



In December the MOD launched a childcare voucher scheme for the Armed Forces. From April 01 2008 this scheme now extends to all MOD employees. The scheme gives you the chance to change your salary so that you are paid in a combination of cash and childcare vouchers, which may be used to pay or part pay for registered childcare.

Working and bringing up a family can be a demanding combination and worry about the costs of childcare is something that most families could do without. This is why the government introduced childcare voucher schemes. Thousands of MOD employees could be saving money on their childcare by signing up to receive childcare vouchers.

Participants in the scheme will be able to “sacrifice” between £30 and £243 per month to be used for childcare vouchers. For instance, if your monthly pay is £1500 and you choose to receive £100 worth of vouchers per month you will only receive £1400 pounds in your actual bank account; the remaining £100 will be credited to you to be used to pay for your registered childcare. This £100 will not be included in your gross pay for tax purposes. **You will not pay tax or National Insurance contributions on the amount of pay you have “sacrificed” for childcare vouchers.** In effect the childcare vouchers are tax and National Insurance exempt and could save you up to between £1000 and £1200 a year depending on whether you are a higher or lower rate tax payer.

The decision to claim childcare vouchers is completely up to you. However, you should be aware that using this salary sacrifice scheme may have an impact on other benefits (e.g. tax credits or earnings –related benefits which are calculated on gross pay, including Jobseeker’s Allowance and Incapacity benefit ; remember your gross pay will be the amount you have earned **minus** the amount you have decided to exchange for childcare vouchers).

If you would like to sign up for the scheme, please visit www.modchildcare.co.uk and choose either the Armed Forces or Civilian website. Here you will find all of the information you need to apply. Sodexo Pass Ltd., who administer the scheme for the MOD also provide a free helpline: 0800 180 8980 in case you have queries regarding your application.