

Using Voluntary Benefits as part of a total reward strategy

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Agenda

- Total reward as an approach
- Voluntary benefits – what are they?
- Strengths and Weaknesses
- Voluntary benefits – are they right for your organisation?
- An integrated strategy
- Tax issues
- Summary and Conclusions

Total Remuneration Total Reward

Career

Variable Pay

Social Benefits

Fixed /Core
Benefits

Salary

Flexible Benefits

Voluntary
Benefits

Shares

Environment
/Culture

Types of Benefit

- Core/Fixed benefits
- Flexible Benefits
- Voluntary Benefits

CHARACTERISTICS OF DIFFERENT BENEFIT TYPES

Core/Fixed Benefits

- Provided to all employees in a particular group
- no compensation if opt out
- Contract between company and supplier services provided to employee
- Costs met by employer or employee through payroll or by salary sacrifice

Flexible Benefits

- Flexible benefits
 - Annual election
 - Company funded or integrated with payroll
 - Revenue approved
 - May use salary sacrifice options
 - Contract between company and supplier (company pays the account)

Voluntary Benefits

- Voluntary Benefits
 - No annual commitment
 - Payment either direct to supplier or through deduction from pay
 - Contract between employee and supplier
 - Company acts as sponsor/facilitator

Voluntary Benefits

Origins and How they work

- **Then**
 - Employer products
 - Local suppliers
- **Now**
 - Supplier portals – up to 1,000 + discount arrangements
 - Access through annual fee (Employer or employee)

Reasons for the Growth of Voluntary Benefits

- Global brands
- Internet Access
- Retailers seeking new efficient routes to market (Success of Amazon etc)
- HR seeking ways of becoming “Employer of Choice”
- HR seeking to enhance value

STRENGTHS AND WEAKNESSES OF VOLUNTARY BENEFITS

Strengths of Voluntary Benefits

- Opt in/out anytime
- Ideal for spontaneous purchase
- Ideal for the one off purchase
- Ideal for complex/itemised/individualised billing
- No revenue approval required
- Employee contract with supplier therefore low company administration in high turnover environments
- Delivers value to employees

Weaknesses of Voluntary Benefits

- Cost to employer and minimising administration
- Weak association with employer
- Employer credibility under threat if not cheapest/best deals
- Access and Disenfranchisement - system availability (work/home)/alternatives
- Delivery issues –at work / time off
- Marketing- access to your employees (when?)
- De-sensitisation/over exposure (e-mail overload)
- Help/support/resolution when things go wrong
- Cultural conflict/HR values
- Image and business conflict

VOLUNTARY BENEFITS AS PART OF YOUR REWARD STRATEGY

Know your strategy

- What is your reward strategy?
- How do benefits feature in that strategy?
- How does it fit in with business values

Are voluntary benefits right for your company?

Maybe – Yes?

- Comprehensive benefits package looking to add icing on the cake
- Public sector – few employee benefits wish to demonstrate commitment and value to employees
- Companies in sectors with few benefits wishing to differentiate themselves from the competition

Are voluntary benefits right for your company?

Maybe – No?

- Poor internet penetration
- Highly regulated- use of internet/e-mail /process/time controlled working
- Cannot/Do not wish to pay for access
- Conflict of culture/HR values
- No perceived ROI
- Higher priorities

Know your employees

- Your employee profile will help determine which are the most effective benefits (market segmentation marketing may improve impact)
- Consider surveying your employees to find out what they want
- Survey after introduction to see if your objectives have been achieved and you can demonstrate the ROI.

Voluntary Benefits and Focus

- Association with the employer
 - Real engagement?
 - A double edged sword
 - Value (competing with the internet)
 - Time (work or personal)
 - Access (office /home)
 - Just another retail outlet

Where it works well

- As a part of an integrated strategy
- With Strong **TOP MANAGEMENT** support
- Voluntary benefits targeted to reinforce company values and objectives
- Supporting and reinforcing the employment contract

Use Voluntary Benefits to reinforce your business values and culture

- Examples of focused voluntary benefits
 - Environmental
 - Health and Wellbeing
 - Worklife balance
 - Educational
 - Finance
 - Corporate Social Responsibility
 - Local communities
 - Products of associate companies and partners

Health & Wellbeing

- Gym membership
- Alternative therapies
- Spa's and relaxation treatments
- Sports/fitness equipment
- Personal trainers

Worklife Balance

- Travel/Holiday insurance
- Children's holiday clubs
- Spa/relaxation/sports
- Emergency nanny services
- Hobbies/interests/vocational and non-vocational education
- Broadband
- Airport lounges

Environmental/Green Issues

- Carbon Offsetting
- Fuel/energy efficient products
- Environmental support
- Bikes
- Car sharing
- Qualec cars
- Public transport tickets/season ticket loans
- Computer recycling

Education/Development

- Non vocational courses
- Financial education

Community/CSR

- Local shops and suppliers
- Local transport arrangements
- Charitable giving
- Volunteering

Some Tax efficient Benefits

- Bikes
- Qualec cars
- Transport to work
- Car parking
- Childcare vouchers
- Financial education
- General education
- Healthscreening
- Xmas party & trivial gifts
- Pension contributions
- Work place nurseries
- Mobile phones
- Workplace meals
- Your products
- Share schemes
- Share schemes transferred to pensions
- Season tickets

TAKE ADVICE FIRST!!

Summary

- Voluntary benefits should fit in with your strategy
- For success get **Top Management** support
- Have clear goals/objectives as to what voluntary benefits will achieve for your business (what is the ROI?)
- Manage your supplier for maximum benefits and impact
- Monitor your employees views
- Do not let the admin effort outweigh the ROI

Questions & Answers

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