



Clergy Payments Department

Childcare Voucher Scheme

Thank you for your interest in our Childcare Voucher Scheme.

As you may know, the Government has introduced new legislation to enable employers to provide childcare vouchers, up to the value of £243 per month, free of tax and national insurance contributions.

The Scheme is voluntary and you may join at any time throughout the tax year. On admission you will agree to remain in the Scheme for the remainder of the tax year whereupon the Scheme will be reviewed. Should the need arise, you may ask to opt out if you experience a lifestyle change. If you are allowed to opt out the agreement will be terminated and you will not be allowed to be readmitted to the Scheme within the same tax year. If you do decide to opt out you must provide us with at least one month's notice.

The Scheme is offered through a 'Salary Sacrifice' arrangement. This means that you must give up the right to part of your stipend and, in return, we will provide you with an electronic voucher that you can redeem for registered or approved childcare. It is important to note that the voucher must be redeemed for registered or approved childcare and can not be exchanged for cash, school fees, music lessons or informal childcare arrangements (such as childcare provided by a relative).

The electronic credit will be paid to a personal account provided by Accor Services, our voucher provider. You will access this account either through the Internet or by telephone. You will be responsible for instructing Accor to release payment to your childcare provider. Once you have authorised the payment, it will be credited electronically to your carer's bank account.

If you are in receipt of the childcare element of the Working Tax Credit you must consider whether this Scheme will be appropriate. In most cases you will be better off receiving the Tax Credit as your entitlements will be reduced if you use an employer provided voucher to help to pay towards your childcare costs.

To apply to join the Scheme you must complete the enclosed application form and return this to us as soon as possible. Please bear in mind that under the

rules governing Salary Sacrifice schemes, you must give up the right to receive part of your stipend before you have actually earned it. For example, if you wish to receive a voucher with your July stipend you must have applied to join the Scheme by the end of June.

We have included a selection of questions and answers below. These are frequently updated on our web site at:

www.cofe.anglican.org/info/clergypay/childcare

Please do not hesitate to contact us should you have any further questions.

Q Why are we offering this scheme?

A A small number of payees asked us to consider introducing a scheme to help them to reduce their childcare costs. Having considered the merits and the benefits to payees we decided it would be worthwhile to introduce a Scheme.

Q How can this Scheme help with my childcare costs?

A You will not pay tax or national insurance on the value of the childcare voucher (up to a maximum value of £243 per month) and this saving will help to reduce your childcare costs.

Q Do I have to join this Scheme?

A The Scheme is voluntary, but if you wish to take advantage of the tax and national insurance savings you will need to apply to join the Scheme.

Q Why do I have to give up part of my stipend?

A This Scheme is being offered as a "salary sacrifice" arrangement whereby you must give up part of your cash stipend and in return you will receive a benefit. The benefit (the Childcare Voucher) is paid free of tax and national insurance.

Q If I join the Scheme will I receive the voucher with my monthly stipend payment?

A On pay day, an electronic credit will be made to your personal account (with Accor Services). You can administer this account on-line (much like Internet banking) or by telephone. No paper vouchers are issued.

Q How will the person providing my childcare be paid?

A You will be able to direct payments to your childcare provider using your personal account with Accor Services. You will be able to access this account via the Internet or by telephone.

Q What counts as eligible childcare?

A Childcare schemes run by approved providers; childcare given in the child's home by a person approved to care for the child or children; childcare given away from the child's own home by a person approved to care for the child or children aged 8 or over; childcare given in the child's own home by a domiciliary worker or nurse from a registered agency who cares for the child or children; and approved foster carers (the care must be for a child who is not the foster carer's foster child). Approved childcare in England is childcare approved by a body acting under the authority of the Secretary of State.

Q How do I find out if my child carer is registered or approved?

A Contact OFSTED (www.ofsted.gov.uk) or Nestor Primecare Services Limited (www.childcareapprovalscheme.co.uk)

Q If I join, how long do I have to remain in the Scheme?

A You must agree to remain within the Scheme for the remaining part of the tax year. You may leave the Scheme if you have a lifestyle change but you will not be able to rejoin within the same tax year. A lifestyle change could be pregnancy, redundancy of your partner, a change to your working hours, termination of your appointment, a change to your childcare arrangements or the death of a child or partner. This list is not exhaustive and we will consider each request on merit.

Q I receive Tax Credits. How will this Scheme affect them?

A If you receive the childcare element of the Working Tax Credit, the Inland Revenue will class these vouchers as employer provided childcare. If you are considering joining this Scheme you must contact the Tax Credit Office to establish how the voucher would affect your Tax Credit entitlement. Further information is available from www.hmrc.gov.uk/childcare/taxcredits-guidance.htm. The Inland Revenue also issue a booklet, WTC5, which is available from the Revenue's web site at: <http://www.hmrc.gov.uk/pdfs/wtc5.pdf>

Q Will any of my work-related payments be affected by joining this Scheme?

A No. Sickness and Parental benefits will be paid based on your reduced stipend and you will continue to receive the childcare voucher providing you are eligible for enhanced pay, ie pay in addition to the statutory minimum. If your Board of Finance pays the minimum amounts for Parental Benefits you should contact us to ascertain how the Scheme will affect your entitlements while you are on leave.

Q Will a "salary sacrifice" affect my pension?

A If you are a member of the Clergy Pension Scheme, your pension entitlements will not be affected by entering into a "salary sacrifice" arrangement.

Q How might a "salary sacrifice" adversely affect my benefit entitlements?

A This Scheme should not adversely affect your benefit entitlements. Providing you do not allow your earnings to fall below the Lower Earnings Limit (LEL) you should not experience any change to your benefit entitlements.

Q How much can I save?

A It depends on your circumstances but we have set out a general illustration below (illustration as per 1 April 2008):

	without sacrifice	with sacrifice	Saving to payee
Stipend	20,500.00	20,500.00	
Sacrifice	0.00	2,916.00	
New cash stipend	20,500.00	17,584.00	
Tax due (543L)	3,012.00	2,429.00	583.00
Employee NI due (D)	1,404.00	1,130.00	274.00
Total saving (annual)			857.00