



Includes  
Information on  
**2017**  
Changes

# **+** childcare

Childcare Vouchers -  
Parent Information Pack

# Listen up!

## Changes to childcare voucher scheme in 2017

The governments Tax Free Childcare initiative (originally planned for August 2015) has now been delayed until 2017, which will replace over time the current childcare voucher system run through your employer and explained in this booklet.

Once the new scheme is in place NO new entrants will be allowed onto the current childcare voucher programme.

Important note: The government has said they will continue to honour the current childcare voucher scheme until your child reaches 15 years of age (16 if they have a disability) provided that you remain with your current employer.

### Won't the new Tax Free Childcare solution be better for me?

Not necessarily. It will depend on each families individual circumstances.

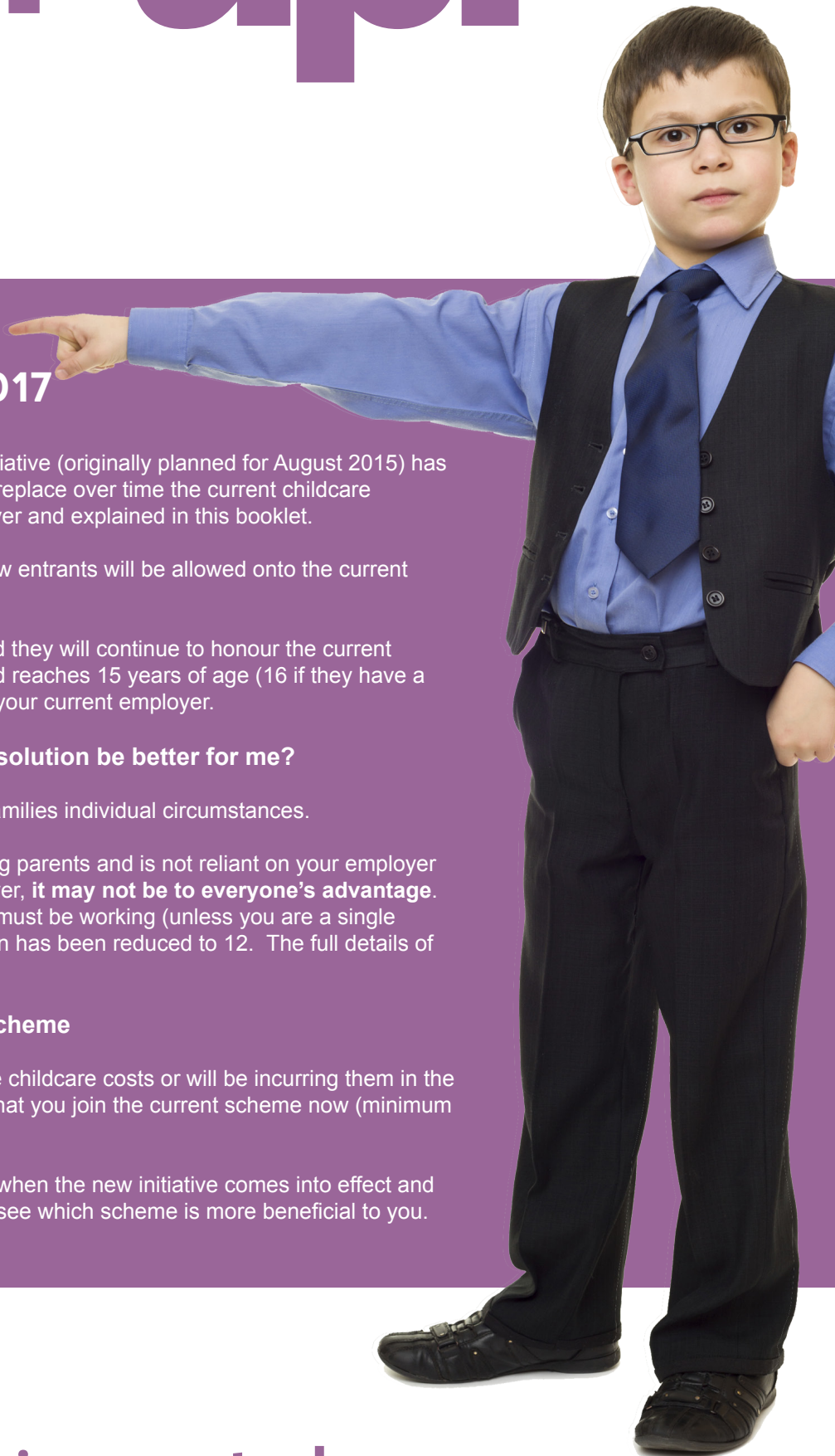
The new scheme is open to more working parents and is not reliant on your employer enrolling in a recognised scheme, however, **it may not be to everyone's advantage**. For example, both parents or guardians must be working (unless you are a single parent) and the qualifying age for children has been reduced to 12. The full details of the new solution are yet to be released.

### If you are eligible for the current scheme

If you are a working parent and you have childcare costs or will be incurring them in the next two years then we strongly advise that you join the current scheme now (minimum payment £10 per pay period).

This will give you the flexibility of choice when the new initiative comes into effect and you can evaluate your circumstances to see which scheme is more beneficial to you.

## Don't delay sign up today



# Childcare vouchers

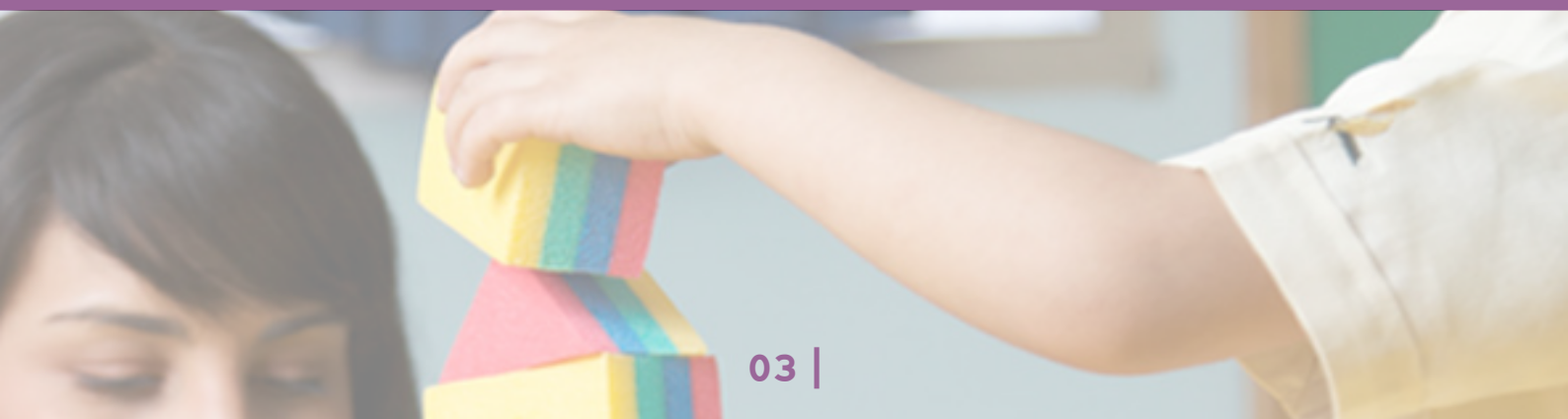
The Childcare Voucher scheme offered by You at Work is a government approved initiative, endorsed by the HMRC, which is designed to help working parents with their childcare costs.

The part of your gross salary you exchange for childcare vouchers is tax-free and exempt from National Insurance contributions (NI). Because of this, you can make savings of up to £933\* a parent, a year.

Childcare Vouchers are an easy way for you to save on the cost of your childcare. If you have children aged up to 15 (16 if they have a disability) that attend a registered childminder, nursery, play scheme, after school club or summer club, then you can sign up and begin saving.

## Contents

- 04 | What is salary sacrifice
- 04 | How much can I save?
- 05 | How does the scheme work?
- 05 | Where can they be used?
- 05 | Leaving the scheme
- 06 | Working tax credits
- 06 | Are Childcare Vouchers right for me?



## What is a salary sacrifice?

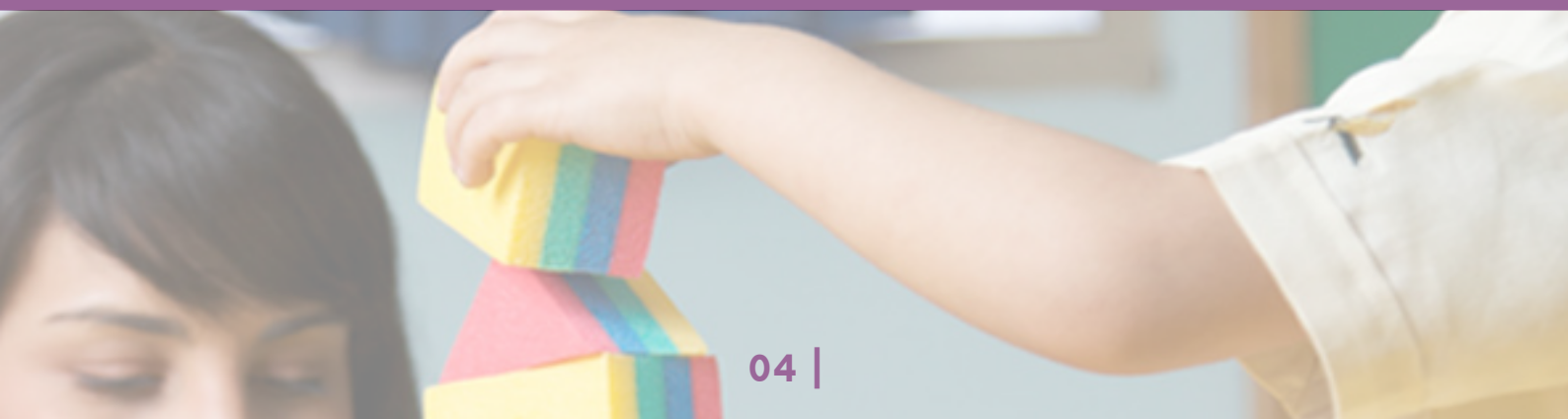
The scheme is traditionally run as a salary sacrifice arrangement between you and your employer, whereby your employer will invite you to participate in the scheme. If you decide to participate in the scheme, you will do so by opting to exchange part of your monthly salary in return for childcare vouchers, enabling you to save on Tax and NIC.

Your employer will take care of the payroll deductions, so all you need to do is complete a salary sacrifice agreement and your chosen amount will appear in your online childcare account, ready for you to use when you are!

## How much can I save?

The total amount you can save will depend on which tax bracket you fall into. In April 2011 the government made some changes to the scheme which affected the amount employees could save. The reasoning behind this was to reduce the amount higher and additional taxed employees could sacrifice to make the scheme fair for all employees and to try and keep the savings equal for all.

Tax Band	Month Tax Exempt Amount	Annual Exempt Amount	Annual Savings
Basic Tax Rate Payer 20%	£243	£2,916	£933
Higher Tax Rate Payer 40%	£124	£1,484	£623
Additional Tax Rate Payer 45%	£110	£1,325	£623



## How does the scheme work?

Employers typically offer Childcare Vouchers to their employees as a staff incentive, as part of a salary sacrifice or flexible benefits package for a 12 month period. By agreeing to a reduction in your monthly salary, if you are eligible for childcare vouchers, you will be able to make fantastic Tax and National Insurance Contributions (NIC) savings of up to £933 per year, per parent, with both parents being able to sign up to the scheme, effectively doubling your savings!

You at Work operate a complete online service, we set up individual accounts for each parent employee where funds can be checked and carers paid.

## Where can they be used?

The key thing to remember is that the vouchers can only be used for registered and approved childcare, this includes:

- Child-minders
- After school activity clubs
- Breakfast club
- Nannies and Au Pairs
- Nurseries
- Playgroups
- Summer camps
- Activity based childcare, for example drama clubs and other after school activity clubs



## Leaving the scheme

You are free to leave the scheme at any point providing you have experienced a 'lifestyle event'. These are at the discretion of your employer, but 'lifestyle events' can typically be described as:

- A change in working hours
- A change in salary
- Leaving employment
- Redundancy
- Birth/adoption
- A change in childcare circumstances
- Moving abroad



# Working tax credits

If you are currently receiving working tax credits, we strongly recommend that you check whether joining the scheme will reduce the amount you receive. Normally, working tax credits can cover up to 70% of childcare costs for eligible working parents. Therefore we strongly advise that you seek independent advice before signing up this benefit.

## Are Childcare Vouchers right for me?

After reading about Childcare Vouchers within this pack, we hope that you are now fully informed of the fantastic benefits and savings you could make by participating in the Childcare Vouchers scheme.

Anyone currently paying childcare costs should seriously consider signing up to the scheme as you can save money with savings on the Tax and NIC you pay.

If you do have any further questions, we will be happy to hear from you.



## Feel free to contact our Customer Care Team on 0800 037 0125

(available Monday to Friday between 8am and 6pm, Saturday to Sunday between 10am and 4pm)