

Employers For Childcare Trading

Employee's Guide to Salary Sacrifice (Scheme Rules) Salary Sacrifice Childcare Voucher Scheme

PLEASE READ CAREFULLY AND RETAIN FOR FUTURE REFERENCE

Your company, in conjunction with Employers For Childcare Trading Limited, operates a scheme whereby you can sacrifice part of your salary in exchange for Childcare Vouchers and therefore **save money through Tax and National Insurance exemptions.**

You are eligible because you joined the Childcare Voucher scheme through your employer prior to its closure to new entrants on 4 October 2018.

The following is an outline of the Childcare Voucher scheme. The information is provided in a question and answer format.

If, after reading this document, you have any queries please contact:

Email: hello@employersforchildcare.org
Tel: **028 9267 8200**

NOTE: Employers For Childcare Trading Limited recommends that employees who are in receipt of Tax Credits notify Her Majesty's Revenue and Customs (HMRC) when they register for, or are in receipt of Childcare Vouchers. Likewise, employees who are in receipt of Universal Credit should ensure that they have informed Universal Credit that Childcare Vouchers are also in payment. You may also wish to contact our Family Benefits Advice Service on **028 9267 8200**.

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General

Q. What are Childcare Vouchers?

A. Childcare Vouchers are a method of paying for registered childcare. Childcare Vouchers up to a maximum of £243 per month (£55 per week) are exempt from tax and National Insurance Contributions (NICs), therefore offering savings for working parents who use registered childcare.

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

A. A 'salary sacrifice' occurs when an employee gives up part of their cash element of pay due under their 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. For further information, see 'Salary Sacrifice Questions and Answers' on the HMRC website at: <https://www.gov.uk/salary-sacrifice-and-the-effects-on-pay>.

Q. What are E-vouchers?

A. E-vouchers are an online virtual Childcare Voucher system that employees have access to. This account holds their Childcare Voucher amount. Employees instruct Employers For Childcare Trading Limited to transfer payments to their chosen childcare provider via the online account. This system works in a similar way to online banking.

Q. Can I receive Childcare Vouchers for any child?

A. Childcare Vouchers can be received to pay for registered childcare for a qualifying child (providing you joined the scheme before 4 October 2018, and remain eligible). As per HMRC guidelines, the child will qualify:

- Until 1 September following their 15th birthday, or
- Until 1 September following their 16th birthday, if they are registered disabled.

Your employer or voucher provider may ask you for the child's date of birth or birth certificate, or whether the child is disabled.

The child must be:

- Your child
- Your stepchild, or
- A child who lives with you and for whom you have parental responsibility.

Parental responsibility means that you have the same legal rights, duties, powers, responsibilities and authority as a parent for the child and the child's property. If you are not the parent, your employer may ask you what your relationship is to the child.

Q. Am I restricted to the type of childcare I choose by using Childcare Vouchers?

A. Childcare Vouchers can be used to pay for all forms of registered childcare. Registered childcare means that the childcare provider is registered with the appropriate registering body and meets the requirements of the relevant National Standards. This includes registered childminders, day nurseries, crèches, playgroups, afterschool and breakfast clubs and holiday schemes.

Childcare Vouchers can be used to pay for more than one form of registered childcare, e.g. if you use more than one type of childcare for one child, and/or if you use different childcare providers for a number of children.

Q. Will my childcare provider accept Childcare Vouchers as payment?

A. Most childcare providers are happy to accept Childcare Vouchers although it is your responsibility to contact your childcare provider to check.

If they have any queries about the scheme, they can contact Employers For Childcare on 028 9267 8200.

Q. Is there a limit to the amount of Childcare Vouchers I can purchase?

A. The amount you can purchase is dependent on your tax band. You may be able to purchase up to a maximum of £243 per month (£55 per week) which will be free from tax and NIC. The maximum exemption is per employee, therefore both parents can purchase Childcare Vouchers and potentially make a double saving.

You may be restricted in the amount of vouchers you can take due to the Income Tax band you fall into (note that this may be different in Scotland see <https://www.gov.uk/scottish-income-tax> for further information). All employees are subject to a basic earnings assessment which will determine the level at which they can sacrifice. See <https://www.gov.uk/government/publications/employer-supported-childcare> for more information.

	Tax 20%	Tax 40%	Tax 45%
Max amount that can be sacrificed	£243	£124	£110

Previously parents could not avail of Childcare Vouchers in cases where the salary sacrifice would bring their hourly rate below the National Living Wage / National Minimum Wage. However, new rules mean that this is no longer the case. In a change to previous rules in relation to salary sacrifice and the National Minimum or Living Wage, from April 2020 employers offering salary sacrifice and deductions schemes to employees will no longer be fined if the scheme brings payment below the National Minimum Wage rate for those employees. This includes salary sacrifice Childcare Voucher schemes. The waiver is subject to strict criteria – including that the worker has opted into the scheme and not been forced into it by their employer and has received the correct benefit as a result of the deduction.

Q. What if I change my childcare provider?

A. If you change your childcare provider you must notify Employers For Childcare Trading Limited by changing these details on your online account. If you are unable to do this, contact Employers For Childcare Trading Limited on 028 9267 8200 who will then update the details on your account.

Potential Savings

Q. How much could I save under the scheme?

A. Employees participating in the Childcare Voucher scheme are exempt from Tax and National Insurance Contributions on the value of the vouchers purchased, therefore the savings you make will depend on your salary and the National Insurance Contribution (NIC) rates you pay (may be different in Scotland see <https://www.gov.uk/scottish-income-tax> for further information):

MAXIMUM MONTHLY SAVINGS		
	Max amount that can be sacrificed per month	Total Monthly Saving
Tax 20% NIC 8%	£243	£68.04
Tax 40% NIC 2%	£124	£52.08
Tax 45% NIC 2%	£110	£51.70

Q. If an employee joined the scheme before 6 April 2011, are there any restrictions if they want to opt out and then join again at a later date sacrificing up to the full amount (£243) each month?

A. Before 6 April 2011 all employees could sacrifice up to £243 per month. After this date each new joiner's salary sacrifice eligibility depends on their tax bracket. All basic rate tax payers (20%) can sacrifice up to £243 per month, higher rate tax payers (40%) can sacrifice up to £124 per month.

Higher rate tax payers who joined the Childcare Voucher scheme before 6 April 2011 are still able to sacrifice up to a maximum of £243 per month. Employees who fall into this category can opt out of the scheme for up to one year and can rejoin again sacrificing up to £243 per month.

Q. Am I able to get any unused vouchers refunded?

A. Childcare Vouchers are a non-cash benefit which means they cannot typically be exchanged for cash. However, if an employee has accumulated Childcare Vouchers that can no longer be used to pay for registered childcare then in exceptional circumstances it may be possible for these to be returned as cash earnings. This is known as the reimbursement of Childcare Vouchers. It is important to note that, in line with HMRC rules, this process is only for exceptional circumstances and where the Childcare Vouchers can no longer be used for registered childcare.

Please note that this is a contractual agreement and is entirely at your employer's discretion. To receive a reimbursement, employees should either request this online or complete a 'Reimbursement Request Form' and return it to your **HR or Payroll department**. Your employer will then forward it to Employers For Childcare Trading Limited, and a refund will be issued within 6 weeks. The refund will be made payable to your employer, and payment will be made to you through payroll to ensure that your current rate of Tax and NI is applied.

Please discuss this with your payroll/HR department.

EMPLOYEES SHOULD REFER TO THEIR EMPLOYER'S POLICY ON REIMBURSEMENTS.

Pension, Statutory Sick Pay (SSP), Statutory Maternity Pay (SMP) & Statutory Shared Parental Pay

Q. Will my pension be affected?

A. Your pension may be affected.

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 (Lower Earnings Limit) 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

EMPLOYEES SHOULD REFER TO YOUR EMPLOYER'S OCCUPATIONAL PENSION SCHEME.

Q. Will entering the scheme affect Statutory Sick Pay, Statutory Maternity Pay or Statutory Shared Parental Pay?

A. Statutory Sick Pay

Statutory Sick Pay (SSP) cannot be sacrificed. In the event that you have no salary above SSP you will not be able to avail of Childcare Vouchers. You will **ONLY** be able to sacrifice salary over and above your SSP in exchange for Childcare Vouchers.

Employees on enhanced sick pay (i.e. enhanced SSP and an additional payment on top) can continue to receive Childcare Vouchers during periods of sickness, providing they have sufficient salary above SSP to cover the value of the vouchers. If they wish not to receive the Childcare Vouchers during sickness, they can opt out online or else an Opting Out Form must be completed and returned to the employer.

EMPLOYEES SHOULD REFER TO YOUR EMPLOYER'S POLICY ON SICK PAY.

Statutory Maternity Pay

If you:

- are, or become, pregnant
- And are taking Childcare Vouchers through salary sacrifice
- And are only entitled to Statutory Maternity Pay (SMP)

It is advisable that you opt out of the scheme 23 weeks before the baby is due (i.e. week 17 of the pregnancy) and opt in again 15 weeks before the baby is due (i.e. week 26 of the pregnancy).

This 8 week period is known as the 'qualifying or set' period and earnings during this period will be used to determine SMP.

Childcare Vouchers are not recognised as income during the 'qualifying or set' period so the lower earnings would be used to calculate your entitlement to SMP for the first 6 weeks.

Please discuss this with your payroll/HR department.

If during maternity leave you are solely in receipt of SMP or SPP, then this cannot be sacrificed for the purposes of Childcare Vouchers.

EMPLOYEES SHOULD REFER TO YOUR EMPLOYER'S POLICY ON STATUTORY & OCCUPATIONAL MATERNITY PAY.

Statutory Shared Parental Leave Pay

Any Contractual/Enhanced Maternity pay will normally end when you transfer to ShPP, however this is at the discretion of the employer. If you are solely in receipt of ShPP, then this cannot be sacrificed for the purposes of Childcare Vouchers.

EMPLOYEES SHOULD REFER TO YOUR EMPLOYER'S POLICY ON STATUTORY SHARED PARENTAL LEAVE.

Tax Credits and Universal Credit

Q. Will my Tax Credits or Universal Credit be affected?

A. Childcare Vouchers can affect entitlements to Tax Credits or Universal Credit because Childcare Vouchers are not counted as income for Tax Credits or Universal Credit purposes. Therefore your circumstances are affected in two ways:

- Your income for Tax Credits or Universal Credit purposes will be reduced by the amount of pay you have given up in return for the benefit.
- Your eligible childcare costs for Tax Credits or Universal Credit purposes will reduce as they must only include costs you pay yourself – the amount you pay through Childcare Vouchers is not included.

If you do not know whether Childcare Vouchers continues to be the best form of support for you, contact our Family Benefits Advice Service on **028 9267 8200**.

Please also see the following guidance: 'Working Tax Credit – Help with the costs of childcare' - <https://www.gov.uk/government/publications/working-tax-credit-help-with-the-costs-of-childcare-wtc5>, and Universal Credit and Childcare - <https://www.gov.uk/help-with-childcare-costs/universal-credit>.

Registering with Employers For Childcare Trading Limited and updating your salary sacrifice amount

Q. How can I register with Employers For Childcare Trading Limited?

- A.** You register online by completing the steps in the email that will have been sent to you when your employer registered with Employers For Childcare Trading Limited. You must register online unless your employer has a different process or you have specific accessibility requirements.

Note that the Childcare Voucher scheme closed to new entrants on 4 October 2018. Parents who are currently using Childcare Vouchers may need to register with Employers For Childcare Trading Limited if their employer has switched Childcare Voucher provider company.

Then follow instructions for registering online at www.efcvouchers.com.

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

- A.** If using the online portal, employees will be required to state the amount they wish to sacrifice from their salary each month and agree to the terms and conditions. Otherwise, employees must complete the 'Opting In Form'. This form confirms an individual's agreement to 'sacrifice' part of their salary in exchange for Childcare Vouchers and confirms the value of vouchers the employee will receive each month.

Q. What if I need to change the value of Childcare Vouchers I receive?

- A.** This can either be done online or offline. If online, employees can simply adjust the amount they are sacrificing on their online account. If offline, employees will need to complete a new 'Opting In Form' and return it to their employer for processing.

Q. What if I do not want to receive Childcare Vouchers anymore?

- A.** If you wish to opt out of the scheme, please do so online or complete an 'Opting Out Form'. The 'Opting Out Form' is available by emailing hello@employersforchildcare.org.

A period of inactivity for 52 weeks will be counted as opting out by HMRC even if you have not completed an opting out form.

Q. Can I authorise a third party to have access to my online account with Employers For Childcare Trading Limited?

- A.** Yes. Employers For Childcare Trading Limited can provide access to a third party, e.g. a spouse, if you complete a Third Party Access Agreement Form and return it to Employers For Childcare Trading Limited.

NOTE: The third party will be required to answer security questions relating to the account when contacting Employers For Childcare Trading Limited.

Using the online Childcare Voucher system

Q. How do I use the Employers For Childcare Trading Limited - E-voucher system?

A. When you registered with Employers For Childcare Trading Limited you will have been issued with a username, password and PIN enabling you to pay your childcare provider. Your account can be accessed at www.efcvouchers.com. Alternatively, you can contact our Customer Service team by telephone on 028 9267 8200 and we can assist in making any payments required to your childcare provider.

A complete user guide is available upon request. Please contact Employers for Childcare Trading Limited to obtain a copy.

Q. What if I forget my password?

A. Providing you have supplied us with an email address, you will be able to reset your own password by selecting the “forgot password” option on the log in page.

Q. When will my account be credited with the voucher amount?

A. Once your employer has made the payment and the order has been processed, your account will be credited within two business days.

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

A. When you are ready to pay your childcare provider simply go to the ‘Payments’ page and instruct Employers For Childcare Trading Limited to issue payment, as full or part payment of your childcare costs, to your chosen childcare provider. All instructions received before 3pm daily are processed on the same day and payment will be in the childcare provider’s bank account within 3 working days. Payments received after 3pm will be processed the next working day. You also have the option to set up a standing order.

NOTE:

- Employers For Childcare Trading Limited will email each employee when their voucher account has been credited.

Q. What if I don’t have access to the internet?

A. You may contact our Customer Service team by telephone on 028 9267 8200 and we can assist in making any payments required to your childcare provider.

Q. What are the advantages and features of the E-voucher system?

ADVANTAGES TO EMPLOYEE
• Simple and easy to use
• 24/7 online access to account information
• Standing Order facility
• Easy tracking of transactions
• Multi-childcare provider options
• Not subject to variations on postal service, or loss of vouchers
• Fast payments

ADDITIONAL FEATURES OF E-VOUCHERS

- 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 Trading Limited
- Your childcare provider can view a history of payments on their own account

Q. I am leaving my current employer and starting a new job with a different employer. What happens to my remaining Childcare Vouchers?

A. Employees can continue to use the Childcare Vouchers in their account to pay for registered childcare.

If an employee is leaving their current employer and has a balance of Childcare Vouchers in their account that they can no longer use to pay for registered childcare, it is their responsibility to ensure they request a reimbursement prior to leaving their current employment. This is a contractual agreement and is entirely at the discretion of the employer.

To receive a reimbursement, employees should request this online using the eVouchers portal, or complete a 'Reimbursement Request Form' which can be obtained from their employer or by emailing hello@employersforchildcare.org.

The reimbursement will be made to the employer who can then make payment to the employee through payroll and will be subject to the employee's current rate of tax and National Insurance.

Childcare Vouchers are issued under the Terms and Conditions of your contract of employment with your employer and cannot be transferred to a new employer.

Because Childcare Vouchers closed to new entrants on 4 October 2018, you will be unable to join a Childcare Voucher scheme with your new employer, unless the change is a result of a business merger or takeover and as such is protected under the TUPE or COSOP regulations.

If an employee has a balance of funds in their Childcare Voucher account that they cannot use to pay for registered childcare and they have already left their employer, they should contact us to discuss.

Disclaimer

- Every effort has been made to ensure the information provided is factually correct. However, it is up to you to decide whether it is beneficial for you to avail of the Childcare Voucher scheme.
- All individual members of staff are advised to consider their own circumstances before reaching a decision on whether or not to continue availing of the Childcare Voucher scheme.
- Employers For Childcare Trading Limited recommends that employees who are in receipt of Tax Credits notify HMRC when they register for, or are in receipt of, Childcare Vouchers. Likewise, employees who are in receipt of Universal Credit should ensure that they have informed Universal Credit that Childcare Vouchers are also in payment.
- Employers For Childcare Trading Limited cannot be held liable for content as HMRC regulations or other Government legislation are subject to change and may have an impact on the content of this guide.
- You may also wish to contact HMRC or Universal Credit for advice and information. Details are contained on their website at the following address:
<https://www.gov.uk/browse/benefits/manage-your-benefit> or for Universal Credit claimants living in Northern Ireland: <https://www.nidirect.gov.uk/campaigns/universal-credit>.
- For further information and guidance contact Employers For Childcare's Family Benefits Advice Service on 028 9267 8200.

Complaints

Employers For Childcare Trading Limited has a comprehensive Complaint Handling Policy. All complaints received will be treated in accordance with this Policy. If you wish to receive a copy of this policy or register a complaint about our service, please write to the following address:

Employers For Childcare Trading Limited
Blaris Industrial Estate
11 Altona Road
Lisburn
BT27 5QB