



**Helping parents
make the most
of the childcare
voucher benefit.**



This information pack contains everything you need to know to decide if you wish to take childcare vouchers and if so, how to get the most out of the benefit.



What are childcare vouchers?

Childcare vouchers are a benefit offered by your employer to help you with your childcare costs. Working parents are increasingly juggling the demands of both work and home, and finding it difficult to find affordable care. With childcare vouchers you can make big savings (up to £1866.24* per year) on the childcare that is right for your family.

Your employer allows you to take part of your salary in the form of childcare vouchers. 20% tax payers can choose to take up to £243* per month, which equates to £55* per week. This amount is Tax and NI free. Paying for childcare this way means you have more money left in your salary than if you had paid for your childcare out of your take home pay.

(* SEE NEXT PAGE AND APPENDIX 1 FOR SAVINGS ILLUSTRATION)

Am I eligible for childcare vouchers?

Both parents or guardians, as long as they are employed and not self-employed can claim childcare vouchers through their employers. You can claim them if you work full or part time – it makes no difference. If you are claiming Working Tax Credit or are earning on or just above the minimum wage, you should contact your local Tax Office for advice, as childcare vouchers may not be your best option.

The childcare voucher benefit can be claimed from the moment your first child is born until the 1st September after your child's 15th birthday (or 16th birthday if your child has a disability). All new parents can claim the benefit from their employer from the moment their first child is born. The benefit can then be saved up until it is needed to pay for future childcare costs. As the average cost of childcare is around £800 per month, it is certainly worth claiming the benefit as soon as your first child is born.

How much will I save with childcare vouchers?

	One parent taking vouchers as a 20% tax payer Allowance £243 per month	One parent taking vouchers as a 40% tax payer Allowance £124 per month	Two parents taking vouchers both as 20% tax payer Allowance £486 per month	Both parent taking vouchers one as a 20% tax payer & one as a 40% tax payer Allowance £367 per month	One parent taking vouchers with both being 40% tax payers Allowance £248 per month
Saving to be made	£77.76	£51.94	£155.52	£129.70	£103.88

Without vouchers you pay more tax



With vouchers you pay less tax



What can I use childcare vouchers for?

A lot of parents think that vouchers can only be used to pay for the care of pre-school children. Not true! Childcare costs continue as your children get older and you may well be paying for breakfast clubs, after school clubs and holiday clubs as your child grows up. Vouchers can be used to pay for all forms of registered childcare from childminders, nannies, au pairs, nursery schools, play schools and crèches, to out of school clubs and holiday clubs.

Before taking the benefit from your employer, please check that your childcare provider is happy to accept Early Years childcare vouchers.

When can I use my childcare vouchers?

You don't have to use your childcare vouchers as soon as you receive them. They can be saved up and used to pay for future childcare such as when a mother returns to work after maternity leave or to pay for childcare over the long school summer holidays.

Issues to consider.....

SMP/SSP and other benefits such as pension, death in service may be affected if you choose to take up the childcare voucher benefit. You would ask your employer about the impact childcare vouchers may have on benefits before you opt to take them.

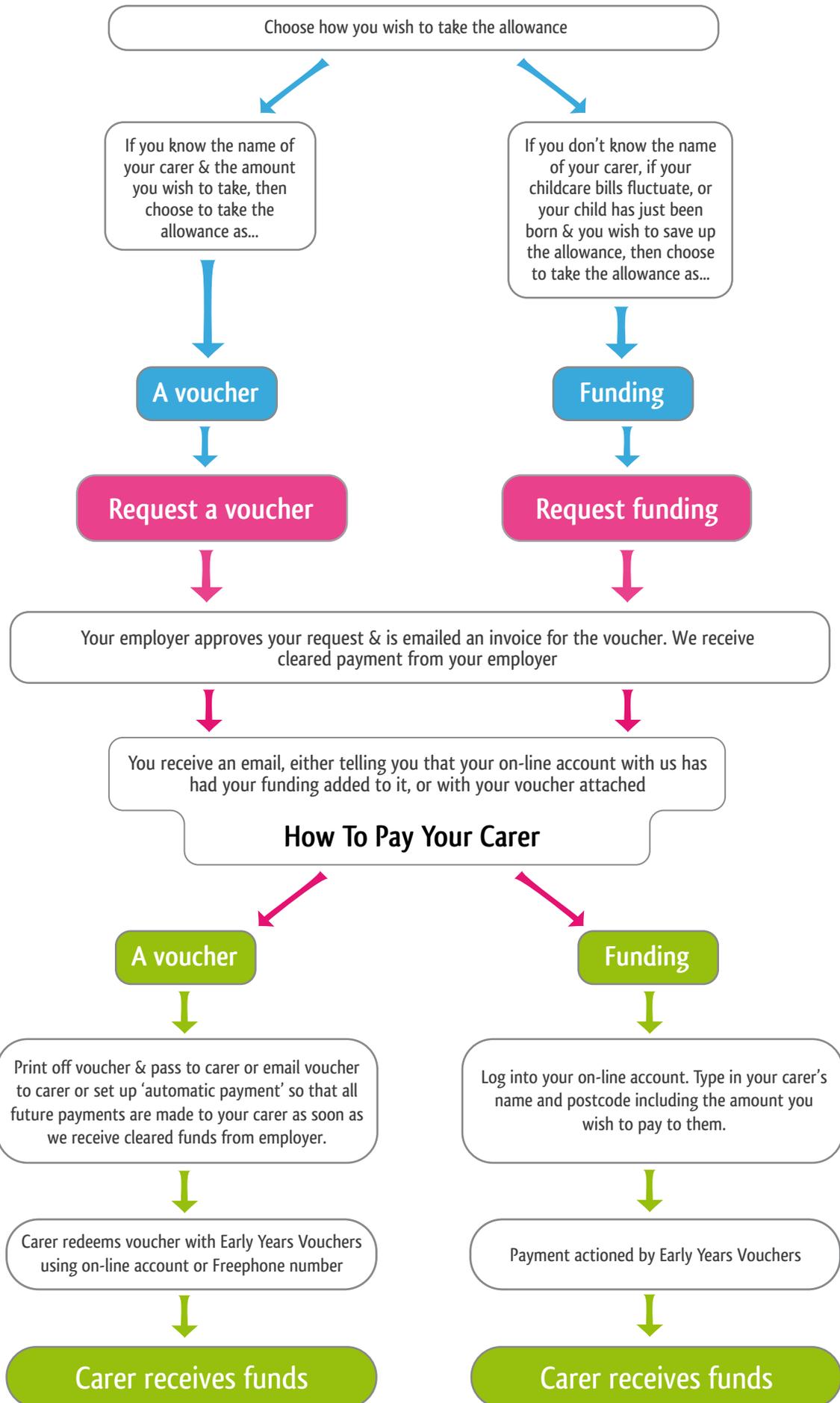
If you are in receipt of working tax credit then you should phone the WTC help line on [0845 300 3900](tel:08453003900) and advise them that you have been offered childcare vouchers by your employer. WTC would then be able to advise if childcare vouchers are the best form of saving for you.

You would not be able to take vouchers if, in so doing, you would drop below the minimum wage.

It's easy as...



How To Request The Childcare Voucher Benefit



How will I receive this benefit?

The benefit can be taken in one of two ways:

1. The allowance can be taken as a monthly, weekly or four weekly voucher for a set amount, made payable to a named carer. You will receive your voucher by email to the email address of your choice – your personal email, work email or that of your partner or carer. If you don't have access to email, we can post it to your home address.
2. Alternatively, if you don't yet know the name of your carer, if your childcare bills fluctuate, or if your child has just been born and you wish to accumulate the benefit, then you can take the childcare voucher allowance each month as a positive balance on your childcare voucher account. The allowance accrues until you have a bill to pay. This method gives you complete flexibility.

You can pay any registered childcare provider you wish to, as long as they have set up an account with us.

My employer does not currently offer the childcare voucher benefit... What can I do?

Your employer isn't obliged to offer employees this benefit, however there are very good reasons for them to consider doing so. Most forward thinking employers, once they're aware of the way the benefit works, are willing to set it up because:

1. The benefit aids staff retention and improves "return to work" rates after maternity and paternity leave.
2. For each employee on the maximum monthly allowance of £243, the employer can save up to £402* per annum.

Your next step is to download our "employer guide" and pass it to them.

If you would rather we spoke to them about the benefit, please click on the "Tell your employer" section. Give us the contact details of the person dealing with HR issues, we will email them information and follow up with a phone call.

An account for your employer can be set up in a matter of minutes. We email them the key documents they need in order to launch, promote and run the benefit.

(*Average NI savings for employer per employee circa 9%)



Mum-of-one, Katy Jamieson, works part-time as a Solicitor at Lightfoot Solicitors.

“ My firm advertised the scheme internally with posters, which was what caught my eye. It was never something that I knew much about before then and probably something I never would have intentionally sought out. But after reading about it I spoke to my son’s childminder and she said that it was an easy way to save money, it also meant that money was transferred direct to the childminder monthly without me having to organise it through my bank – so I gave Early Years Vouchers a call.

In all honesty I expected it to be a complete pain – signing up, receiving vouchers every month and sorting out the details with my employer and childminder – but it really wasn’t. It took me about five minutes to join and I was pleasantly surprised at how simple the whole process was.

The scheme makes so much financial sense, and no-one loses out. Parents that are able to but who chose not to sign-up are crazy! ”





Early Years Vouchers
making childcare affordable

Any Questions?

For more information please call an Early Years Vouchers advisor on **0800 644 3000**
or visit www.childcare-vouchers.net

About Early Years Vouchers

Early Years Vouchers Ltd is a privately owned company working in the niche market of childcare vouchers enabling parents, carers and employers to benefit financially from current childcare legislation. The company entered the childcare voucher arena in early 2005 when the new voucher legislation came into force. Early Years Vouchers Ltd work with all sizes and types of clients, from large nationwide organisations with staff of thousands down to small companies with only two or three employees.

Early Years Vouchers Ltd

14 School Lane
Heaton Chapel
Stockport
SK4 5DG

Tel: 0800 644 3000 for all general enquiries

Fax: 0161 432 2111



Making childcare affordable

Appendix 1

CHILDCARE VOUCHER BENEFIT – CHANGES EFFECTIVE FROM 6th APRIL 2011.

The Government has implemented changes to limit the childcare voucher benefit available to higher rate tax payers. This only applies to new registrations and employees that re-register after not receiving the benefit for longer than 12 months.

Before 6th April 2011 – this is the level of savings made for tax payers

Tax rate payable	Weekly allowance	Monthly allowance	Annual allowance	Annual savings
20%	£55	£243	£2916	£903.86
40%	£55	£243	£2916	£1195.56
50%	£55	£243	£2916	£1487.16

On or after 6th April 2011 – this is the new level of savings made for tax payers

For existing registrations savings are increased due to increased levels of NI

Tax rate payable	Weekly allowance	Monthly allowance	Annual allowance	Annual savings
20%	£55	£243	£2916	£933.12
40%	£55	£243	£2916	£1224.72
45%	£55	£243	£2916	£1370.52

For all new registrations on or after 6th April 2011

Tax rate payable	Weekly allowance	Monthly allowance	Annual allowance	Annual savings
20%	£55	£243	£2916	£933.12
40%	£28	£124	£1488	£623.00
45%	£25	£110	£1320	£623.00

Terms and conditions:

1. The changes only affect employees joining on or after 6 April 2011. Any employee who already participates in the scheme will not be affected.
2. They will retain their current level of tax savings until they leave your scheme for a period of **more than 12** months.
3. If you allow it in your company terms and conditions, then an employee can alter the value of the voucher they require without affecting the rate of exemption to which he or she is entitled.
4. For all employees wishing to join the scheme after 6th April 2011, HMRC are now requiring employers to carry out a basic earnings assessment to check the estimated employment income of that employee joining. The amount the employee can take in the form of childcare vouchers will be determined by this assessment.
5. HMRC state that employers must keep a record of the basic earnings assessment. HMRC state that you can refer to the P35 and/or the contract of employment to substantiate your assessment