

fideliti CHILDCARE VOUCHERS

The Newcastle upon Tyne Hospitals
NHS Foundation Trust



Employee Information Booklet



Save
on your
childcare
costs!

sign up... and start saving!

The Fideliti Childcare Voucher Scheme.

Childcare vouchers are an employee benefit available to all eligible staff employed by Newcastle Upon Tyne Hospitals NHS Foundation Trust who are parents or legal guardians of children using a range of registered childcare facilities. Newcastle upon Tyne Hospitals NHS Foundation Trust has opted to use Fideliti as the provider of our Childcare Voucher Scheme.

The Trust recognises the importance of achieving a balanced working life, particularly if you have demands made on you as a parent and we also recognise the high costs associated with childcare. To help with these costs you are able to convert / sacrifice a portion of your salary into Fideliti Childcare Vouchers allowing you to make significant savings on your existing childcare costs through tax and NI savings. Additional savings can be made if you are contributing to the Trust's Pension Scheme.

This information pack has been designed to help you understand the way the scheme works and to determine if the scheme is right for you. If you require any further information after reading this information, please contact the Fideliti helpline on **0800 288 8727**.

1. How does the scheme work?

At present, your salary is subject to tax and National Insurance deductions. Under the childcare voucher scheme you are able to take a portion of your salary as childcare vouchers which are not subject to tax and National Insurance deductions. This is referred to as a **'salary sacrifice scheme'**.

Please Note: From 6th April 2011 childcare voucher legislation changed for higher rate and additional rate tax payers. Under the new rules any new employees joining the scheme will have an earnings assessment when registering and will be restricted to the amount they are eligible to in vouchers dependant on the tax bracket they are in, the new rates are shown below:

- Basic rate tax payer £55 per week / £243 per month
- Higher rate tax payer £28 per week / £124 per month
- Additional rate tax payer £22 per week / £97 per month

An earnings assessment will then be carried out at the start of each tax year to determine your allowance for the year ahead.

2. What is Salary Sacrifice?

- A salary sacrifice happens when an employee gives up the right to receive part of the monies due under his/her contract of employment.
- The sacrifice would be made in exchange for providing the employee with childcare vouchers.
- The 'sacrifice' is effective when the employee signs the salary sacrifice agreement to vary their terms and conditions of employment. This variation relates to the right to receive contractual salary only.
- You effectively agreed to reduce your gross salary (amount taken before tax, NI and pension (if you are in the Pension Scheme)) by the amount you choose to sacrifice to a maximum of £2,916 per annum (e.g. If you earn £12,000pa and take the maximum £243 per month in childcare vouchers, you are reducing your annual gross salary to £9,084).
- You still however benefit from receiving £243 in vouchers per month to pay for childcare costs but pay less from your 'take home pay' for these vouchers due to the savings you make through tax and NI deductions.

The table below shows the potential savings you could make.

For a more accurate indication of the savings you could be making use the Fideliti savings calculator at www.fideliti.co.uk/employee

Monthly Vouchers	Monthly Tax and NI Savings	Annual Tax and NI Savings	If you pay into the Pension Scheme:	
			Total Monthly Savings	Total Yearly Savings
£50	£15.20	£182.40	£18.20	£218.40
£150	£45.60	£547.20	£54.60	£655.20
£243	£73.87	£886.46	£88.45	£1061.42

This illustration is based on basic rate tax payer (20%) assuming 'Contracted Out' NI contributions (10.4%) and Employee Pension Contributions (6%)

- As an example, you will pay approximately £156.98 each month (if you are in the Pension Scheme) from your salary for £243 worth of vouchers to pay for your childcare.
- Staff on the higher rate of tax and NI could save considerably more.

3. Are all employees eligible to join the scheme?

- Childcare Vouchers are available to all Newcastle upon Tyne Hospitals NHS Foundation Trust employees (your salary **must** be paid by NUTH) providing you have a permanent or fixed term contract (minimum 6 months).
- However, after the childcare vouchers have been deducted your salary cannot drop below the national minimum wage (rate from 1st October 2010 - £5.93) and it is important that your salary does not drop below the lower earning limit (£5,304 per year)) as this could affect other state benefits.
- If you want to join the scheme you must do so by the 4th of each month. If you join after the 4th of the month, vouchers will only begin the month after you joined. (e.g. if you join on the 8th May you will receive your first vouchers on your June pay day.)

4. What is the maximum contribution allowed per employee?

Employees are eligible to the following:

- Basic rate tax payer £55 per week / £243 per month
- Higher rate tax payer £28 per week / £124 per month
- Additional rate tax payer £22 per week / £97 per month
- You may increase or decrease your vouchers up to four times per annum but only to coincide with life changing events by providing one months notice.

5. Are childcare vouchers available to all employees or is it limited to each family?

- Childcare Vouchers are available to each parent or legal guardian, enabling you to make twice the saving.
- Each family could save over £1,700 per annum on childcare fees. Your partner should contact their employer to determine if they operate a childcare voucher scheme.

6. Will my childcare provider accept the vouchers?

- Childcare providers are not obliged to accept vouchers. You will provide Fideliti with the contact details for your childcare provider and an information pack will be sent to them. If they choose to register with Fideliti then they can accept vouchers.
- If you have multiple childcare providers, the voucher allowance can be allocated in any way you require.
- Childminders must be registered and family members caring for the children are not eligible.

7. What are the qualifying conditions?

Vouchers cover children up to the age of 16 and can only be used to pay registered and approved child carer(s), these include:

- Nurseries • Playgroups • Childminders •
- Independent Nursery Schools • Before and After School Clubs
- Day Care • Pre-schools • Holiday Clubs/Activities

“Did you know you can save on your childcare costs for children from 0-16 years!”



8. How will the scheme work if my childcare costs vary from month to month?

You should determine your annual childcare costs and divide this into a monthly amount. Vouchers do not have to be used each month and do not expire. You are only eligible to change the voucher amount up to four times per year (life changing events) unless there are exceptional circumstances which will be considered on an individual basis. It is important that you consider the payments you are likely to make over a 12 month period including pre-school and after school clubs, holiday playschemes, etc and try to gauge what you will need on an average month.

Life changing events are categorised as:-

- The birth of another child.
- A change to your working hours.
- An annual permanent increase in childcare costs / fees.
- A change in childcare provider.
- Major family personal events.

9. If I opt out of the scheme am I able to opt back in?

To leave the scheme you would need to provide Fideliti with one month's notice. Once you have left the scheme you are not able to rejoin for twelve months. If you have any vouchers remaining they are valid for an unlimited period and can therefore be retained for later use.

10. How will this affect my pension?

The effect on pensions will vary depending on your personal circumstances and the NHS pension scheme you are in. As your salary is reduced by the value of vouchers selected your pension contributions and level of earnings will also be lower. If you are concerned you should seek advice from the Pension Adviser for your Trust through Payroll Services, or if you wish, an independent financial adviser.

Other retirement benefits as a result of ill health, for example, Voluntary Early Retirement (VER), Death Benefits or Redundancy will also be based on your reduced pay.

11. Will my Statutory Sick Pay and State Pension be affected if I receive vouchers?

As long as your salary does not drop below the Lower Earnings Limit (£5,304 per year) these benefits will not be affected.

12. How will this affect any overtime payments, bonuses or pay rises?

Although your salary has been contractually reduced, any overtime payments, bonuses or pay rises due will be paid to you calculated on your adjusted salary plus the value of the childcare vouchers, i.e. these payments will be based on your salary and disregard any salary sacrifice in place.

Employer Related Payments

These are payments made by the Trust and are based on your average earnings over a fixed period before you begin to receive them. Sacrificed cash pay will not count as part of your average earnings for calculating these payments so they may be reduced as a result of a salary sacrifice scheme. Benefits which may be affected include Occupational / Statutory Maternity Pay and Occupational / Statutory Sick Pay.

13. Will my Maternity Pay be affected if I receive vouchers?

If you are planning or expecting a baby you should think carefully before committing to joining the Childcare Voucher Scheme as you must be aware that your Statutory Maternity Pay (SMP) and Occupational Maternity Pay (OMP), where payable, could be affected.

SMP and OMP is calculated on the amount of average weekly earnings during the 8 week period (weeks 17 – 25 of your pregnancy) which is 15 weeks prior to the expected date of confinement. For the purpose of calculating your maternity pay your lower salary (after childcare vouchers have been deducted) will be used, as a 'salary sacrifice' will reduce the amount of salary that is liable to NI contributions.

Therefore, any 'salary sacrifice' entered into during this 8 week period will reduce the level of entitlement to SMP and OMP (where payable). Careful consideration is essential and you must also take into account any other financial commitments which may be deducted at source during this period / whilst on Maternity Leave.

Please contact the Fideliti support team on 0800 288 8727 as soon as your pregnancy is confirmed if you wish to opt out of the scheme.

14. Could accepting childcare vouchers affect my Working Tax Credit (WTC) or Child Tax Credit (CTC)?

- Yes. Your entitlement to WTC and CTC is dependent on many factors including the number of hours you work, how many children you may have and whether you pay any eligible childcare costs.
- A salary sacrifice for childcare vouchers can reduce your relevant pay for tax credit purposes as the value of these benefits are not included as income. Therefore, potentially increasing the amount you receive in WTC.
- If you have childcare costs that are eligible for the childcare element of WTC, the costs eligible for the childcare element of the tax credit will be reduced by the amount of those costs met by your employer (e.g. the costs covered by a voucher). The childcare element of WTC may therefore be reduced. You should consider whether it is more beneficial to claim tax credits before agreeing to the childcare voucher scheme.
- To check whether you would be better in receipt of childcare vouchers or tax credits you can use the HMRC Childcare Indicator:
<http://www.hmrc.gov.uk/calcs/ccin.htm>.

15. When may the scheme not be suitable for you?

You should take into account all of the various aforementioned factors and identify which may impact on you directly. In the following circumstances the scheme may not be suitable for you and careful consideration is advisable:-

- Planned retirement – within the next 3 years if you are a member of the old Pension Scheme (Final Salary Pension) or 10 years if you are on the new Pension Scheme.
- If joining the Childcare Voucher Scheme reduces your salary too close to the National Minimum Wage, as you may already be sacrificing salary on another scheme.
- Planned Maternity Leave – you are due to go on Maternity Leave.
- Planning to apply for a mortgage or loan – Speak to your mortgage / loan provider to see if will impact on any decision for support.

16. Can I receive a refund for any vouchers I no longer require?

Childcare vouchers are generally non-refundable; they will not expire and can be used at any point in the future to pay for approved/registered childcare.

Refunds for vouchers will only be provided in exceptional circumstances and with agreement from the Trust. In the event that a refund is provided a service charge of 5% + VAT of the voucher value being refunded will be chargeable and deducted from the refund provided from NET salary (i.e. salary after deductions).

17. How will I receive vouchers?

Fideliti offer 3 types of vouchers to pay your childcare provider, this allows you to choose which best suits your requirements.

1. Paper Vouchers

Paper vouchers are personalised with your details and posted to your home address to arrive on or around pay day. These are then passed on to your carer(s) who can claim them in any of the following ways:

- Tel : 0800 288 8727
- Post: Returning the voucher to us in the pre paid envelope supplied.
- Email: childcare@fideliti.co.uk
- Online: via their online account

2. Electronic Vouchers

You will be given an online account to access the Fideliti website. You can log on at any time to view your account or make payment requests. You can also set up a regular payment where Fideliti will automatically pay your childcare provider at the specified frequency.

3. Auto-Payment Vouchers

This is an automated payment direct to your childcare provider each month on a date you specify. The easiest method if your payments will remain the same each month.

Joint Parent Accounts

If both parents are registered on the Fideliti childcare voucher scheme and have electronic vouchers, these accounts can be linked to create a joint parent account. This allows you to manage both of your vouchers through one combined account enabling you to make one payment to your childcare provider rather than having to logon and make two separate payments from two different accounts. Both parents do not have to work for the same company but do have to be registered for Fideliti Vouchers.

18. How do I apply?

- **Online**

You can register online at www.fideliti.co.uk/employeeregister. Please quote the following **scheme reference number NHS5248**.

Alternatively, please call the Fideliti Helpline on 0800 288 8727 and a member of our Customer Care Team will forward you a Salary Sacrifice Agreement Form. Please return the completed form directly to us in any of the following ways:

- **Post** Fideliti Limited, Spectrum Arena, Benson Road, Birchwood, Warrington, WA3 7PQ.
- **Fax** 01925 282005
- **E-mail** enquiries@fideliti.co.uk

Important

When registering online it is vital you quote the correct scheme reference for the Trust you are employed by to ensure we can arrange the correct payroll deductions to be made.

It is essential that you provide the payroll no. / Assignment no. as shown on your payslip as incorrect numbers could lead to a delay processing your application. If you have any queries, please contact our helpline on 0800 288 8727.

19. When should I apply for Childcare Vouchers?

Childcare vouchers will be issued on your pay-day. To apply for this scheme and to ensure that you receive the childcare vouchers on time, you should complete the Salary Sacrifice Agreement at the earliest opportunity, ideally before 5th of the month to allow salary reductions and vouchers to commence in the month you wish to apply. However, if you apply after this date the salary reductions and vouchers will commence in the following month and cannot be backdated.

20. How long does the application process take?

After submitting your salary sacrifice agreement to Fideliti, the application can be processed within 24 hours. However, Fideliti will need to carry out the due-diligence and registration checks; therefore we do ask that you allow 10 days for completion.

21. Any further questions?

Please contact the Fideliti Helpline.

Call: **0800 288 8727** E-mail: enquiries@fideliti.co.uk Visit: www.fideliti.co.uk

“With the money Dad saves...
we get to go to the
match every week”



“What will you do with the
money you save with
childcare vouchers?”

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