

ARMED FORCES CHILDCARE VOUCHER SCHEME

Why is this scheme being introduced now?

The MOD has been waiting to make sure that the scheme can be put in place on JPA. This will be completed and tested by the end of November/early December.

What does “salary sacrifice” mean?

This can be quite complicated. The scheme relies on you, the Service person, agreeing that you will be paid less cash salary. Instead you will get “paid” a combination of cash and childcare vouchers. For instance, if you get paid £1500 a month (pre-tax) and now want £100 of childcare vouchers a month, you have to agree to be paid £1400 in cash plus £100 in childcare vouchers. You aren't buying vouchers – they are actually part of your total “pay”. You can then use these vouchers to pay (or part pay) for your childcare, as long as the childcare is regulated. Don't forget that you can only use the vouchers for an eligible child i.e. a child that you have financial and parental responsibility for.

How much of my salary can I claim in Childcare Vouchers?

The maximum per month is £243 and the minimum £30.

Why should I bother?

It is completely up to you. However, you do save tax and National Insurance Contributions because your gross cash salary has been reduced. If you opt for the maximum amount of vouchers (£243 per month) then you can save between about £1000 and £1200 per year, depending if you are a lower or higher rate taxpayer.

The MOD is paying me in childcare vouchers then?

In effect, yes. The MOD will still continue to pay your total salary each month; it's just that some of it will be in the form of childcare vouchers. The vouchers will be issued to you by the scheme provider for the amount you have agreed to. This could be paper vouchers or credits to an electronic childcare account, depending how you want to do it. Remember, if you choose to have a part of your salary paid in childcare vouchers you will have less cash salary at the end of each month.

What if the contractor messes up?

They shouldn't – we aren't asking a contractor to do something new, they have all been in the childcare business for some time. In fact, they will only be paid on the basis of the childcare vouchers they issue, so if they don't get it right, they won't be paid. If that wasn't enough incentive, we have put a lot of helpdesks, monitoring and dispute clauses in the contract.

We want you to get a really good service and will be checking very carefully how things go when the scheme starts.

What if I am serving overseas?

It doesn't matter where you are living, you can still apply to join the scheme or remain in the scheme even if you move or are deployed on operations. Remember though that the childcare you use has to be registered. In BFG, the British Forces Early Years Service (BFEYS) is the body responsible for regulating childcare within the UKSC (G) geographical area of responsibility.

When will the scheme start?

The scheme will be available from 10th December 2007 . The contracted scheme provider is Sodexho Pass Ltd.

What should I do now?

If you wish you may pre-register for an information and application pack using the following e-mail address: AFCVS@sodexhopass.co.uk **Please note this address is for pre-registration only.**

Alternatively you can write to the following address: *Armed Forces Childcare Voucher Scheme, Sodexho Pass Ltd, 5 Albany Court, Albany Business Park, Frimley Road, Camberley GU 16 7QR*

Packs will be issued as soon as they are ready and Sodexho Pass will confirm further contact details for the helpdesk, freephone numbers and a specific Internet website address for the scheme.

Do I have to do anything with JPA or with my unit HR staff?

No. All the arrangements will be made by the scheme provider. You will get the application pack from them, send the completed application back and it will be processed by them. MOD has to make the change to your pay on JPA but **you** don't have to let us know; the scheme provider will do that when they get your correctly completed application. There will be more details on this once a scheme provider has been selected and the launch is announced.

Can my spouse/civil partner use the scheme as well?

Only if your spouse/civil partner is a Service person. The scheme works by changing your "pay" and if MOD doesn't pay someone, they can't be in our scheme. Any Service person with an eligible child can join our scheme. HQ UKSC (G) understands that MOD Civil Servants employed in BFG will have their own childcare voucher scheme put in place soon.

I have 2 children. Can I get twice as many vouchers?

No. The limit is per person in the scheme not per child.

Are there any drawbacks?

There are a number of potential drawbacks that you need to consider. Salary sacrifice means you have lower gross pay and this may impact on other benefits. Tax credits and other earnings related benefits such as Job Seeker's Allowance and Incapacity Benefit, are calculated according to your gross pay. This will be your pay before tax **minus** your childcare vouchers should you choose to apply for them. Statutory Maternity Pay (SMP) is also assessed on the actual cash salary being paid between the 23rd and 15th weeks before the expected week of birth. If a pregnant Servicewoman is a scheme member during that period, her SMP will be calculated on the lower level of pay. This is normal practice for salary sacrifice schemes. ***It is therefore essential that pregnant Servicewomen withdraw from the scheme before the 23rd week before the expected week of birth if they wish to be assessed for the full rate of maternity pay.***

However, the MOD has agreed that pension calculations under the Armed Forces Pension Scheme will not be affected as their calculations will use your actual cash pay **plus** your childcare vouchers in calculating the amount of pension you will receive.

Where can I use the vouchers?

You can use the vouchers in lieu of cash to pay for childcare regulated by BFEYS such as:

- Nurseries and play schemes
- Registered childminders
- Out of school clubs (either after school or during the school holidays).
- Nannies looking after the child at home, if they are registered with the MOD Voluntary Childcare Scheme which comes into force in January 2008.
- Childcare away from the child's home by a person approved to care for the child aged 8 or over, if they are registered with the MOD Voluntary Childcare Scheme which comes into force in January 2008.

N.B. Childcare provided in the child's own home will **not** qualify if the childcare provider is a relative of the child, even if that person is registered. This will also apply when childcare is provided away from home and the childcare provider is related to the child and does not look after unrelated children. Check with BFEYS if in doubt.

Can I backdate my application?

No.

Can I return unused vouchers?

No. You will need to plan in advance. You cannot sell childcare vouchers on or give them to anyone else to use. ***Selling the vouchers on is fraudulent.***

The returning of unused vouchers would only be considered in supported compassionate cases and then each request will be dealt with on an individual basis.

Please note that this information is being added to as the arrangements for the Armed Forces Childcare Voucher Scheme are being put in place. Regular updates will be posted on the Service Families Task Force page on www.mod.uk and on www.bfgnet.de and hive-bfg.co.uk websites within BFG.