Q: How much could I save under the scheme?

A: The level of financial savings will depend on your salary and the National Insurance Contribution (NIC) rates you pay:

If your salary is under *£34,600 you pay 20% tax (Basic rate) and if you pay National Insurance under table letter A at 11% you could save 31% on the value of vouchers you purchase

Or if you pay National Insurance under table letters D or F at 9.4% you could save 29.4% on the value of vouchers you purchase

If your earnings are above *£34,600 you pay 40% tax (Higher rate) and NIC of 1% you could save 41% per month on the value of vouchers you purchase

*these figures are current for the Tax year 2008-09, but are subject to Inland Revenue changes

Example of Potential Savings:

A parent decides to sacrifice the following amount in exchange for childcare vouchers	31%	29.4%	41%
£55 per week	£17.05 per week	£16.17 per week	£22.55 per week
£243 per month (£55 pw equivalent)	£75.33 per month	£71.44 per month	£99.63 per month

31% saving = 20% tax and 11% NIC

29.4% saving = 20% tax and 9.4% NIC

41% saving = 40% tax and 1% NIC

Q: How long are vouchers valid for?

A: Your account is valid for 12 months from the date of the last deposit transaction.

Q: Am I able to return any unused vouchers?

A: Yes. HMRC have advised us that the voucher amount can only be returned in exceptional circumstances and in these cases refunds can be given. The only exceptional circumstances which will be accepted are:

- Redundancy or loss of job
- Death of child; and
- Refusal of childcare provider (who previously accepted vouchers) to accept them in the future and where the employee chooses to remain with the childcare provider

Please therefore think carefully about the amount of vouchers that you require each month before placing your initial order.

To get a refund you must complete a **Reimbursement form** and pass it to the HR/Payroll. The payroll department will endeavour to pay refunds at the next pay period available.

Q: What if I change my childcare provider and have an unused amount in credit?

A: If you change your childcare provider you will need to get your new childcare provider to complete a *Childcare Provider Agreement form* (providing they are registered and agree to receive vouchers) and forward to Employers For Childcare Vouchers. A *Parent's Change of Details form* should also be completed and forwarded to Employers For Childcare Vouchers.

Note: If your childcare provider already accepts Employers For Childcare's vouchers there is no need for them to complete another Childcare Provider Agreement form.

Note: It is necessary for you to notify Employers for Childcare, of any change in circumstances in relation to the child or childcare.

Q: How can I join the scheme?

A: You must return the completed forms to Employers For Childcare who will forward the completed variation of contract to your employer. Standard forms are available from the contacts provided at the start of this document.

See also section below on 'Step By Step Guide to Joining the Scheme and using Childcare Vouchers'.

Q: How do I let my employer know the value of vouchers I require each month?

A: Agreement to Vary Terms & Conditions of Employment (Opting In) form: Each employee who wishes to opt into the scheme must complete this form. The form confirms an individual's agreement to 'sacrifice' part of their salary in exchange for childcare vouchers to the same value. This document contains details of the value of the vouchers the employee will receive each month.

Note: the value of the vouchers remains the same each month until the employee opts out of the scheme – if the value of childcare vouchers changes then a new Vary Terms & Conditions of Employment (Opting In) form will need to be completed.

Q: What if I need to change the value of childcare vouchers I receive?

A: You should complete a new Vary Terms & Conditions of Employment form, (subject to the notice requirements of the original agreement), and give it to Employers for Childcare who will forward it to your employer.

Q: What happens if I join the scheme and then decide I do not want to receive vouchers anymore?

A: If you wish to opt out of the scheme at the end of the Variation of contract period simply do not complete a further Vary Terms and Conditions of Employment Opting In form.

If you wish to opt out of the scheme before the agreed duration period ends you may do so as long as you provide the board, *with 1 months advance written notice, in the form of an opting out form. These forms are also available from the contact points at the beginning of this document.*

Q: Will my pension be affected?

A: State Pensions

The basic state pension is calculated on the number of years NICs are paid, not the amount, therefore as long as contributions do not fall below the minimum amount (LEL) while buying childcare vouchers, the state pension will not be affected.

An individual's State Second Pension/Additional State Pension may be affected as the amount of national insurance contributions will be reduced. However if an individual only sacrifices pay for a short period their contribution history will only be affected for that period, so the effect on their pension benefit entitlement will be minimal.

Occupational Pension Scheme

In terms of the Teachers Pension Scheme and the NILGOSC pension scheme for non-teaching staff each will use the notional level of pay for calculating benefits and therefore there will be no negative impact on an employee's pension arising out of the decision to make a salary sacrifice for childcare vouchers.

Q: Will my tax credits be affected?

A: Tax credits help families on low to middle incomes. There are two tax credits:

Child Tax Credit (CTC) is for people who are responsible for at least one child or qualifying young persons. 9 out of 10 families are eligible for this support.

Working Tax Credit (WTC) is for people who are employed or self-employed who usually work 16 hours or more a week. The childcare element provides help of up to 80% of qualifying childcare costs up to £175 per week for one child or £300 per week for two or more children.

Childcare Vouchers can affect entitlements to tax credits; because childcare vouchers are not counted as income for tax credit purposes. They can be affected in two ways:

- your income for tax credits purposes will be reduced by the amount of pay you have given up in return for the benefit;
- your eligible childcare costs for tax credit purposes will reduce as it must only include costs you pay yourself – the amount you pay through childcare vouchers is not included

If you do not know if you would benefit from childcare vouchers you can compare your current tax credit award with the tax and NICs savings with vouchers, following the steps below.

Step 1

Check your current tax credit entitlement (this is based on your family income and qualifying childcare costs before participating in the scheme) **TIP:** the HMRC Tax Credit calculator works out entitlement from the date of the enquiry to the next 5 April.

Step 2

Check your tax credit entitlement based on what your **lower** family income will be (your original pay less the amount of cash you have given up in return for childcare vouchers). This calculation should also use your **lower** childcare costs (your qualifying childcare costs less the amount met by vouchers).

Step 3

Calculate your tax and NICs saving on taking the childcare vouchers instead of cash pay

Step 4

If the award from Step 2 plus the savings calculated in Step 3 is greater than the award from Step 1, you will benefit from the childcare voucher scheme.

HMRC Tax Credit Telephone Helpline: 0845 603 2000

Or further information can be found at
www.hmrc.gov.uk/childcare/interaction-tc-cv.htm

Employers For Childcare can provide basic advice on tax credits.
Phone 0800 028 3008

Q: Will entering the scheme affect Statutory Sick Pay or Statutory Maternity Pay?

A: Possibly, however any potential negative impact can be avoided.

Statutory Sick Pay

If you are participating in the scheme and go onto half pay or statutory sick pay solely, receiving vouchers may reduce your salary below the National Insurance Lower Earnings Limit and deductions can not be made for childcare vouchers in these circumstances. Therefore if you go onto minimum statutory sick pay it is advisable that you opt out of the scheme as no deductions will be made for the vouchers when the payroll is processed. This should not normally be an issue for short term sick leave but is something you should be aware of for longer term sick leave.

Statutory Maternity Pay & Enhanced Maternity pay

If you are, or become pregnant you should opt out of the scheme 23 weeks before the baby is due to be born however you may opt in again 15 weeks before the expected week of confinement.

Employees should note that if they do not opt out of the scheme 23 weeks before the baby is due to be born their statutory maternity pay could be reduced.

Q: How do I use the Employers For Childcare E-voucher system.

A: Once you have completed all the necessary forms, your employer will forward your Parent Registration Form to Employers For Childcare Vouchers who will register your details and issue you with a User Name, Password and PIN.



Q: What if I forget my password?

A: Along with your logon details you will be issued with a business card which you can use to record your details. If you have forgotten your password please phone Employers For Childcare Vouchers who will issue you with another one.

Q: When will my account be credited?

A: The board will endeavour to have the payment with Employers For Childcare no later than two weeks following your pay date.

Q: How do I make payments to my childcare provider?

A: As soon as your employer has forwarded payment to Employers For Childcare Vouchers, your account will be credited and you can then use this amount as full or part payment of your childcare costs.

When you are ready to pay your childcare provider simply logon and instruct us to issue payment, as full or part payment of your childcare costs, to your chosen childcare provider. Payment will be in the provider's account within 3 banking days.

Q: What if I don't have access to the internet?

A: An automated telephone service is also available whereby you can access your balance and instruct Employers For Childcare Vouchers to transfer payments to your childcare provider.

Advantages to parents using e-vouchers

- Simple and easy to use
- 24/7 online and telephone access to account information
- Easy tracking of transactions
- Multi-childcare provider options
- Fast payments
- Not subject to variations on postal service, or loss

Additional Features

- You can set up reminders to remind you to make payment to your childcare provider or remind you of special dates/occasions
- Frequently Asked Questions
- You can send a message to Employers For Childcare Vouchers
- You can view existing childcare in your area and access practical advice on Childcare Solutions by linking to the Employers For Childcare website

Q: Is there a time frame for using my account?

A: Your voucher account will remain valid for up to 12 months from the date of the last deposit transaction.

How to complete Registration Forms.

Parent Registration Form

To be completed by the Parent/Employee. Put the details of the child for whom the childcare voucher payment relates to.

The Registration Trust is the Health & Social Care Trust the nursery/childminder is registered with in N.Ireland, or use the OFSTED Number is in rest of UK.

Childcare Provider Agreement Form

To be completed by the childcare provider, supplying Employers For Childcare Vouchers with their name, address, bank details for BACS payments, and a copy of their Social Services Registration Certificate if in N.Ireland or OFSTED number/certificate in rest of UK.

If your childcare provider already accepts Employers For Childcare Vouchers there is no need for them to complete another form. You can check this with your provider or you can call Employers For Childcare. Please speak to your childcare provider and let them know you will be paying all or part of your childcare costs by e-vouchers.

Vary Terms & Conditions Opting In Form

Point 4.1 – The amount you enter in here will be the amount deducted from your salary on a weekly/monthly basis. The maximum you can take in childcare vouchers is £55 per week (if weekly paid) or £243 per month (if monthly paid); if you childcare is less than this then enter in the relevant amount.

Point 6.1 – The start date is the date you wish to start childcare vouchers being reduced from your salary, or the next available pay period if forms are received after salary has been processed. If you are unsure of the finish date of your registered childcare you can leave this blank or contact your HR or Payroll department.

Step by Step Guide to Joining the Scheme & Using Childcare Vouchers

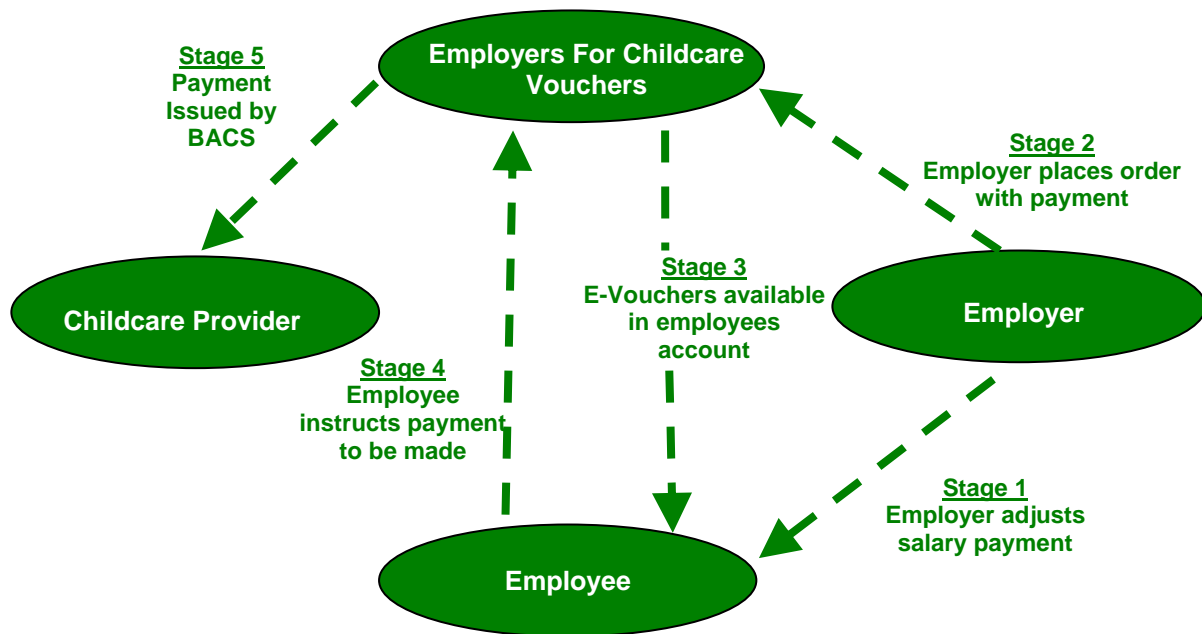
You should consider your own circumstances and decide whether or not you wish to opt into the childcare voucher scheme. If you do wish to join the scheme you can access the necessary forms from any of the contacts given at the start of this guide.

The following steps should then occur:

- 1) You must complete and sign an agreement to vary your terms and conditions of employment – an 'Opting In' form to enable us as your employer to provide you with childcare vouchers to the value equivalent to the amount you 'sacrifice' from your salary. (This Agreement will be kept in your personnel file).
- 2) You complete a 'Parent Registration' form.
- 3) You give your childcare provider a 'Childcare Provider Agreement' form which they complete and give back to you. (If your childcare provider is already registered with Employers For Childcare Vouchers Ltd there is no need for them to complete another form).

- 4) All completed forms should be returned to Employers For Childcare Vouchers Ltd to enable them to set up an account for you and provide you with log on details.
- 5) Your employer will arrange for Employers For Childcare Vouchers Ltd to credit your account with the value of childcare vouchers you sacrificed.
- 6) When you are ready to pay your childcare provider simply logon (or telephone) and instruct Employers for Childcare to issue payment, as full or part payment of your childcare costs, to your chosen childcare provider. Payment will be in the providers account within 3 banking days.

The following diagram summarises the ordering, payment, and redemption procedures:



The board will endeavour to have the payment with Employers For Childcare no later than two weeks following your pay date.

Disclaimer

The board has made every effort to ensure the information provided is factually correct.

All individual members of staff are advised to consider their own circumstances before reaching a decision on whether or not to opt into the Childcare Voucher Scheme.

Please note that HMRC regulations are subject to change over time and Employers For Childcare Vouchers Ltd cannot be held liable for errors.