



Childcare Vouchers Scheme

Frequently Asked Questions

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Contents Page

Childcare Vouchers	3
What is Salary Sacrifice?	3
Am I eligible to join the Childcare Voucher Scheme?	3
How much can I save?	3
What's the maximum value of voucher credit I can opt to receive?	4
How does the system work?	4
How will Co-operative Flexible Benefits find out if my Childcare provider is eligible?	4
How will I know if my Childcare provider is eligible?	4
What if I haven't chosen my Childcare provider yet?	5
What other checks will be done:.....	5
1. Before I can join the scheme?	5
National Living Wage check	5
2. When I join the scheme and ongoing each pay period?	5
Protected Pay check.....	5
Statutory Pay check.....	5
When will I know if my application for Childcare Vouchers has been successful?	6
When will my first reduction be taken from my pay?.....	6
How do I make a payment to my Childcare provider?	6
Can I leave the scheme or make changes to my Childcare Voucher amounts?	6
When will my Lifestyle Changes take effect?.....	6
Administration Charges.....	6
How do I join the Scheme?.....	7
On-line Application	7
Co-operative Flexible Benefits Helpline Application.	7
What happens if I forget my PIN number?	7
Can I pay more than one Childcare provider through the system?	8
Could my partner also enter into this scheme and make savings?	8
Can I recover the outstanding balance in my account	8
Tax Credits & Other Benefits.	8
Will I be better off accepting childcare vouchers in return for a salary sacrifice or by claiming tax credits help towards my childcare costs?	8
Will my other benefits be affected if I decide to join the scheme?	8
Statutory Redundancy Pay (SRP), Sick Pay (SSP), Maternity Pay (SMP), Paternity Pay and Adoption Pay (SAP), State Pension.	8
Useful Co-operative Flexible Benefits Contact Details:.....	9
Further Information (England and Wales).....	9
Further Information (Scotland).....	9
Childcare Voucher Payment Schedule 2018.....	10

Childcare Vouchers

We are very keen to help all of our working parents with their childcare requirements and in line with government legislation, we operate a childcare vouchers salary sacrifice scheme so that you can benefit financially from the Income Tax and National Insurance Contribution exemptions available. Since 6th April 2011, these exemptions will allow you to save up to approximately £600 per year on the cost of your childcare (depending on the level of income tax and National Insurance Contributions you currently pay).

You will have the opportunity to convert or “*sacrifice*” some of your basic pay for childcare voucher credits in a special childcare account held with **our** chosen **provider**, Co-operative Flexible Benefits (Delivered by The Midcounties Co-operative). Because this credit is coming from a reduction of your Basic Pay in return for a Tax and National Insurance Contribution free benefit, essentially you are using some of your Income Tax and National Insurance Contributions to meet some of your childcare costs – this is where you make the savings.

Since 6th April 2011, the maximum amount you can sacrifice will depend on the rate of income tax which you pay. The relevant current limits are shown in the table on page 4. If you were already a member of the scheme prior to this date, you will still be entitled to sacrifice up to the previous maximum weekly amount of £55 whilst you remain a member of the scheme.

The scheme is very easy to operate. You are able to access your account 24/7 via the Internet or free telephone helpline to make a direct payment into your childcare provider's bank account.

What is Salary Sacrifice?

Salary Sacrifice is a fixed arrangement between you and us, as your employer, whereby you agree to “*sacrifice*”, or convert, part of your basic salary for a nominated benefit – in this case, Childcare Voucher credits in your own Childcare account.

The amount that you sacrifice should stay constant unless you experience a significant “*lifestyle change*” – This is defined as a significant change in your employment situation, personal situation, or your childcare requirements which would mean that you either need to change the benefit amount you receive or come out of the scheme altogether. Temporary suspension of reductions for childcare vouchers cannot be agreed as a result of the occasion of school holidays and other similar reasons. These are foreseeable events, which should be factored in when deciding the amount of salary sacrifice. Any such changes defined will need to be agreed between you and us in writing, in order to comply with government legislation.

Am I eligible to join the Childcare Voucher Scheme?

All members of staff are eligible for the scheme, provided that you have a child who is of eligible age for childcare under this scheme (see definitions later in this document). If you have recently joined the Co-op, you may only join the scheme from the first full pay period in which you are employed.

How much can I save?

The amount that an individual can save is directly linked to their level of income, their rates of income tax, rate of National Insurance Contributions and eligibility to tax credits. Each employee is entitled to “sacrifice” up to the amounts shown in the table on page 4, provided that after their pay has been reduced, the level of pay is still above the National Living Wage. This is essential in order that you do not lose your entitlement to certain state benefits and is a prerequisite of joining the salary sacrifice scheme.

Should you decide to take the maximum value allowed as a “sacrifice” for this scheme, you will save circa £600 on the cost of your childcare over the course of the year.

To help you calculate your savings, please refer to the salary calculator available on our provider's website (www.flexiblebenefits.coop). You will be able to enter details of your income and childcare costs and it will allow you to see what your potential savings could be. Please be aware that the saving calculated is as a guide only. The calculator cannot take into account all your variables.

What's the maximum value of voucher credit I can opt to receive?

You are eligible to receive up to the limits shown in the following table, in the form of childcare vouchers account credit, via salary sacrifice. If you know which rate of Income Tax applies to you, you may apply within the limits shown. If you are unsure as to your current rate of Income Tax, you should apply for the amount you require. If this is more than your entitlement, the annual basic earnings assessment carried out by Group Payroll will identify this. Under these circumstances, the amount of your sacrifice will be capped at the appropriate maximum limit and you will be informed. However, as a guide, generally those with income over £46,000 would pay the higher, or additional, rate of tax.

	Basic Rate Tax 20% £12,500 TP £50,000	Higher Rate Tax 40% £50,001 TO £150,000	Additional Rate Tax 45% ➤ £150,000
Weekly	£55	£28	£25
4 Weekly	£220	£112	£100
Annual	£2860	£1456	£1300

The 2019/20 National Living Wage is currently set at:

- £8.21 per hour for individuals aged 25 years and over (Living Wage)
- £7.70 per hour for 21 years to 24 year old inclusive
- £6.15 per hour for 18 years to 21 year old inclusive
- £4.35 per hour for under 18 year old
- £3.90 per hour for Apprentices per hour for 18-20 year olds

You must earn at least this amount after your basic pay has been reduced by the value of your Childcare Vouchers. Please note that if you are in receipt of tax credits you should refer to the section below entitled 'Tax Credits and Other Benefits' as this may impact on your savings position.

If you are not able to participate in salary sacrifice for Childcare Vouchers because of the National Living Wage you can still obtain Childcare Vouchers through our provider and the costs will be deducted from your net pay. Please note that, in these circumstances you will not receive any tax/NIC savings.

How does the system work?

Once you have registered yourself and your carer(s) via our providers website or free-phone system, they will use the information you have given to ensure that your chosen childcare provider is registered or approved, and therefore eligible to receive your (childcare) voucher payments. Our voucher provider will not pay any carer who is not registered or approved as this contravenes HM Revenue and Customs legislation.

How will Co-operative Flexible Benefits find out if my Childcare provider is eligible?

Our voucher provider will send out an Eligibility form to any Childcare providers that are not already registered with them. They are then responsible for completing and returning the Eligibility form to our provider within 7 working days. They will not chase any outstanding forms from childcare providers.

How will I know if my Childcare provider is eligible?

Our provider will review the Eligibility form completed by your childcare provider. If they fail the eligibility checks, our provider will contact you direct, by phone, within 2 working days of receiving the completed eligibility form from your chosen childcare provider. Your application will be stopped at this point. Co-operative Flexible Benefits will encourage the carer to get registered, such that you and your carer can join the scheme. Once the childcare provider has passed the eligibility checks, our provider will re-activate your application.

What if I haven't chosen my Childcare provider yet?

If you don't know which childcare provider you intend to use yet, you can leave these details blank on your application form, but please do remember that you will need to let our provider know when you have decided. You will need to email info@flexiblebenefits.coop with your childcare provider contact details, or call **0800 458 7929** so Co-operative Flexible Benefits can register your childcare provider to receive payment. Until such time as you provide this information to our provider, your childcare voucher payments will be kept in your account.

What other checks will be done:

1. Before I can join the scheme?

National Living Wage check

The Group Payroll team will assess your application against the National Living Wage criteria, to make sure that by reducing your pay each period (by the amount you have applied for), you are not taken below the National Living Wage. It is a legal requirement for the Co-op to carry out these checks and make sure you are not taken below the National Living Wage. This check will be done against your current Basic Pay, after reductions.

If for any reason you fail the National Living Wage check, the Group Payroll Team will contact you direct, in writing or by phone. You will receive this notification ahead of the pay day you would expect to see your first childcare voucher reduction made from your pay. At this point your application will be stopped. Should you still wish to participate in Childcare Vouchers, there are two further options:

- 1) The amount of Childcare Vouchers deducted from your pay can be reduced below the original amount applied for so that your pay is not below the National Living Wage after the deduction is applied.
- 2) You can opt to apply the Childcare Voucher amount as a deduction against net pay. Please note that in these circumstances you will not be participating in a salary sacrifice scheme and you will not receive any additional tax or National Insurance savings.

2. When I join the scheme and ongoing each pay period?

Protected Pay check

The protected pay element for employees is currently set at £7.83 per hour. We are responsible for ensuring that any salary sacrifice elements do not take your earnings below this level per week. This check is performed automatically by the Oracle Payroll system every time childcare voucher reductions are due to be taken from your Basic Pay.

If your earnings will be taken below £7.83 per hour (as a result of salary sacrifice), your reduction will be stopped for that period.

Once you pass the Protected Pay check, your application for salary sacrifice will automatically be reconsidered and normal childcare reductions will be applied to your Basic Pay.

Statutory Pay check

(Statutory Redundancy Pay (SRP), Sick Pay (SSP), Maternity Pay (SMP), Paternity Pay and Adoption Pay (SAP), State Pension)

Where you are in receipt of Statutory Pay, the Oracle Payroll system will automatically assess your reductions in any period to ensure that these do not take you below the Statutory Payment minimum, i.e. the level of Statutory Payments to which you are entitled. It is a legal requirement for the Co-op to carry out these checks.

If for any reason you fail this check your reduction will be stopped for that period. Once you pass the Statutory Pay check your application for salary sacrifice will automatically be reconsidered and normal childcare reductions will be applied to your Basic Pay.

When will I know if my application for Childcare Vouchers has been successful?

If you are accepted for the scheme, you will receive all of the relevant system instructions from our provider through the post within 7 days of the first payday your childcare voucher reduction will take effect. The information from them will include your account number and unique PIN number, which will allow you to access your account online. You can access your account details via their Helpdesk number (0800 458 7929) or their website (www.flexiblebenefits.coop).

When will my first reduction be taken from my pay?

Your first reduction from your pay will take place in the pay period following your successful application to our provider. The Group Payroll Team must have received your on-line application details from our 3rd party provider, Co-operative Flexible Benefits, by the cut-off date detailed in the Childcare Voucher Payment Schedule located at the end of this document. Our provider will then credit your account with the full value of childcare voucher funds you have requested in your application, in line with the Childcare Voucher Payment Schedule. The maximum voucher value cannot exceed the limits shown in the table on page 4.

How do I make a payment to my Childcare provider?

To make a payment to your childcare provider, you simply enter the amount you wish to pay (not more than is in your account), and enter your carers account number (provided to your carer via Co-operative Flexible Benefits). Our provider will transfer payment directly to your childcare provider's bank account. It will take 3 working days for the funds to appear in your childcare provider's bank account. There is also the facility within our providers system to set up standing orders from your account. Full instructions are available on their website or via the free telephone helpline.

Can I leave the scheme or make changes to my Childcare Voucher amounts?

If you wish to leave the scheme or make changes to the amount of childcare vouchers you receive, you need to log into your account via www.flexiblebenefits.coop. Alternatively, you can apply through the Co-operative Flexible Benefits helpline. Please call **0800 458 7929 (Monday – Friday, 9am – 5pm)**. An advisor will help you complete the amendment with you and will request the relevant information from you to do so.

Changes can only be made as a result of significant lifestyle changes. Temporary suspension of reductions for childcare vouchers cannot be agreed as a result of the occasion of school holidays and other similar reasons. These are foreseeable events, which should be factored in when deciding the amount of salary sacrifice.

When will my Lifestyle Changes take effect?

Any changes requested in the Lifestyle Change form will be made in the next pay run if the deadlines for submitting your form are met. Please refer to the Childcare Voucher Payment Schedule for exact dates.

Administration Charges

There is no charge to either you or your chosen carer(s) for participating in the scheme.

How do I join the Scheme?

Once you have read all of the relevant information contained in this document and you wish to proceed with joining the scheme, you will be required to register with Co-operative Flexible Benefits. There are 2 ways to do this:

On-line Application

The easiest way to join is on-line. Log onto www.flexiblebenefits.coop and select "Register".

For GROUP employees - enter the "Employer Account Number" – 85004149

For GI/CFSMS employees - enter the "Employer Account Number" – 85004271

You then need to complete your details as requested.

Remember that the **maximum amount in Vouchers you can take will depend upon the limits shown in the table on page 4**, regardless of your monthly childcare costs.

Please have your payslip available as you will need your NI number to complete the registration process. You will also need your childcare provider's contact information (if known).

If you don't know which carer you intend to use yet, you can leave these details blank, but please do remember that you will need to let Co-operative Flexible Benefits know when you have decided. You will need to email info@flexiblebenefits.coop with the carer contact details, or call 0800 458 7929 so they can register your carer to receive payment with the E-Vouchers.

Co-operative Flexible Benefits Helpline Application.

Alternatively, you can apply through the Co-operative Flexible Benefits helpline. Please call **0800 458 7929 (Monday – Friday, 9am – 5pm)**. An advisor will complete the application with you and will request the relevant information from you to do so.

You will need to give the employer account number

For GROUP employees - enter the "Employer Account Number" – 85004149

For GI/CFSMS employees - enter the "Employer Account Number" – 85004271

If you are eligible for the scheme, our provider will send you your Childcare Vouchers account access details to your home or office address, including your "User ID" and "PIN" and full instructions for accessing and using your Childcare Vouchers account. You will receive this information no more than 7 days after the first payday that reductions are made from your pay. Your carer will also receive introductory information for the scheme from our provider.

What happens if I forget my PIN number?

It is critical that you keep your account details and PIN number in a safe and secure place at all times. In the event that you forget or lose your PIN number, you should contact the Co-operative Flexible Benefits helpline telephone number. You will be asked a number of security questions and your PIN number will then be re-set over the phone. Your PIN number can only be re-set by you.

Can I pay more than one Childcare provider through the system system?

Yes. Providing that all of the forms of childcare you employ qualify as registered or approved under the legislation for your country, and then you can use as many childcare providers as you wish. This gives you the flexibility you need as the child/children get older and you have different childcare requirements.

Could my partner also enter into this scheme and make savings?

Yes, the salary sacrifice scheme applies to individual earners, so if your partner works for the same organisation or another that offers a salary sacrifice scheme, then they can also save on the cost of your childcare – potentially doubling your savings.

Can I recover the outstanding balance in my account

In the event that any reductions are made either incorrectly or without authorisation from you, Group Payroll will refund or rectify the mistake in the following pay period, should the error be highlighted to them 15 days before your pay date as detailed in the Childcare Voucher Payment Schedule. Please note, in line with HMRC guidance, other refunds can only be authorised where they are as a result of a significant lifestyle change. All refunds will be subject to tax and National Insurance deductions.

Should you leave the Co-op, however, you will retain the funds in your account and full access to them for paying for future childcare costs. Once the account has been emptied, it will be closed.

Tax Credits & Other Benefits.

Will I be better off accepting childcare vouchers in return for a salary sacrifice or by claiming tax credits help towards my childcare costs?

If you are currently in receipt of Child Tax credits, you should carefully consider the impact that entering the scheme may have on these. If you are unsure, you should contact the tax credit helpline: 0845 300 3900, or visit:

<http://www.hmrc.gov.uk/calcs/ccin.htm>

http://www.hmrc.gov.uk/specialist/salary_sacrifice.htm

<https://www.taxcredits.inlandrevenue.gov.uk/Qualify/WhatAreTaxCredits.aspx>

Please note that you will not be entitled to receive tax credits based on childcare costs funded via the Vouchers provided through the salary sacrifice arrangement.

Will my other benefits be affected if I decide to join the scheme?

All of your other benefits (e.g. Pension, Holiday Pay, Overtime, Bonuses) will be based on your basic pay before sacrifice, so there will be no negative impact on these should you decide to join the Childcare Vouchers Scheme.

Statutory Redundancy Pay (SRP), Sick Pay (SSP), Maternity Pay (SMP), Paternity Pay and Adoption Pay (SAP), State Pension.

All of these statutory payments apart from Paternity Pay can be slightly reduced by participating in a salary sacrifice scheme as they are calculated using your actual cash earnings. The effect, however is that the cash benefits you receive by participating in the scheme might far outweigh any effects on these state related benefits that you may receive in the future.

To avoid any negative impact on your SMP/SAP, the Co-op Group will provide a “Top-Up” payment for any shortfall, based on notional pay, had you not been a member of the scheme.

The State Pension consists of two pension elements. The first is the Basic Element. By entering into a salary sacrifice scheme for Childcare Vouchers, you must earn at least minimum wage in cash earnings to participate. This automatically preserves your entitlement to the Basic Element of the State Pension.

Useful Co-operative Flexible Benefits Contact Details:

- Helpline Number (Monday – Friday, 9am – 5pm): 0800 458 7929
- Automated Helpline Number (Out of Hours): 0800 781 7951
- Website (General Information & Applications): www.flexiblebenefits.coop
- E-mail (Queries): info@flexiblebenefits.coop

Further Information (England and Wales)

To find out if your child carer is registered or approved contact:

Office for Standards in Education (Ofsted) by phoning 0845 601 4771

Or on the Internet at www.ofsted.gov.uk - quoting the Unique Reference (URN) for registered childcare.

This number will appear on your child carer's last registration certificate.

Nestor Primecare Services Limited (responsible for approved childcare) by phoning 0845 7678 111 or www.childcareapprovalscheme.co.uk

Further Information (Scotland)

To find out if your child carer is registered contact:

The Care Commission

By phoning 01382 207 200

All childcare in Scotland listed under www.childcarelink.gov.uk is registered care.

Childcare Voucher Payment Schedule 2018

CUT OFF DATES	PAYROLL DATES	Latest date funds are available in colleague's account (3rd party Supplier – Midcounties)	Indicate which pay period you wish the change to be made (X)
(Mon) 30 th December 2018	(Thurs) 17 th January 2019	(Fri) 25 th January 2019	
(Mon) 28 th January 2019	(Thurs) 14 th February 2019	(Fri) 22 nd February 2019	
(Mon) 25 th February 2019	(Thurs) 14 th March 2019	(Fri) 22 nd March 2019	
(Mon) 25 th March 2019	(Thurs) 11 th April 2019	(Fri) 18 th April 2019	
(Mon) 23 rd April 2019	(Thurs) 9 th May 2019	(Fri) 17 th May 2019	
(Mon) 20 th May 2019	(Thurs) 6 th June 2019	(Fri) 14 th June 2019	
(Mon) 17 th June 2019	(Thurs) 4 th July 2019	(Fri) 12 th July 2019	
(Mon) 15 th July 2019	(Thurs) 1 st August 2019	(Fri) 9 th August 2019	
(Mon) 12 th August 2019	(Thurs) 29 th August 2019	(Fri) 6 th September 2019	
(Mon) 9 th September 2019	(Thurs) 26 th September 2019	(Fri) 4 th October 2019	
(Mon) 7 th October 2019	(Thurs) 24 th October 2019	(Fri) 1 st November 2019	
(Mon) 4 th November 2019	(Thurs) 21 st November 2019	(Fri) 29 th November 2019	
(Mon) 2 nd December 2019	(Thurs) 19 th December 2019	(Fri) 27 th December 2019	
(Mon) 30 th December 2019	(Thurs) 16 th January 2020	(Fri) 24 th January 2020	

