



# Savings on childcare

Through the care-4 scheme you are able to make savings on the cost of childcare.

## How you can benefit

care-4 allows you to save tax and National Insurance (NI) contributions on a proportion of the childcare costs that you pay through care-4.

From April 2011, basic rate tax payers can save tax and NI on £243 per month (£55 per week), higher rate tax payers on £124 per month (£28 per week), and additional rate tax payers on £97 per month (£22 per week). Depending on the rate at which you pay tax and National Insurance this scheme could save you over £900 per year. If you spend £400 a month on childcare, that's the equivalent of over nine weeks free childcare per year.

The qualifying conditions are as follows:

- you can only use the childcare vouchers to pay for childcare that is Registered or Approved
- the child is
  - your child or stepchild, maintained at your expense, either in full or in part, or
  - resident with you and for whom you have parental responsibility.

A child qualifies up to 1st September after their 15th birthday (or 1st September after their 16th birthday if they have a disability).

## Example of monthly savings

Assuming a monthly reduction of the maximum tax free amount per month\*:

Basic Rate Tax Payer Annual Earnings £20,000		
Tax Saving (£243 x 20%) £48.60 per month	NI Saving (£243 x 11%) £26.73 per month	Total Saving £75.33 per month
Higher Rate Tax Payer Annual Earnings £50,000		
Tax Saving (£124 x 40%) £49.60 per month	NI Saving (£124 x 1%) £1.24 per month	Total Saving £50.84 per month
Additional Rate Tax Payer Annual Earnings £160,000		
Tax Saving (£97 x 50%) £48.50 per month	NI Saving (£97 x 1%) £0.97 per month	Total Saving 49.47 per month

Your employer also enables you to reduce your salary by more than the tax free amount\*, however, any amount paid over the tax free limit will come from your net pay after tax and National Insurance contributions have been paid. Whilst there are no additional savings, you do have the convenience of being able to pay your carer from a single account.

The savings are per employee, so if your partner works for the same employer – or another company that offers a childcare payment scheme – your family could benefit twice.

## Added value

As well as enjoying the savings on your childcare costs, the care-4 scheme provides you with:

- free seamless access to a confidential childcare helpline, providing advice and support on all parenting issues.
- free access to [www.childcareplaces.co.uk](http://www.childcareplaces.co.uk) providing you with the opportunity to search for a new Childminder, through vacancies posted by Registered Childminders who are members of the National Childminding Association.
- the opportunity to register with [www.emergencychildcare.co.uk](http://www.emergencychildcare.co.uk) at a reduced rate, in order to secure emergency childcare for the same day or up to three weeks in advance and pay for the booking through your care-4 account.
- childcare provider discounts (subject to availability). Full details of the latest discounts are available on the care-4 website.

## How it works

To be eligible you must:

- be a UK tax payer, that can benefit from the tax efficiencies of the scheme
- have a salary after reduction that remains above the National Minimum Wage
- use a Registered or Approved childcare provider

To take part, you will need to register with care-4. You can do this online using the care-4 website or via telephone (see 'Registration' overleaf).

To comply with tax regulations, you will need to commit to participate for an agreed period, although there is flexibility to make changes if you have an approved lifestyle change.

On or around each payday the agreed amount will be paid into your personal care-4 account for you to use to pay your carer(s). If you provide an email address, care-4 will notify you of your balance when your account has been credited.

If you plan to use childcare only at certain times of the year, such as school holidays, you can build up a credit in your care-4 account to use at a later date. So you can still benefit from this great saving straight away.

## Your childcare provider ("carer")

You can choose any carer to be paid through care-4 provided they are Registered or Approved.

### Registered care includes:

- registered nurseries
- registered child minders
- after school clubs
- play schemes (including summer holiday schemes)
- crèches

### Approved care includes:

- nannies
- unregistered carers

## In England

All Approved carers must be certified to confirm that they are on the Voluntary Ofsted Register\*\*. For more information on the Voluntary Ofsted Register please visit [www.ofsted.gov.uk](http://www.ofsted.gov.uk), email [enquiries@ofsted.gov.uk](mailto:enquiries@ofsted.gov.uk) or call 0300 123 1231.

## In Wales

All Approved carers must be certified to confirm that they have completed the Home Approval Scheme\*\*. For more information please visit [www.childcareapprovalschemewales.co.uk](http://www.childcareapprovalschemewales.co.uk)

## In Northern Ireland

All Approved carers must be registered with their local Health and Social Services Trust. For more information please visit [www.childcarechoices.n-i.nhs.uk](http://www.childcarechoices.n-i.nhs.uk)

## In Scotland

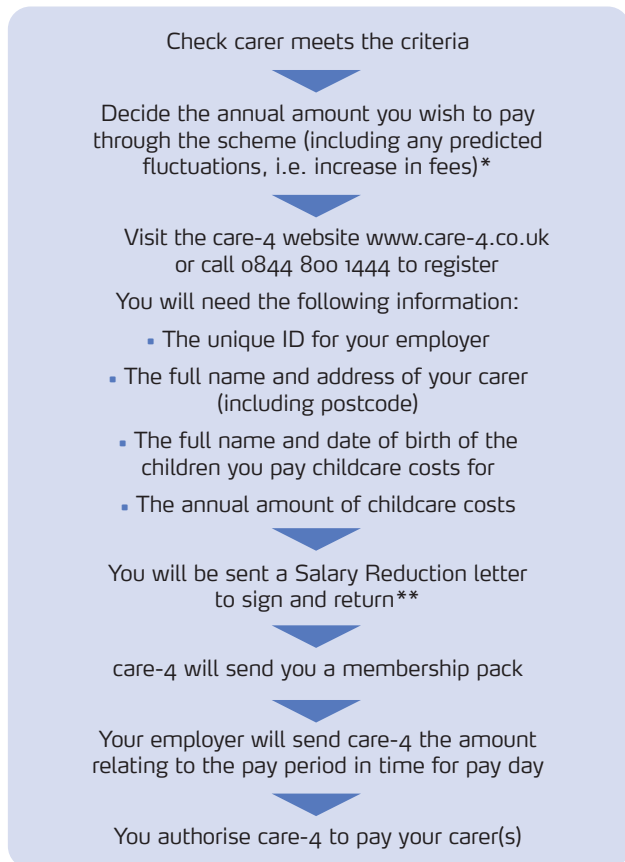
There is no approval scheme, however nannies provided through nanny agencies registered with the Scottish Care Commission are eligible. For more information please visit [www.carecommission.com](http://www.carecommission.com)

\* From April 2011 the maximum tax free amount is £243 per month for basic rate tax payers, £124 per month for higher rate tax payers and £97 per month for additional rate tax payers.

\*\* The approval process can take up to twelve weeks and must be obtained before you can start to pay your carer.

If you are interested in taking this benefit, here are the steps that you need to follow:

1. To register for care-4



2. Once registered you will be given a personal care-4 account number and PIN. You'll need to quote both of these when authorising payments to your carer via your care-4 account.
3. Decide whether you would like to set up scheduled payments to be paid automatically through the year, or whether you want to authorise ad hoc payments, or even a combination of the two. You may need to update any existing payment arrangements you have with your carer, such as Direct Debits.

### Important points to note

You should think carefully about joining if you currently receive the Childcare Element of Working Tax Credits, as your entitlement may be reduced and you could be worse off as a result of taking part in this scheme. Further advice can be obtained by contacting the Tax Credits helpline on 0845 300 3900 (0845 603 2000 Northern Ireland).

Your salary after the reduction must remain above the National Minimum Wage. This rate is dependent on your age.

Any money held in care-4 accounts can only be used to pay for qualifying childcare. No cash refunds can be given. All funds held on your behalf are held securely and are not included within any Company financial information.

### Further Information

For further information about the care-4 scheme, please visit the care-4 website at [www.care-4.co.uk](http://www.care-4.co.uk), telephone care-4 on **0844 800 1444**, or email [info@care-4.co.uk](mailto:info@care-4.co.uk).

### Is the tax and National Insurance free savings amount available per child?

No, the savings amount is per employee, regardless of the number of children to which your childcare costs relate. You can split the amount amongst multiple carers if it suits you to do so.

### My childcare costs are more than the tax and National Insurance savings amount. Can I pay the full amount through the care-4 scheme?

Yes, to make it convenient for you to pay your carer from a single source, you can opt for an amount in excess of the tax free limits. Any additional value above your tax free limit will be taken from your net pay.

### I don't have childcare costs just yet, can I start saving now?

Yes, as soon as your child has been born, you can register with care-4 and start accruing funds to be paid to a registered or approved carer at a later date in order to maximise your savings.

### I currently use a relative to care for my child, can I continue to do this?

Please be aware that in line with the Childcare Voucher legislation, Partners and Spouses, (or any other person that has parental or guardian responsibilities for the child being cared for), are not eligible for payment through care-4 at all, irrespective of whether they are a Registered or Approved carer and caring for other children.

Other Relatives that are registered as a childcarer, either through Ofsted or eligible regulatory body, can be paid through the care-4 scheme provided that they care for a child or children that are not relatives, alongside the child that is related to them.

### Can I change the amount of money that I sacrifice to pay for childcare when my childcare costs change?

You can change at the end of each agreed period of commitment, unless an approved lifestyle change occurs. You should take into consideration any changes likely to occur during the commitment period, such as fee increases, when when you calculate the amount of salary that you want to put through the scheme.

### Can I change my nominated care provider/s?

Yes, you can register new carers throughout the year. However, to avoid delays in payment to them it is recommended that you nominate all your potential carers at the outset.

### Can I choose my own carer?

You have the complete freedom to choose your own childcarer. However, in line with the legislation they must be Registered or Approved to take advantage of this scheme.

### Will taking part in the care-4 scheme have an impact on my entitlement to tax credits?

Participating in this scheme may impact upon your family's entitlement to both Child Tax Credits and Working Tax Credits. You should think carefully about joining care-4 if you currently receive the Childcare Element of Working Tax Credits, as your entitlement will be reduced.

If, however, you only receive the basic element of Working Tax Credits there should be no disadvantage from joining.

### Further advice can be obtained by contacting the Tax Credits helpline on 0845 300 3900. (0845 603 2000 Northern Ireland).

\* This figure should be calculated before the tax and NI savings. So if you want to pay for £1,000 worth of childcare in a year (even though the actual payment may differ from month to month) then that becomes the annual amount.

\*\* Your employer may allow you to register fully online without returning documentation. This will be stated when registering online at [www.care-4.co.uk](http://www.care-4.co.uk)

