



Parents Information

How Family Vouchers can help with childcare

We created Family Vouchers to provide a family-friendly way for employers to help pay towards their employees childcare costs through a government backed scheme. We believe our system is the most easy-to-use and will enable parents and employers to save time and money.

If your employer offers childcare vouchers as part of your employee benefits package, you could save up to £1,196 a year. Childcare vouchers work through a salary sacrifice arrangement, meaning you receive voucher credit for childcare instead of part of your salary.

You don't pay any tax or national insurance on childcare vouchers. Ordering childcare vouchers, enters you into a salary sacrifice agreement, which acts as a variation to your employment contract. The agreement states that you will receive your chosen amount of childcare vouchers and that your salary will be reduced by an equal amount.

How childcare vouchers work

To use Family Vouchers, you need to make sure your employer is registered with us. If they are not already registered, you can ask them to follow the easy online registration at familyvouchers.co.uk.

Once your employer is registered with us, you simply need to follow our easy instructions to sign-up online.

You can make requests for either a regular or a one off amount of voucher credit. Your employer approves these requests so that they can adjust your salary accordingly. Your approved request is then paid to you in the form of voucher credit on your next payday.

You can use the voucher credit held in your account to pay for childcare. Again, everything happens online for your convenience and security. You simply select "Make payment", choose your childcare service provider and enter the amount. Provided you have enough credit, it will be transferred to them instantly.

How much you could save by using childcare vouchers

You can receive childcare vouchers of up to £243 each month (or £55 a week if you are paid weekly). These amounts apply to the 2008/9 tax year and may change in future.

The amount of money you save by using childcare vouchers depends on the rate of tax and national insurance you pay. When you enter into a salary sacrifice agreement, your gross pay is reduced and so your tax and national insurance deductions are reduced accordingly. The fall in your tax and national insurance means that your take-home pay plus your childcare vouchers adds up to more than your previous net income.

Basic rate taxpayers save up to £903 each year (based on tax at 20% and national insurance at 11%). Higher rate taxpayers save up to £1,196 each year (based on tax at 40% and national insurance at 1%).

What childcare vouchers can be used for

Childcare vouchers can be used for a wide range of childcare, including nurseries, playgroups, pre-school, after-school care, play schemes, holiday clubs, nannies and au-pairs. childcare service providers which are registered with one of the following authorities

are eligible to accept childcare vouchers.

England	Ofsted www.ofsted.gov.uk Childcare Approval Scheme www.childcareapprovalscheme.co.uk
Wales	Care Standards Inspectorate for Wales www.wales.gov.uk/csiw Childcare Approval Scheme for Wales www.childcareapprovalschemewales.co.uk
Scotland	The Care Commission www.carecommission.com
Northern Ireland	Health and Social Services Trust www.dhsspsni.gov.uk

Childcare vouchers can't be used to pay for private education, although payments to pre-school childcare service providers which are attached to private schools are allowed.

Under normal circumstances, you can't use use childcare vouchers to pay for residential children's holidays, for activity based care such as sports clubs or to pay a relative to look after your child.

Free nursery places

Children aged three or four may be eligible to receive a free part-time nursery place through the Government's early education policy. Using childcare vouchers won't affect your child's entitlement to a free place. If your child does receive some of their care free of charge, you can still use vouchers to pay for the balance of your child's care.

Which childcare service providers accept Family Vouchers?

Any childcare service provider can accept Family Vouchers. If your childcare service provider does not already have an account with Family Vouchers, all they need to do is register at **familyvouchers.co.uk**.

In the unlikely event of your carer declining to register for Family Vouchers childcare vouchers, you may receive a refund for your voucher credit. The funds will be then be paid to you through the PAYE system and tax and national insurance will be deducted.

You remain responsible for choosing which childcare service provider you use and Family Vouchers bears no responsibility for the quality of care provided. In the interests of

child safety, if you become aware that your childcare service provider ceases to have registered or approved status, we ask that you let us know.

How many childcare service providers can be used?

There is no limit on the number of childcare service providers you pay with childcare vouchers. If you start using another childcare service provider, you should invite them to register on familyvouchers.co.uk.

Paying your childcare service provider

You can use childcare vouchers to pay your carer in the following ways:

Regular payments: You can setup a payment to your carer a specific amount automatically at regular intervals (for example every week or month) – just like a standing order.

One-off payments: You can make a one-off payment to your childcare service provider at any time, provided you have enough voucher credit in your online account.

Payment rules

You must not accept any cash or change from your childcare service provider in respect of the vouchers. Your childcare service provider should not charge you for using childcare vouchers, and Family Vouchers will not charge your childcare service provider for accepting the vouchers. It is your childcare service provider's responsibility to ensure that they inform Family Vouchers of any changes to their bank account details.

How to get started

You can register online at familyvouchers.co.uk or by calling 0161 850 6650

You will need:

- The name and contact details of your employer
- The name and address of your childcare service provider

Due to tax rules, there is no facility for childcare vouchers to be back-dated to previous pay periods.

Who can join the scheme?

The childcare voucher scheme is open to all employees, including part-time and temporary employees. If your partner's employer also offers a childcare voucher scheme, then you can both use childcare vouchers.

Is my child eligible?

The child for whom you intend to use the vouchers must be:

- your child or stepchild, who is maintained either fully or partly at your expense
- a child who lives with you and for whom you have parental responsibility

You can spend childcare vouchers up to 1st September after the child's 15th birthday (or 1st September after their 16th birthday if they are disabled).

Will my pay affect my eligibility to use childcare vouchers?

Your gross pay always needs to be at least the minimum wage. It is your employers responsibility to adjust the amount of voucher credit you receive to ensure you do not end up being paid less than minimum wage.

Your employer may also override your voucher order during periods when your earnings are not sufficient to cover your requested voucher amount. These may include:

- maternity leave
- paternity leave
- adoption leave
- sick leave

Your employer may, at their discretion, restrict the amount of childcare vouchers you receive in order to prevent your pay falling below the appropriate limits.

A change to your employment contract

You will enter into a salary sacrifice agreement each time you order childcare vouchers.

The agreement acts as a variation of your employment contract and is evidenced by the transactions of voucher credit which are undertaken by yourself through using **familyvouchers.co.uk**.

Your payslips

Your employer will have their own method for showing how voucher credit has been paid for in relation to your normal salary.

Tax credits

Using childcare vouchers can affect tax credits. If you receive more than £545 of tax credits each year, you should contact HMRC to check whether childcare vouchers will save you money.

If your childcare costs exceed £175 per week (or £300 per week if you have more than

one child in childcare), then you can usually use childcare vouchers to pay for any care above these limits without affecting your tax credits.

Unused childcare vouchers

Unused childcare vouchers will be carried forward in your Family Vouchers account for future use. There is no expiry date on the vouchers. Due to HMRC regulations, refunds will not be permitted unless:

- (a) your childcare provider declines the vouchers, or
- (b) it was not reasonably foreseeable that you would be unable to use your vouchers.

Any refunds require the agreement of your employer and must be processed through the employer's PAYE so that tax and national insurance can be deducted.

Leaving employment

If you leave your job, you will continue to have access to your Family Vouchers account and the voucher credit contained within.

Conditions of membership

You are responsible for providing Family Vouchers with honest and accurate information in respect of the children for whom you wish to use the childcare vouchers and in respect of your childcare service providers.

To find out more, call us on 0161 850 6650 or email help@familyvouchers.co.uk.