

EQ workplace

10 employee benefit priorities

“ A generous employee benefits package can be an excellent way to retain employees, contribute towards improving staff well-being and enhance engagement. There are some legal requirements but others are generally expected by employees and provided by their employers.

Getting the formula for your scheme right for your staff demographic is critical if you want to attract new talent and compete in your sector. Knowing what communications methods will enhance your offering and achieve high understanding and appreciation levels is equally important.

Here are ten steps to help you to achieve an engaged workforce.

Vanda Cox
Corporate Benefits Director

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1 Embrace the pension revolution... then review it!

Most employees are now automatically enrolled into a workplace pension. Studies show that this is the employer-funded benefit that staff value the most. As statutory minimum contribution levels increase over the next few years, employees may need to be reminded of the importance of saving for their retirement and the personal tax relief benefit.

Offering a good company pension is a sign that you are prepared to make a long-term investment in your staff - not only giving them a salary today, but helping them to build a pension pot to fund their retirement years.

“ 83% of employees value employer workplace pension contributions.¹ ”

With all but the smallest and newest employers operating workplace pensions and auto enrolling staff, the key differential is now how much the employer is prepared to contribute. Offering employees a higher contribution than the minimum required level can help attract and retain high calibre staff.

“ 9 out of 10 employees think that auto-enrolment was a good idea. ”

Employers can add value by carrying out regular, structured workplace pension reviews to ensure that the provider, default fund, investment options, charges, and scheme flexibility all remain competitive.

As most employees contribute into their workplace pension they tend to value ongoing review presentations and workshops that give them a chance to raise questions and improve their understanding.

2 Provide a safety net for employees who suffer serious, long term illness

Group Income Protection provides replacement income if an employee is unable to work due to long term illness or injury. It is generally paid to the employer and passed to the employee in lieu of salary. Payment typically starts after a continued period of sickness absence of six months and stops when the employee returns to work, retires, or dies.

“ More than 16 million families have savings of less than £100.² ”

A cheaper alternative for the employer is cover that provides an income for a fixed period, up to two, three, or five years.

Most insurers provide additional support to help employers manage absence that is due to long-term sickness, as well as rehabilitation services such as counselling or physiotherapy. They may also pay a partial benefit if an employee returns to work part-time or in a less demanding, lower-paid role.

3 Provide security for employees' dependants

Group Life assurance ensures that if an employee dies before retirement their dependants are given financial aid in the form of a tax-free lump sum. This benefit is usually based on a multiple of employee salary. Some schemes include bereavement counselling for the dependants and (in some cases) employees who have been affected by the loss of a colleague.

This is usually a relatively low cost and simple benefit for employers to provide – particularly if the workforce demographic is young and predominantly office based.

“ Average cost is £115 per employee per year³ ”

Individual life assurance cover can be expensive – especially for smokers and older people – so employees often over-estimate the employer cost of Group Life cover. It can also be offset as a business expense.

4 Create a healthier workplace

Offering core benefits such as a workplace pension, life assurance and income protection is unlikely to suffice in a multi-generational workforce with varied benefit needs and a requirement for flexible working conditions. For many employees work, financial security, physical health, mental health and happiness are inextricably linked.

Employers that implement ‘wellness’ programmes to address these complex needs are increasingly credited with achieving beneficial returns through reducing employee absenteeism, staff turnover and stress. Recognising the need for a wellness programme – and thereby playing an active role in promoting healthy lifestyles within your workforce – could enable you to reap the benefits of improved productivity and profitability.

“ Employee well-being can lead to a 12% hike in productivity.⁴ ”

Wellness programmes need to be tailored so that they are relevant to your workforce profile, but typically they will embrace emotional well-being, mental health and financial fitness.

5 Protect key personnel

Generally, the smaller the company the more vulnerable it is to the loss of key members of staff due to injury or illness. Without a key person your business may not function as effectively – or profitably. Ensuring that the business is protected in such circumstances should be a priority.

Although free universal healthcare is available through the NHS, providing private medical insurance for key employees can improve the speed of treatment. Staff feel valued, and planned treatment timing, reduced stress, and limited disruption due to the employee receiving treatment and returning to work as quickly as possible, benefit both parties.

² Financial Conduct Authority study, 2017

³ Swiss Re Group Watch report

⁴ University of Warwick

6 Embrace flexible working

Flexible working can help employees improve their work-life balance, look after their own health, and achieve greater well-being. For employers, flexible working arrangements can have a positive impact on productivity and build staff loyalty.

Providing employees with some flexibility over their working hours (within a defined range) makes it easier for them to manage their personal commitments. Similarly, allowing staff to work from home (either regularly or occasionally) means they can use the time saved commuting to look after a dependent parent or child, or attend an exercise session – all of which is much appreciated by staff.

“Flexible working will be the main way of working for 70% of organisations by 2020.”

Most people are likely to need or want flexible working at some point during their career and technology has made it increasingly easy to achieve this. Offering flexible working arrangements can also increase the pool of candidates for vacant roles.

Flexible working is no longer just for working mothers or parents – it is something that the Millennial generation has come to expect and even demand. For employers it can also be a good way of ensuring that experienced, talented, older workers continue in employment (full or part time) beyond historic ‘normal’ retirement ages.

7 Communicate your employee benefits well

A surprising number of employers provide good core benefits yet fail to extract full value from the expenditure simply due to poor communication. The workplace pension, other core and additional benefits need to be communicated not just when a new employee joins, but on an ongoing basis. A broad employee demographic with different levels of financial education will require a range of communication methods.

According to the Pension & Lifetime Savings Association less than half of employees benefit from workplace money guidance. Financial worries affect people in many different ways and can be caused by various factors. These can range from worries about debt; saving for a house deposit, to planning for retirement. Consider too, that new graduates may be starting work with the burden of over £50,000 of student debt.

Many employees are unaware of credit scores, investment risk, or retirement planning. Offering educational bulletins, tailored workshops or seminars that provide an opportunity for staff to learn how to budget, manage their debts, apply for a mortgage, and make sure they are paying sufficient money into their pension will all help your employees to achieve greater financial security.

“7% of employers provide retirement planning support for their employees but 65% of employees would like this kind of financial support.”

8 Offer staff discounts

Staff discount programmes give employees access to a variety of consumer products and services at a reduced cost.

Online platforms allow employees to login to a portal and access discounts on items and services from a range of companies. The online platforms pre-negotiate contracts with vendors with no involvement from the employer. There is usually a nominal fee to access the platform, but little additional administration is required. Some platforms may be branded with your organisation’s logo and style and include tools to communicate the discounted services and products to employees.

Employee discount programmes can include offers from hotels and holiday destinations, consumer goods and services, tickets to entertainment and sporting events, and beauty and spa treatments.

9 Organise community volunteering events

Historically, the battle to compete for high calibre recruits may have been achieved through higher salaries and bonuses. Nowadays, employees across all generations increasingly want to work for a socially responsible employer.

Volunteering programmes are a great way to make a practical difference. Encouraging staff to donate a few days a year to volunteering initiatives and organising regular events where they can work together gives employees a sense of achievement and an unmistakable 'feel good' factor. Supporting local charities can also help to raise your profile in the local community.

Research shows that employees are happiest and most likely to stay with employers that are aligned with their own personal values, offer opportunities for growth, and foster an environment where they play a role in making a positive impact in the world.

10 Help working parents

Childcare vouchers have been an integral part of the Government's childcare policy and are operated through employers. They allow employees to pay for their childcare needs using pre-tax salary to achieve a tax and National Insurance Contribution saving.

Employers usually offer the vouchers via 'salary sacrifice' schemes, whereby working parents can exchange up to £243 of their pre-tax income each month for vouchers. Voucher schemes will only be available to new applicants up to April 2018.

Tax-Free Childcare is the new Government scheme to replace childcare vouchers. The Scheme offers working families 20% support towards qualifying childcare costs. Parents make payments into an online account using net pay, and the Government adds 20p for every 80p put in up to an annual limit (normally £2,000 of Government contributions per child, or £4,000 for children with disabilities).

About EQ Workplace

EQ Workplace provides experienced, specialist advice, employee communications, and ongoing support services for employers that want to design a new corporate benefits package, consider a new employee benefit scheme, or review their existing offering.

For an informal exploratory discussion or to find out more about our services please contact:

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