

KiddiVouchers

Information for Employees

Your Childcare Voucher Scheme Rules

Childcare Vouchers
- the **easy** way for
parents to save over
£900* a year.



MANCHESTER
1824

The University of Manchester

Scheme Reference
S439777W

Call us free on
0800 612 9015

www.kiddivouchers.com

Welcome to KiddiVouchers

Introducing childcare vouchers

Childcare vouchers are a Government scheme aimed at helping working parents to afford quality childcare. Each parent who takes part in the scheme could save over £900* a year on the cost of childcare.

KiddiVouchers is an independent company which the University has appointed to run its childcare voucher scheme. If you have any questions about the scheme, please contact us on 0800 612 9015 or look online at www.kiddivouchers.com.



How can childcare vouchers save me money?

Childcare vouchers work through a system known as 'Salary Sacrifice' or 'Salary Exchange'. This means that you receive the childcare vouchers instead of part of your salary.

Unlike your salary, you don't pay any tax or National Insurance on childcare vouchers. The saving in tax and National Insurance can be worth over £900* a year per parent.

How much will I save?

Your savings will depend on the amount of childcare vouchers you order and the amount of tax and National Insurance you normally pay.

Childcare voucher legislation changed in April 2011, so your savings will also depend on whether you joined the university's childcare voucher scheme before or after this date. If you'd like to know exactly how much you will save, please ask us to do a calculation for you.

Maximum annual savings from childcare vouchers

Tax band	Joined before 6th April 2011	Joined after 6th April 2011
Basic rate - 20%	£933	£933
Higher rate - 40%	£1,224	£624
Additional rate - 45%	£1,370	£620

*Savings depend on individual circumstances

What can childcare vouchers be used for?

Childcare vouchers can be used for a wide range of childcare, including nurseries, playgroups, pre-schools, after-school care, play schemes, holiday clubs, nannies and au-pairs. Your childcare provider can accept childcare vouchers if they meet any of the following criteria:

- Ofsted-registered childcare providers, including residential children's holidays and activities such as sport, music and drama (www.ofsted.gov.uk)
- Out-of-hours care provided by a school on premises which are covered by the school's Ofsted inspection or equivalent
- Registered domiciliary or nursing care in the child's home

Can childcare vouchers be used for private education fees?

Childcare vouchers must not be used to pay for private education, except for terms which start before the child reaches age 5. Payments to pre-school childcare providers which are attached to private schools are permitted.



Can I use childcare vouchers to pay a relative?

You can't normally use childcare vouchers to pay a relative for looking after your child, unless your relative happens to run a childcare business and the care is not taking place in the child's home.

Joining the scheme

Who can join the scheme?

The childcare voucher scheme is open to all employees, including part-time and fixed term employees.

To take part, 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, or
- 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).

How can I join the scheme?

You can register online at www.kiddivouchers.com or by phone on 0800 612 9015.

You will need:

- Your scheme reference number, which is **S439777W**
- Your payroll reference, which can be found on your payslip
- The full names and dates of birth of the children whose care you will be paying for
- The name and address of your childcare provider

When you join the scheme, you will be advised of the first pay day on which you are eligible to start receiving vouchers. This will usually be at least 23 days after your registration date.

Conditions of membership

Any information which you provide to KiddiVouchers when registering for the scheme and on an ongoing basis must be honest and accurate.

If you are found to be acting fraudulently in any aspect of your childcare voucher scheme membership, your membership will be revoked and you will be required to pay any tax or National Insurance liabilities which arise.



How much can I receive in childcare vouchers?

Pre April 2011 joiners

If you signed up to the University's childcare voucher scheme (Computershare) before 6th April 2011 and you have not had a break of 12 months or more without vouchers, you can order up to £55 a week (£243 a month) of childcare vouchers.

Post April 2011 joiners

If you sign up for childcare vouchers after 5th April 2011, or if you have a period of more than 12 months without receiving childcare vouchers, your tax-free voucher allowance will depend on your earnings.

This also applies if you move to a new employer after 5th April 2011, even if you have used childcare vouchers continuously.

Your earnings will be assessed when you join the scheme and at the start of each tax year. Each year, your tax-free childcare voucher allowance will be based on the amount of your expected earnings and contractual benefits, as follows:

Your tax-free childcare voucher allowance

Your contractual pay and benefits	Maximum weekly voucher order	Maximum monthly voucher order
Up to £41,865	£55	£243
£41,866 to £150,000	£28	£124
£150,001 or more	£25	£110
Pre-6 th April 2011 scheme member	£55	£243

The earnings assessment does not take account of non-guaranteed overtime, income from investments or income from other employments. This means that some higher-rate taxpayers may be eligible for the basic-rate voucher allowance.

Can my partner also sign up for childcare vouchers?

If your partner's employer also offers a childcare voucher scheme, then you can both use childcare vouchers. If your partner's employer doesn't yet offer childcare vouchers, KiddiVouchers can provide an employer information pack for them.

Using childcare vouchers

When will I receive my childcare vouchers?

When you sign up for KiddiVouchers, you will be allocated a secure online voucher account. Unless you ask KiddiVouchers to provide your vouchers by post or email, your vouchers will be credited to your voucher account around your normal payday.

As soon as your vouchers have been credited to your online account, you can ask KiddiVouchers to pay your childcare provider. If we receive your payment instruction by noon, we will process the payment on the same working day. Don't worry if you haven't got internet access – you can easily take part by phone.

How can I use my vouchers to pay my childcare provider?

Most parents ask us to pay their vouchers straight into their childcare provider's bank account, either by setting up a regular instruction or by making ad-hoc payments from their voucher account. Paper vouchers are also available, but your childcare provider will receive their payment more quickly and have less paperwork if you choose an electronic payment option.

You can use childcare vouchers in the following ways:



Regular payments

You can ask us to pay your carer a specific amount automatically at regular intervals, for example every week or month.

Automatic transfer

You can ask us to transfer all your childcare vouchers to your childcare provider automatically as soon as they are credited to your voucher account.

One-off payments

You can use your online KiddiVouchers account to request an ad-hoc payment to your childcare provider at any time, up to your account balance.

Paper vouchers

Vouchers can be printed from your online KiddiVouchers account. You should then take the voucher to your carer and your carer can redeem it online or by phone. You can also ask us to send you paper vouchers by email or post.

When should I set up my payment instruction?

We are very aware of the needs of childcare providers and we encourage parents to settle invoices promptly.

If you usually pay your childcare provider at the start of each month, please ensure you request a payment from KiddiVouchers in time to reach your childcare provider at the start of each month.

How will my childcare provider receive my voucher payment?

Payments to childcare providers are usually processed by BACS, but cheques can be provided on request.

Childcare providers are usually notified of payments by email. We will also notify you by email or text message each time we process your payment instruction.

Can I change the way I pay my childcare provider?

You can switch between electronic and paper voucher options by visiting your online KiddiVouchers account or by phoning us on 0800 612 9015.

Will my childcare provider accept KiddiVouchers childcare vouchers?

Most carers are happy to accept childcare vouchers. We have arrangements in place with all the leading childcare chains as well as thousands of independent childcare providers.

If your childcare provider isn't yet registered with KiddiVouchers, we'll send them a simple registration pack when you sign up for the scheme.

Will my childcare provider charge me for using vouchers?

KiddiVouchers will not charge your childcare provider for accepting the vouchers and we ask childcare providers not to charge parents for using vouchers. We pay carers quickly and reliably so it is very unusual for them to impose any charges.

How many childcare providers can I use?

You can use childcare vouchers for as many childcare providers as you need. Our payment facilities also allow you to use a mixture of electronic payments and paper vouchers, to fit in with your childcare providers' preferences.



Managing your vouchers

How should I choose my voucher amount?

When you order your childcare vouchers, you will commit to receiving your chosen amount of childcare vouchers for a fixed 3 month period. If you have variable childcare costs, please choose your voucher amount carefully.

It may help to base your voucher order on your average childcare costs. However, if your expensive childcare months arise before your cheaper months, this could lead to a shortfall. Please remember that your childcare provider will want to be paid on time, so you may need to order a higher amount initially to avoid shortfalls arising.

Do I need to spend my vouchers straight away?

- Unused childcare vouchers will be carried forward in your KiddiVouchers account for future use, so you can save them up for times when you need more childcare. Your vouchers will only expire when your child is beyond the eligibility age.
- As refunds are not normally permitted, we recommend that your account balance should not exceed your expected childcare costs.

What if my voucher order doesn't cover my childcare costs?

If your childcare costs are more than your voucher order, you can top up your childcare vouchers on your KiddiVouchers account by credit card, debit card or bank transfer in order to pay your total childcare bill in one single transaction. Alternatively, you can pay the balance straight to your childcare provider.

Will my voucher order be restricted if I have low earnings?

Meeting National Minimum Wage requirements

When you choose to exchange part of your salary for childcare vouchers, your remaining salary must not be lower than the National Minimum Wage. The University may restrict or cancel your ongoing voucher order in order to meet National Minimum Wage requirements.

Keeping your pay above the Lower Earnings Limit

If your gross pay falls below the Lower Earnings Limit, you may lose entitlement to some state benefits. The University may choose to restrict the amount of childcare vouchers you receive in order to prevent your pay falling below this limit.

Protecting statutory payments

It is not possible to sacrifice statutory payments, so the University may override your voucher order if you have insufficient non-statutory pay.

Can I change or cancel my childcare vouchers?

The University will ask you to commit to receiving childcare vouchers for the duration of your salary exchange agreement. You can change or cancel your voucher order with effect from the renewal date of your salary exchange agreement.

You should request any changes to your voucher amount (including cancellation) by the cut-off date shown in your online KiddiVouchers account. This will normally be at least 23 days before the relevant payday.

What if my circumstances change?

If you have a significant lifestyle change, as listed below, you will be allowed to change or cancel your voucher order before the end of your salary exchange agreement. You may be asked to provide reasonable evidence of your change in circumstances.

You can increase your voucher order if:

- You return to work from a long-term absence, such as maternity leave
- Your average childcare costs increase by a significant amount (routine price rises and short-term increases in childcare use are excluded)

You can reduce or cancel your voucher order if:

- You have a long-term absence, including long-term sick leave, maternity leave, adoption leave, paternity leave or sabbatical
- A dependent dies or has a prolonged illness
- You have a significant reduction in your average childcare costs, for example when your child starts school (short-term reductions in childcare use are excluded)

You can also change your voucher order to reflect:

- A significant change to your contractual hours, including redundancy.
- A significant change to your situation, for example, marriage, divorce or separation.
- A significant change in the amount of childcare which is paid for by a third party, including child maintenance, Government funding and tax credits

Can I receive a refund for unused childcare vouchers?

Under HMRC rules, refunds are only allowed if you are unable to use your vouchers as a result of exceptional and unforeseeable circumstances. Any refunds will require the University to seek agreement from HMRC. Any refunds must be processed through PAYE, so tax and National Insurance will be deducted. Please note that large refunds may take your pay into the next tax band. You must not accept any cash or change from your childcare provider in respect of your childcare vouchers.

Understanding salary exchange

How does salary exchange affect my employment contract?

You will enter into a salary exchange agreement each time you order childcare vouchers. The salary exchange agreement acts as a formal variation to your employment contract.

Your salary exchange agreements will be available for you to view and download from your online account. You can also request a paper copy of the agreement from KiddiVouchers.



How will my childcare vouchers affect my payslips?

Your payslips will display your full notional pay, with the childcare vouchers shown as a reduction in salary. We recommend that you check your payslips to ensure your salary reduction is in line with your expectations.

How will my tax credits be affected?

Using childcare vouchers can affect tax credits. If you receive more than £545 of tax credits each year, you should contact KiddiVouchers 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 always use childcare vouchers to pay for any care above these limits without affecting your tax credits.

You must be careful not to claim tax credits in respect of any childcare which is paid for with childcare vouchers. You should notify HMRC of your childcare voucher order each time you fill in a tax credit claim form.

Will my child's free nursery place be affected?

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.

Will my non-statutory employee benefits be affected?

The University will keep a record of your full notional salary (defined as the salary you would be receiving if you had not chosen to exchange part of it for childcare vouchers). All non-statutory employee benefits will be based on your full notional salary, including:

- any pension scheme contributions and benefits, USS, UMSS and GMPF
- any salary-related pay rewards and increments
- non-statutory redundancy benefits

This means that these benefits will not be affected by your childcare vouchers.

Any non-statutory maternity pay and non-statutory sick pay will be based on your full salary. If you receive childcare vouchers while you are on maternity or sick leave, your salary exchange agreement will reduce any non-statutory maternity or sick pay by the amount of vouchers you receive.

NHS Specific Benefits

For NHS employees, Any salary-related pay rises, overtime, shift allowances and non-statutory redundancy benefits will be based on your full notional salary and will not be affected by your childcare vouchers. Your NHS pension scheme benefits will be based on your reduced salary, so your childcare vouchers may affect your pension benefits (including death-in-service and ill-health retirement benefits). The effect of childcare vouchers on your pension benefits will vary depending on which section of the NHS pension scheme you belong to, how long you remain in NHS employment after leaving the childcare voucher scheme and how your future pay compares to your current pay. Please contact KiddiVouchers if you would like further information.

Will my entitlement to state benefits be affected?

If your salary exchange agreement leads to your gross pay falling below the Lower Earnings Limit, your entitlement to some state benefits, such as the Basic State Pension, may be affected. If your earnings are low and you anticipate claiming jobseekers allowance, incapacity benefit or maternity allowance in the foreseeable future, you should seek advice from KiddiVouchers before joining the scheme.

Any statutory earnings-related benefits, such as statutory maternity pay, will be based on your reduced salary (ie your original salary less the value of your childcare vouchers). This means that the amount of benefits you receive could be reduced. However, if your employee benefits are higher than the statutory minimum, you may not be affected by this.

Will taking part affect a reference for a mortgage, rental property or loan?

No. We will also advise lenders of the amount of your Notional Pay, which is your salary prior to participation in any form of Salary Exchange.

What happens if there are several Salary Exchange benefits?

You will be able to participate in all the Salary Exchange benefits as long as this does not bring your Adjusted Pay to below the National Minimum Wage or the Primary Earnings Threshold for NIC purposes. If you already participate in other

Salary Exchange benefits and participation in Salary Exchange for childcare vouchers would bring you below National Minimum Wage, you will have to limit your level of salary sacrifice as your existing schemes will take precedence. You may be able to change the position on the annual renewal date of other schemes.

Will my student loan repayments be affected?

If you are repaying a student loan taken out with the Student Loans Company, your student loan repayments may be reduced slightly as a result of participating in any form of Salary Exchange. This is because your repayments are calculated based on your gross earnings which will be reduced by participating in any form of Salary Exchange.

What happens if childcare voucher rules change?

Your tax and National Insurance savings may be affected by changes in childcare voucher legislation. Your savings may also be affected if the University makes changes to our childcare voucher scheme rules. We will provide you with as much notice as possible of any changes.

Saying farewell



What happens if I leave this employment?

If you leave your job with the University, you will continue to have access to your KiddiVouchers account until your account balance is zero. In the final pay period of your employment, your voucher order will not be pro-rated if you only work for part of the pay period. However, if your pay is insufficient to cover the full voucher order then the University may override your voucher order.

If you move to a new employer and sign up for your new employer's childcare voucher scheme, you will be treated as a post-April 2011 joiner. Depending on your earnings, your childcare voucher order may then be restricted.

If you transfer to a new employer under TUPE you will be treated as a continuous member of the scheme rather than as a new joiner.

Can the University choose to close their childcare voucher scheme?

The University may decide to close their childcare voucher scheme in the event of its agreement with KiddiVouchers being terminated. The University may, at their discretion, make alternative arrangements to enable you to continue to receive childcare vouchers.

Keeping in touch

To find out more, call KiddiVouchers free on 0800 612 9015, email info@kiddivouchers.com or visit www.kiddivouchers.com.