

Leapfrog Day Nurseries Childcare Voucher Scheme



Your employer has joined forces with Leapfrog Day Nurseries, to offer you the benefits of the Leapfrog Childcare Voucher Scheme. This is to offer you the opportunity to save money on your childcare costs, whereby part of your salary can be taken as Childcare Vouchers.

Leapfrog Childcare Vouchers are exempt from Tax and National Insurance contributions and therefore represent a saving for most employees.

By joining this scheme, you will be agreeing to replace part of your total remuneration package with Childcare Vouchers.

How much better off will I be, if I join the Scheme?

The amount of savings you receive will be dependant on your current salary, your Income Tax and National Insurance contributions. For most employees, in general terms, the annual savings, could equate to one month's childcare costs.

E.g. As a basic rate and middle rate taxpayer, you could save approximately £80 per month and as a higher rate taxpayer, you could save approximately £100 per month.

NB: This example is based on the assumption that you use your full monthly entitlement of £243 Childcare Vouchers.

Important things to consider before joining the Scheme

National Insurance Savings

To ensure you benefit from NI savings on your Childcare Vouchers, your gross salary must not fall below the current minimum wage threshold. Therefore, you will need to ensure that your gross salary minus your Childcare Voucher requirement does not take your income below this threshold.

What savings can be made if I don't order my full entitlement of £243?

If you do not require the full entitlement of £243 per month, calculate 33% off your monthly Childcare Voucher requirement.

Is there a limit on the amount of Childcare Vouchers I can have?

HM Revenue and Customs have set a limit on the maximum entitlement of Childcare Vouchers each employee is allowed. This is equivalent to £55 per week or £243 per month.

I pay my Childcare Provider weekly, but I am paid monthly – can I continue doing this with Childcare Vouchers?

Yes. When you order your Childcare Vouchers, you can order in separate denominations, i.e. up to 4 separate Vouchers, as long as the total value does not exceed the maximum entitlement. Please note that the minimum denomination is £10.00.

If I am paid weekly, how does this affect my order?

Your employer will deduct your Childcare Voucher order from your weekly wage. It will be discussed with you, how the Vouchers will be supplied.

How do Childcare Vouchers affect my pay?

You will receive your pay as normal, minus the order value of your Childcare Vouchers. The amount taken as Childcare Vouchers will be shown on your payslip. The designated amount of Childcare Vouchers will be Tax and National Insurance exempt.

How will future pay awards be calculated?

Once you have signed up to the scheme you will have an adjusted salary / wage plus Childcare Vouchers, which together will make up your original salary. When pay awards are calculated, this will be on your original salary, not the adjusted salary.

Company Pension

If you participate in a Company Pension Scheme, of which you have contracted out of S2P (formerly SERPS), you will be subject to a lower level of National Insurance, if you are not a member of a Company Pension Scheme and are contracted into S2P (formerly SERPS), the saving will be greater.

NB: We recommend that you discuss this with your employer or pension provider.

Private Pension

If you participate in a Private Pension Scheme, we recommend you contact your pension provider to ensure that your pension remains unaffected by Childcare Vouchers.

What will happen to my entitlement to Tax Credits?

If you are claiming Child Tax Credits or Working Tax Credits, it is your responsibility to check that by using Childcare Vouchers, your credits won't be affected.

You should check this **BEFORE** joining the scheme – contact the HM Revenue and Customs tax credits helpline on **0845 300 3900** or log on to www.hmrc.gov.uk

Government Funding – what is this and how might it affect my Childcare Vouchers?

The Government funds local authorities to ensure a free part-time education place is available for all three and four year olds. This is completely separate to the Childcare Voucher Scheme. This funding is usually paid directly to the Nursery and will be deducted from your fees. You will not receive a cash or cheque payment for this funding.

To find out more about Government Funding, log on to www.surestart.gov.uk.

NB: Before ordering your Childcare Vouchers, speak to your Childcare Provider to establish how much funding you will be entitled to. This will ensure you do not 'over order' the amount of Childcare Vouchers you need. Unwanted Childcare Vouchers cannot be refunded. However, the Vouchers are valid for 12 months from the date they are issued.

What about Statutory Maternity Pay?

Unfortunately, the Government does not recognise Childcare Vouchers as income for the calculation of Statutory Maternity Pay and if you continue to receive Childcare Vouchers during your pregnancy, your Statutory Maternity Pay may be significantly reduced.

If you are pregnant, or you become pregnant whilst receiving Childcare Vouchers, you are advised to discuss this with your HR department.

Lifestyle Changes

Once you have completed a Parent (Employee) Registration Form, you will continue to receive the same value of Childcare Vouchers each month unless you experience a lifestyle change; a lifestyle change is defined as an unforeseen life event, i.e.

- Change of marital status
- Change in number of dependants
- Change in working hours
- Beginning or returning from Maternity / Adoption leave

If you experience a 'lifestyle change', please contact Leapfrog, as you will need to complete a Lifestyle Change form to vary your amount.

