

**Aberystwyth University
Childcare Vouchers
Salary Sacrifice Scheme**

**Information Booklet
(Terms of the Scheme)**

Aberystwyth University Childcare Vouchers Salary Sacrifice Scheme

Introduction

There is now a more flexible way to meet the costs of your childcare. Aberystwyth University has set up a scheme through Accor which will allow you to exchange or sacrifice part of your salary for childcare vouchers. Staff who are eligible to participate in the scheme have the potential to reduce their tax and National Insurance contributions.

Accor can be contacted on 0845 3304433 or visit their website <http://www.childcarevouchers.co.uk/index.asp>

1. What is a salary sacrifice scheme?

A salary sacrifice happens when an employee agrees to an alteration to their contract of employment whereby they give up the right to receive a portion of their salary. In return, via Accor Childcare Vouchers, a payment is made to an approved carer nominated by the employee. The employee's tax and National Insurance deductions are based on the lower, post-sacrifice salary.

2. How does the employee benefit?

By participating in the scheme, up to £243 per month of childcare payments becomes exempt from tax and national insurance. This could save up to £962 per year for a basic rate tax payer, or £1,195 for a higher rate tax payer.

A tax and NI savings calculator can be found on the Accor website. <http://accorestimator.opp-links.org.uk/basic.aspx>

3. Pension contributions

If you make contributions to the Aberystwyth University Pension and Assurance Scheme, Dyfed Pension Fund or Universities Superannuation Scheme (USS), your contributions will be based upon the higher, pre-sacrificed salary, in order to protect an individual's level of pension.

Members of these Pension Schemes will not lose pension benefits. This is because both employees and the University will continue to make pension contributions on the pre-sacrifice salary.

Those with personal pensions, or those paying AVCs, should seek independent financial advice, as these may be affected by the salary sacrifice scheme.

4. How does the University benefit?

The scheme will be part of the University's approach to work-life balance, and will help to attract and retain employees by giving them the option to make savings in their childcare costs.

5. Who can join the scheme?

Employees of Aberystwyth University who:

- Have parental responsibility for any child(ren) (this includes stepchildren);
- Receive a regular, monthly salary.

6. What can the vouchers be used for?

The vouchers must be used to pay for childcare that is registered or approved. This includes;

- Childminders, nurseries and playschemes registered by the Care Standard Inspectorate for Wales.
- Out of hours clubs run by a school on the school premises or by a local authority.
- Childcare Schemes run by School governing bodies under the 'extended schools' scheme.
- Childcare schemes run by approved providers.
- An approved foster-carer (the care must be for a child who is not the foster carer's foster child)

"NB: Childcare provided by a relative**of the child is generally not eligible for help via the childcare element of the Working Tax credit or the tax and NICs exemptions on employer-supported childcare. The sole exception to this is the situation in which a relative has been registered or approved as a childminder, and happens to care for a related child, but whose primary or main paid childminding is for children to whom they are not related . In short being a paid childminder for the child to whom they are related is INCIDENTAL to their usual paid childminding. This care must be provided *outside* the child's own home."

***A relative of the child means a parent, grandparent, aunt, uncle, brother or sister -- whether by blood, half blood, marriage, or affinity.*

7. What does this mean for the Childcare Provider?

The childcare provider must be willing to accept vouchers and must register with Accor. For further information on how your chosen provider can register contact Accor on 0845 3304433 or visit their website

<http://www.childcarevouchers.co.uk/carers/joiningthescheme/index.asp>

8. Are there any other conditions?

The post-sacrifice salary cannot take an employee below the National Minimum Wage or the Lower Earnings Limit. There is a useful tax credit estimator on the Accor Childcare Vouchers website <http://accorestimator.opp-links.org.uk/>

The Childcare Vouchers Scheme ID is ABER9108

Further information about the Lower Earnings Limit and the National Minimum Wage can be found on the Inland Revenue website

(www.inlandrevenue.gov.uk/rates/nic.htm and www.inlandrevenue.gov.uk/nmw)

9. What does 'parental responsibility' mean?

That the child is:

- A child of the employee maintained at the employee's expense, or
- Is resident with the employee, or
- Is a child in respect of whom the employee has all the rights, duties, powers, responsibility and authority, which by law a parent of a child has in relation to the child and the child's property.

10. What is the role of the Inland Revenue in relation to the Scheme?

We have approached the Inland Revenue for approval of the Scheme.

11. Can I leave the scheme at any time?

Because of Inland Revenue rules, you cannot leave the scheme at any time. Your variation to contract will therefore run from the first month that your salary is affected, for the following twelve months. You can only leave the scheme if there is a lifestyle change. The following are accepted lifestyle changes;

- The employee ceases employment with the University.
- The employee's salary changes, such that their post-sacrifice income will be less than the National Minimum Wage, or below the Lower Earnings Limit.
- There is another significant change in the employee's contractual hours or salary (for example, a member of staff on maternity leave).
- In the event of "unexpected life changes", which is anything linked to birth, death and marriage.
- Change in childcare arrangements.

12. Can I join the scheme at any time?

The scheme will run from the date of joining for the following twelve months. Parents wishing to join the scheme must submit their completed salary sacrifice agreement to Human Resources at least one month before the date on which they wish to join.

13. What is the process for applying to join the scheme?

Once you have read the *Information Booklet (Terms of the Scheme)*, and the childcare voucher guide available on the Accor website at <http://www.childcarevouchers.co.uk/resources/ccvguide.pdf> and sought independent financial advice if appropriate, you will need to complete a salary sacrifice agreement, available Human Resources. This agreement will act as an addendum to your contract of employment.

Once the first 'sacrifice' is made from your salary you will then receive a parent's pack in the post from Accor. The Parent Pack contains everything you will need, your account details and a letter explaining how to proceed.

The University is offering a Childcare Vouchers Direct scheme which is a secure internet and telephone service.

14. What if I take unpaid leave?

You must let Human Resources know two months in advance that you will be taking unpaid leave. You can apply to re-enter the salary sacrifice scheme when you return from your period of unpaid leave. You must give us two months' notice of your return date.

15. Will I still be awarded any pay awards and increments?

Relevant pay awards and increments (including increases in salary due to promotion) will be added in the normal way (to your pre-sacrifice salary).

16. Will my child tax credit and/or my working tax credit be affected?

Tax credits may be affected by the salary sacrifice scheme. You may receive a higher or lower award.

Further information is available on the Daycare Trust website, which is the national childcare charity, at www.daycaretrust.org.uk. Alternatively you should seek independent financial advice or contact the tax credit office before you join the scheme if you are in receipt of credits (or think you are likely to be in the future).

If you are in receipt of other benefits, these may also be affected. You should contact your local social security office or your local authority for independent advice.

17. Will allowances such as maternity pay and sick pay be affected?

Any sick pay, holiday pay or maternity pay (and most other allowances which are applied as a percentage of your salary) to which you are entitled will be based on your post-sacrifice salary. Overtime pay will, however, be based on your pre-sacrifice salary.

Since maternity pay is calculated on your average earnings over an 8-week period, you would need to leave the scheme before that period commences.

18. What are the implications for entering into a mortgage agreement?

Since the vouchers form part of your remuneration package, they will be included in your earnings for the purposes of entering into a mortgage agreement.

19. I am employed on a fixed-term contract. Can I still join the scheme?

Yes, your appointment letter will take this into account. If your fixed-term appointment is extended, you will normally be able to continue your participation in the scheme for the duration of your extension.

20. Will I revert to my original salary when I leave the salary sacrifice scheme?

When an employee leaves the scheme but continues employment with the University, their salary will revert to the appropriate level of salary as if they had not joined the salary sacrifice scheme.

21. How will Human Resources know if there are any changes to your personal circumstances?

It is the responsibility of the member of staff to inform Human Resources of any changes. Human Resources require a minimum of ONE MONTHS' NOTICE of any changes.

22. My partner and I are both eligible to participate in the salary sacrifice scheme. Can we both join?

Yes, provided you are both employed here. Each member of staff is entitled to sacrifice up to £243 per month.

23. Where can I get independent advice?

The University cannot give you independent advice. Employees interested in joining the scheme are first, therefore, advised to seek independent advice from, for example, the Citizens' Advice Bureau or an independent financial adviser. You will need to confirm on the application form that you have been advised to seek independent advice. Some useful contact details are given below:

Citizens' Advice Bureau: 12 Cambrian Place, Aberystwyth, Ceredigion, SY23 1NT.
01970 612817

Tax and National Insurance

West Wales Area: Ty Nant, 180 High Street, Swansea, West Glamorgan, SA1 5AP.
www.inlandrevenue.gov.uk

State Pensions – The Pension Service
www.thepensionservice.gov.uk

Benefits – Jobcentre Plus
www.jobcentreplus.gov.uk

All aspects of childcare – The Daycare Trust
www.daycaretrust.org.uk

Lone Parent Advice – Gingerbread
www.gingerbread.org.uk

Tax Credits Helpline – 0845 300 3900
www.taxcredits.inlandrevenue.gov.uk

24. What should I do if I have a problem with the Scheme?

Contact the Accor helpline on 0845 3304433 or alternatively Human Resources .

Further information

- Failure to comply with the terms of the scheme, as set out in this booklet, may result in the University removing an employee from the scheme, and/or the employee having to pay back any savings they have made.
- The scheme will operate for an initial twelve-month period, at which point its operation will be reviewed.
- The University reserves the right to withdraw the scheme at any time, should there be changes in Inland Revenue, or other relevant, guidelines or practice.