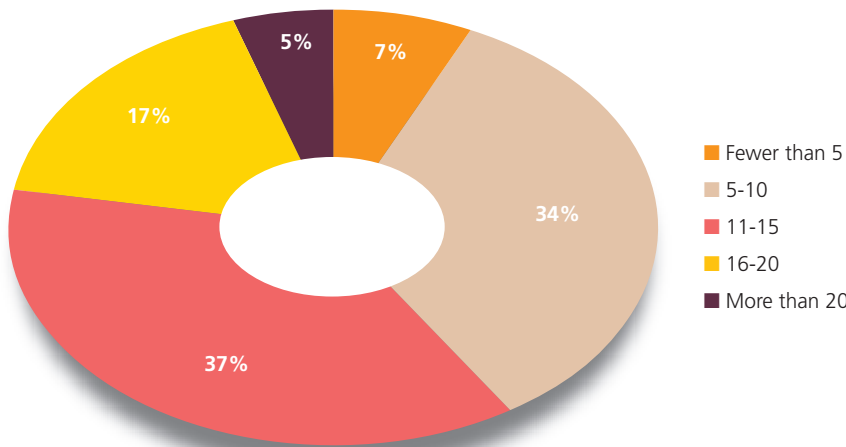




Benefits on offer

Employers are moving towards offering a wider selection of benefits within flex, and childcare vouchers remain the most popular option, says **Debbie Lovewell**

Number of benefits appearing on respondents' total list of flexible choices



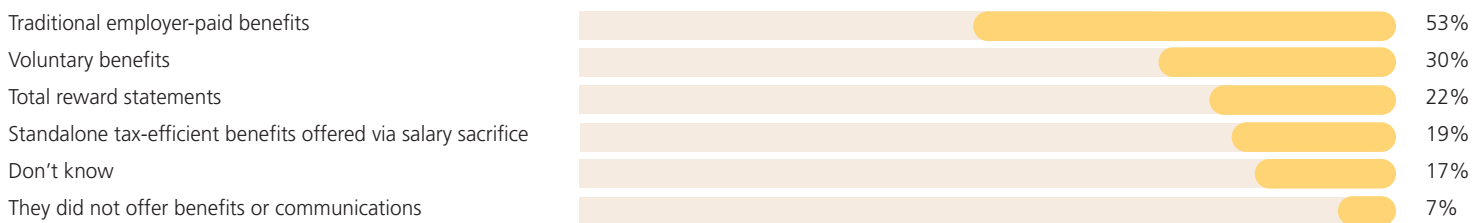
Sample: All respondents that offer a flexible benefits plan (126)

It can be a challenge to get the balance right when it comes to deciding on the number of options to include within a flexible benefits plan. Employers must ensure that they provide sufficient choice, without offering so many benefits that the plan becomes overwhelming for employees.

The number of benefits included in schemes has fluctuated over time. This year, the proportion of respondents that offer fewer than five options has continued to fall. Back in 2006, 20% of respondents offered fewer than five choices. The proportion offering such a limited range has fallen steadily and this year stands at 7%.

In turn, the balance has now swung in favour of offering a greater selection within flex. As in other surveys in recent years, most respondents (71%) offer between five and 15 benefits.

The benefits, or communications, offered as a precursor to flexible benefits



Sample: All respondents that offer a flexible benefits plan (143)

Flexible benefits can require a change in the way staff think about their benefits if they are to get the most out of a scheme. What employers offer before introducing flex can therefore be key to maximising its success.

The most popular option is to offer traditional employer-paid benefits. From these, employers can either jump straight into flex, or operate core perks alongside a voluntary benefits scheme, or standalone tax-efficient benefits offered via salary sacrifice. Both types of scheme can be a good way of

ensuring staff are used to the concept of choice around their package before a flexible benefits scheme is launched.

Issuing total reward statements as a precursor to flex is a good way of helping employees to understand the value of their package in order to boost appreciation of the options available through flex post-launch. Ensuring employees appreciate the value of their reward package can also help to boost engagement levels, as well as aid recruitment and retention.

More than half (53%) offered traditional employer-paid benefits as a precursor to flex, while 30% offered voluntary perks



Employee benefits offered through flexible benefits schemes

Childcare vouchers	97%	Pension – defined benefit (final salary or career average)	31%
Dental insurance	93%	Alternatives to cars (cash, allowance)	30%
Private medical insurance for employee only	90%	Pension – stakeholder	26%
Buy/sell some annual leave	89%	Company car	24%
Private medical insurance for partners of staff	87%	Carbon credits/offsetting	23%
Bicycle loans	83%	Season ticket loan	23%
Life insurance for employee only	80%	Financial education/counselling/advice	22%
Critical illness insurance for employee only	79%	Optical care/vouchers	22%
Health screening for employee only	73%	Legal advice/counselling	19%
Critical illness insurance for partners of staff	64%	Wine	19%
Hospital/health cash plan	64%	Job-related training and development	16%
Travel insurance	63%	Computers for home	14%
Leisure/retail vouchers/discounts	62%	Motor breakdown cover	13%
Health screening for partners of staff	58%	Staff accounts (eg health, learning, wellbeing)	13%
Group income protection	53%	Discounted bus travel	12%
Charitable/payroll giving	51%	Share incentive plan (Sip)	12%
Pension – group personal pension (GPP)	50%	Mobile phones – discounted handsets	11%
Pension – additional voluntary contributions	48%	Organisation's own products	11%
Personal accident insurance for employee only	47%	Pension – group self-invested personal pension	10%
Life insurance for partners of staff	46%	Concierge service	9%
Personal accident insurance for partners of staff	39%	Sharesave (SAYE) plan	9%
Gym membership	36%	Discounts on food and beverages in on-site staff restaurants	8%
Cash	35%	Subscriptions (publications)	8%
Pension – trust-based defined contribution (money purchase)	33%	Experience days	7%

Sample: All respondents

The benefits offered by employers through flex have changed little over the past 12 years. Private medical insurance and holiday trading were two of the top benefits offered flexibly in 1998, and remain popular choices.

One of the biggest climbers has been childcare vouchers. In 2004, less than half (43%) of respondents offered the perk through flex. This

has now more than doubled to 97% this year.

Despite reports of many organisations looking to cut back their benefits spend, a number of respondents intend to add options to their flex scheme. Discounted bus travel is the most popular benefit respondents intend to add – 11% plan to do so. This is followed by company cars (8%), financial advice, counselling or

education (7%), charitable/payroll giving (7%) and identity theft protection (7%).

These options tend to fall into two main categories: those that attract tax and/or national insurance breaks, and those that offer support to staff in the current economic climate.

Encouragingly, just a handful of employers intend to remove perks from their scheme.

For more benefits research, visit: www.employeebenefits/research