

# KiddiVouchers

## Information for Employees

### Your Childcare Voucher Scheme Rules

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



Call us free on 0800 612 9015

[www.kiddivouchers.com](http://www.kiddivouchers.com)

# Welcome to **KiddiVouchers**

## 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. In October 2018 the Government closed Childcare Voucher schemes to new entrants, however existing scheme members can continue to enjoy the savings gained via Childcare Vouchers.

KiddiVouchers is an independent company which your employer 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](http://www.kiddivouchers.com).

## How do Childcare Vouchers save me money?

Childcare Vouchers work through a system known as 'Salary Sacrifice'. 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 do 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 your employer'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	£816	£816
Higher rate	£1,261	£643
Additional rate	£1,406	£636

\*Savings depend on individual circumstances and current NI rates

## 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:

### England

- Ofsted-registered childcare providers, including residential children's holidays and activities such as sport, music and drama
- 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

### Wales

- Care registered with Care Inspectorate Wales
- Out-of-hours care provided by a school on school premises or provided by a local authority
- Registered domiciliary or nursing care in the child's home
- Care provided by a foster parent, except for their own foster child

### Scotland

- Care registered with Scotland's Health and Social Care Standards also known as the Care Inspectorate, including out-of-school care, nanny agencies and babysitting agencies
- Care provided by a foster parent, except for their own foster child

### Northern Ireland

- Childcare registered with Northern Health and Social Care Trust, including nannies and home carers
- Out-of-hours care provided by a school on school premises or provided by an Education and Library Board
- Care provided by a foster parent, except for their own foster child

## 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.



## Conditions of membership

Any information which you have provided 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. You may also be subject to disciplinary action which could result in dismissal from your job.

## How much can I receive in Childcare Vouchers?

### Pre April 2011 joiners

If you signed up to your employer's Childcare Voucher scheme before 6th April 2011 and you have not had a break of 52 weeks or more without vouchers, you can order up to £55 a week (£243 a month) of Childcare Vouchers. It doesn't matter whether your pre-April 2011 membership was through KiddiVouchers or through a different voucher provider.

### Post April 2011 joiners

If you signed up for Childcare Vouchers after 5th April 2011 your tax-free voucher allowance will depend on your earnings.

Your earnings were assessed when you joined the scheme and at the start of each tax year. Each year, your Childcare Voucher allowance will be based on the amount of your expected earnings and contractual benefits:

### Your Childcare Voucher allowance

Your contractual pay and benefits	Maximum weekly voucher order	Maximum monthly voucher order
Basic rate	£55	£243
Higher rate	£28	£124
Additional rate	£25	£110
Pre-6th April 2011 scheme member	£55	£243

Please note: Scottish basic rate tax payers who pay 41% tax are treated as basic rate for the purposes of Childcare Vouchers and can have up to £243p/m.

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

# Using Childcare Vouchers

## When do I receive my Childcare Vouchers?

Your vouchers will be credited to your online voucher account around your normal payday.

As soon as your vouchers have been credited to your online account, you can ask us to pay your childcare provider. If we receive your payment instruction by noon, we will process the payment on the same working day.

## How can I use my vouchers to pay my childcare providers?

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 online 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.



## **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 processed by BACS.

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.

## **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 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 KiddiVouchers account by debit card or bank transfer in order to pay your total childcare bill with Childcare Vouchers. 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/Living 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 or National Living Wage. Your employer may restrict or cancel your ongoing voucher order in order to meet these 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. Your employer 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 your employer may override your voucher order if you have insufficient non-statutory pay.

## Can I change or cancel my Childcare Vouchers?

Your employer will ask you to commit to receiving Childcare Vouchers for the duration of your salary sacrifice agreement. You can change or cancel your voucher order with effect from the renewal date of your salary sacrifice 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.

Childcare Vouchers is now closed to new members, to remain an existing scheme member you may have a break from vouchers for up to 52 weeks. If you do not reorder vouchers before the 52 week deadline, you will no longer be classed as an existing scheme member and eligible to remain in the Childcare Voucher scheme.

## 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 sacrifice 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.
- 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 guidelines, 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 agreement of your employer.

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.



# Managing your vouchers

## How does salary sacrifice affect my employment contract?

You have entered into a salary sacrifice agreement each time you have ordered Childcare Vouchers. The salary sacrifice agreement acts as a formal variation to your employment contract.

Your salary sacrifice agreements are available for you to view and download from your online account.

## How do my Childcare Vouchers affect my payslips?

At your employer's discretion, your payslips either display your full notional pay, with the Childcare Vouchers shown as a deduction, or they display your reduced pay. We recommend that you check your payslips to ensure your salary reduction is in line with your expectations.

## How are my tax credits affected?

Using Childcare Vouchers can affect tax credits. If your tax credits cover any childcare costs, you may be able to use Childcare Vouchers to cover any additional costs over and above any current tax credit allowances. Please seek independent advice from HMRC regarding this.

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.

## Is my child's free nursery place affected?

Children aged three or four may be eligible to receive up to 30 hours through the Government's early education policy.

Using Childcare Vouchers won't affect your child's entitlement to free childcare. 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.

## Are my non-statutory employee benefits affected?

Your employer keeps 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). Unless stated differently within your employer's policies all non-statutory employee benefits are based on your full notional salary, including:

- any pension scheme contributions and benefits
- any life assurance or critical illness benefits
- any salary-related pay rises or bonuses
- 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.

### **Will my entitlement to state benefits be affected?**

If your salary sacrifice 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.

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.

### **What happens if Childcare Voucher rules change?**

Childcare Voucher schemes have closed to new entrants following the introduction of Tax-Free Childcare, the new Government scheme. Existing members will however be able to continue to use Childcare Vouchers.

Taking a break from Childcare Vouchers for more than 52 weeks would mean you are classed as a new entrant and this will mean you cannot re-join the Childcare Voucher scheme and may have to apply for Tax-Free Childcare.

We strongly advise you to calculate your savings before joining Tax-Free Childcare, as many parents find the new scheme offers lower savings than Childcare Vouchers.

If you choose to move to Tax-Free Childcare, you must cancel your Childcare Voucher order. Once you have moved to Tax-Free Childcare, you will not be permitted to re-join the Childcare Voucher scheme.



# Saying farewell

## What happens if I leave this employment?

If you leave your job, 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 prorated if you only work for part of the pay period. However, if your pay is insufficient to cover the full voucher order then your employer may override your voucher order.

If you move to a new employer who offers a Childcare Voucher scheme, you will not be allowed to join their scheme.

If you transfer to a new employer under TUPE or if your employer experiences a change of ownership, you will be treated as an existing member of the scheme.

## Can my employer choose to close their Childcare Voucher scheme?

Your employer may decide to close their Childcare Voucher scheme in the event of its agreement with KiddiVouchers being terminated. Your employer may, at their discretion, make alternative arrangements to enable you to continue to receive Childcare Vouchers.

# Keeping in touch

## Any questions?

To find out more, call KiddiVouchers free on 0800 612 9015, email [info@kiddivouchers.com](mailto:info@kiddivouchers.com) or visit [www.kiddivouchers.com](http://www.kiddivouchers.com).

## Any feedback?

We welcome your comments and suggestions, so please don't hesitate to contact us.

