

Life Insurance Provider

Care4 - Childcare Payment Benefit Scheme rolled out across Group

Client Issue

Our client employs 11,000 staff across its diverse insurance and pension businesses.

With the new childcare voucher legislation in place, the Group wanted to provide a childcare benefit to all employees. This scheme had to replace a small historic arrangement in place for its life insurance employees and incorporate a benefit for the whole of the Group. They contacted Grass Roots to design, implement and manage a salary sacrifice childcare payment benefit scheme.

Grass Roots Solution

Grass Roots proposed the care-4 tax efficient electronic childcare voucher scheme - the first UK electronic scheme enabling working parents to enter into a 'salary sacrifice' arrangement and pay fees directly to their approved child carers' bank accounts.

They qualify for National Insurance (NI) and income tax relief on the first £243 per month (£55 per week) paid to a Registered or Approved Carer in this way, yielding annual net savings of more than £1,000 to the individual employee, and a potential profit for the employer through the reduction in corporate NI.

Result

The scheme was successfully launched in April 2005 and participation is continuing to grow. Over 400 employees are currently making savings through the client's group scheme.

Since this date other companies in the wider Group have also introduced the scheme to their employees,



"The government initiative launched in April 2005 enabled employees to enjoy significant tax and NI savings on the cost of approved or registered childcare through a salary sacrifice arrangement. This initiative has proved really popular for those employees who are lucky enough to be able to take advantage and forms part of a package of initiatives we will be looking at as part of our long term commitment to make the group an employer of choice."

"The scheme is administered by Grass Roots and called care-4. They provide a fully managed service, requiring little intervention by us. Since inception there have been very few issues and with their expertise they have helped navigate us through the legislative requirements, as well as with all communications to our employees."

HR Reward Manager