



...leading the way to childcare savings

Childcare Voucher Scheme

For many employees the pressure of balancing work and family life can be difficult. To retain employees and ensure that they have a good balance between their work and home lives, **CO NAME** together with Westminster Vouchers has introduced a Childcare Voucher Scheme for employees (on a contract of 6 months or more) that provides support in the area of childcare and family responsibilities.

Childcare vouchers provide a more flexible way for staff to meet the cost of childcare and give employees freedom of choice over their childcare arrangements. Parents are better off with Childcare Vouchers than they would be with cash payments. Childcare vouchers are exempt from tax and national insurance up to the value of £55 per week or £243 per month from April 2006.

To qualify for this scheme an employee must be the parent or legal guardian of a child. Childcare vouchers can be used to cover child care costs until the 1 September following the child's 15th birthday or 16th birthday in the case of a child with a disability.

The Voucher Scheme works by changing what the employer has to "pay" to the employee in a particular pay period, for example a month. A "pay period" is the period of time for which an employee is paid, whether weekly or monthly. In any pay period, for example a month, in which the employee wishes to receive Childcare Vouchers, they give up the right to receive their full salary and instead they enter into an agreement with **CO NAME** that they will be entitled to receive a reduced payment of

salary plus the agreed value of Childcare Vouchers. The total value the employee receives will remain the same.

This agreement between the employee and **CO NAME** to alter how they receive their total pay, is known as a "salary sacrifice" arrangement. The employee agrees with **CO NAME** to "sacrifice" part of the salary that is due to be paid in exchange for receiving Childcare Vouchers with a face value that is equal to the salary they have "sacrificed". A form needs to be completed by employee called "Employees Voucher and Amendment To Vary Terms and Conditions of Contract" (available from your local HR office).

Is there a limit to the amount of vouchers that an employee can have?

The amount of vouchers an employee can take is currently capped at £55 per week (£243 per calendar month). Net pay after vouchers should also remain above £420.33 per month (£97 per week). This is to ensure that the employee can pay the minimum amount of NI on which a number of state benefits, including Statutory Sick Pay, are dependent. These figures will change from time to time and you will be informed as and when changes occur.

How does this me save money?

You do not pay Income tax or National Insurance contributions on the part of the salary they take in vouchers.

How much can I save?

The amount saved will depends on the level of tax and NI you pay. The payroll department will be able to help with this.

How does the scheme work?

You complete a form, which alters the Terms and Conditions of your employment allowing **CO NAME** to pay part of your salary in vouchers, which is then used to pay for childcare. Vouchers are sent to your home/work address on payday/at the end of the month. You then pay your childcarer with the vouchers and they redeem them through Westminster Voucher Co.

Will taking childcare vouchers affect payment of Statutory Maternity Pay/Statutory Paternity Pay?

SMP/SPP is calculated on salary on which NI is payable so SMP/SPP may be reduced if you take childcare vouchers.

Will my pension contributions be affected?

No, Pension Contributions will not be affected if you take childcare vouchers.

Will claims for Working Tax Credit be affected?

There may be an effect on the childcare tax credit element of the WTC. It is advisable that you contact the WTC helpline on 0845 300 3900 prior to applying for childcare vouchers.

Can both my partner and I have vouchers?

Yes, the amount of vouchers that a parent or legal guardian can take is limited to £55 per week each (£243 per month) each, irrespective of how many children you may have, so you could maximise your savings by ensuring that both parents/guardians take part in a childcare voucher scheme.

What if I have more than one childcarer?

Like cash, vouchers come in various denominations. This enables you to split payment to as many carers as you use.

How are the vouchers used?

You pay the childcare provider with the vouchers. They redeem them through Westminster Voucher Co who runs the scheme.

Who can accept the vouchers?

- Registered childminders, nurseries and play schemes
- Out-of-hours clubs on school premises run by a school or local authority
- Childcare schemes run by school governing bodies under the 'extended schools' scheme
- Childcare schemes run by approved providers, for example, an out-of-hours scheme or a provider approved under a Ministry of Defence accreditation scheme
- Childcare given in the child's own home by a person* approved to care for your child or children
- Childcare given in the child's own home by a domiciliary worker or nurse* from a registered agency who cares for children

- Approved foster carers (the care must be for a child who is not the foster carer's foster child)

*Childcare provided in the child's own home will not qualify if the person approved to give that care is a relative of the child

All carers must be either registered or approved in order to be able to accept childcare vouchers.

What if my childcare costs vary every month?

You can keep the vouchers for when you have a more expensive month e.g. during the school holidays.

If I want to change the value of monthly/weekly vouchers what should I do?

You should write to your HR Manager a month prior to the date you want the amendment to become effective requesting to have the amount received in vouchers amended.

Can the vouchers go out of date?

Initially the vouchers are valid for 1 year, however, if they do expire then phone Westminster Voucher Co and they will accommodate for this.

Can I change my childcare provider?

Yes. Westminster Voucher Co will need to be informed so a new "Redemption Agreement" form is sent.

Can I leave the scheme at any time?

Yes you can leave at any time by giving one month notice in writing. The letter should be addressed to your HR Manager clearly stating the date from which you no longer wish to receive the vouchers.

What happens if my vouchers are lost or stolen?

Contact Westminster Voucher Co and new vouchers will be sent. If the voucher is lost/stolen in the process of redemption then contact Westminster Voucher Co and payment will be made.

What do I do next?

To join the Westminster Voucher Scheme you will to complete

- The *Employees Voucher and Amendment to Vary Terms and Conditions of Contract* form (salary sacrifice). This form formally

alters the Terms & Conditions of your employment allowing **CO NAME** to pay part of your salary in vouchers. You then pass this to the HR department who will sign and return a copy to you. You must retain this form as if forms an amendment to your existing terms and conditions of employment.

- *Employee Order* form which details the value of the vouchers you are ordering. The current maximum amount of vouchers you will be allowed to take is £55 per week (£243 per calendar month).

If your childcare provider is not already registered with Westminster Voucher Co, they will receive a "Childcare Voucher Redemption Agreement" form together with the first voucher. The completed form (with a copy of your Ofsted certificate), and voucher can then be sent to Westminster Voucher Co for Redemption.

All completed documentation should be returned to your HR department for processing. You will receive your Westminster Vouchers in the last week of each month.