



ASTON UNIVERSITY

Nursery Scheme

FAQ's

This document has been prepared to answer questions that you may have on the Salary Conversion Nursery Scheme ("the Nursery Scheme").

Why is the University offering a Salary Conversion arrangement for the University Nursery fees?

Salary Conversions are regularly used by organisations to provide benefits to staff in a tax efficient manner. It's not new to the University – staff already benefit from the Pension, Cycle to Work, Childcare Vouchers and Low Emission Lease Cars schemes. The Nursery Scheme will become part of the University's existing Flexible Benefits scheme.

How does the scheme work?

The arrangement requires you to agree to a reduction in your gross pay equivalent to the cost of the nursery fees. Your savings from entering into this revised contractual agreement will be the tax and National Insurance ("NI") that would have been applied to this amount.

The salary reduction will be based on the annual Nursery fee divided by 12 (or 52 for weekly paid staff).

I am in the Nursery vouchers scheme currently, what is the difference?

With Nursery vouchers there is currently a tax and NI limit of up to £243 per person per month on which you obtain savings (subject to your earnings). In the Nursery scheme you can benefit from tax and NI savings on the full amount of your Aston University Nursery fees.

Who is eligible?

You can participate in the Aston University Nursery Scheme provided that after your salary has been adjusted (for all salary conversions) you remain eligible to pay National Insurance contributions and your pay is above the National Minimum Wage.

Employees who earn below this limit will still be eligible for their children to attend the nursery however cannot join the Nursery Scheme.

How much are the savings

The savings you make vary according to your salary and tax/NI rates.

Example

If you pay tax at basic rate (20%) and the cost to you of Nursery provision in the workplace nursery is currently £743.75 per month, you could save £2,713 on the total cost of £8,925 over a year. This compares to a saving of £886 a year where you currently take the maximum amount of childcare vouchers.

My child will be receiving Nursery Education Funding (NEF). How will this be affected?

Eligible children are entitled to a grant to cover a maximum of 15 hours per week, for 38 weeks of the year. The grant will reduce the cost of your childcare place. As a result of this, shortly before your child becomes eligible for the grant, a review will take place so that we can take this into account when calculating childcare costs. A new amendment to contract form will have to be completed at this stage.

What happens if you receive a pay increase?

You will receive any relevant pay awards as usual, based on you pre Nursery Scheme pay.

What happens if your Nursery costs vary from month to month?

The Nursery will calculate the cost based on the period of the contract you choose. This amount will be divided by the number of [weeks/months] in the contract period to ensure equal amounts for reduction (if you join the Nursery Scheme midyear the cost will be calculated on a pro rata basis). In the event that you require extra Nursery sessions than you have agreed to under the Nursery Scheme, then as at present, the cost of these additional sessions will be collected separately by the Nursery and will be outside of the Nursery Scheme.

What effect will the vouchers have on Working Tax Credit or Child Tax Credit?

If you are claiming tax credits, please refer to your local Working Tax Credit office, and ask about any possible impact.

Can I change my Nursery arrangements whilst in the scheme?

By joining the scheme you are accepting a contractual change to you terms and conditions for the period of your contract. This means that you lose the flexibility to change your arrangements unless you experience one of the "life change" events listed below.

What happens if my child is sick or goes on holiday?

Any parent who has a child in the nursery has to remain in the Nursery Scheme when their child is sick or on holiday i.e. no changes are made to the agreed reductions.

Can I leave the scheme at any time?

You will be required to sign up to the scheme for at least one full year; however this will be reviewed if you experience a major 'life change' such as:

- marriage or civil partnership;
- a change in the number of sessions required;
- notification of pregnancy;
- commencement of or return from maternity leave;
- divorce or separation;
- death of a Partner or Dependant;
- commencement of or return from long-term sick leave;
- redundancy of partner:
- unpaid leave of greater than 3 months;
- career break (of up to 12 months);
- your child becomes eligible for the educational grant;
- your child attends part time educational nursery elsewhere.

Once you are part of the Nursery Scheme, one full calendar month's written notice must be given if you experience one of the above major lifestyle events. Failure to do so will result in the salary conversion continuing.

What happens if I decide to have another baby?

Please refer to the University's Flexible Benefits Frequently Asked Question guidance and in particular the section on statutory maternity pay.

What happens if the fees alter such as for an annual increase?

In signing up you agree that your salary will be reduced by the value of your nursery place. If the nursery fees alter (either up or down) then an adjustment will be made automatically.

Does participation in the Nursery Scheme affect my pension contributions?

If you are a member of the Aston University Pension Scheme (AUPS) or the Universities Superannuation Scheme (USS) your pension contributions and benefits will be based on your notional salary, which is your salary before any salary conversion. Your benefits will therefore be unaffected.

How will the salary conversion be shown on my personal payroll and tax documents?

You will see the reduction on your monthly payslip. Your P60 will however reflect your taxable salary, i.e. your gross salary less the Nursery Salary Conversion.

For further information please refer to the University's Flexible Benefits Frequently Asked Questions guidance or contact:

- **For any questions about the Nursery, including fees - Donna Cooper, Nursery Business Manager ext. 4677**
- **For questions about the operation of the salary conversion - Peter Brookes, Pensions and Employee Benefits Administrator ext. 4582.**